

TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD.

2023 Annual Report

Notice to readers

This English-version Annual Report is a summary translation of the Chinese version. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System: <http://mops.twse.com.tw>

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Title : Management Division Director

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Title : Finance Division Director

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II. Headquarters and Plant

Headquarters

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Tel : (02) 2995-0535

Plant

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Tel : (02) 2995-0535

III. Stock Transfer Agent

Stock Agency: Grand Fortune Securities Co., Ltd Stock Agency Department

Address: 6F No. 6 Zhongxiao West Road Section 1, Zhongzheng District, Taipei 10041, Taiwan

Website: <http://www.gfortune.com.tw/>

Tel : (02) 2371-1658

IV. Auditors

Auditors: LIN, YU-HSUAN 、 JUAN LU, SHAO WEI

Accounting firm: Ever Fortune CPAs & Co.

Address: Rm.2, 8F.-A, No.89, Sec.4, Chongxin Rd., Sanchong Dist., New Taipei City 24101, Taiwan

Website: <https://sherman616.wixsite.com/efcpa>

Tel : (02) 7746-3600

V. Trading venues of Overseas Securities Exchange: None.

VI. Corporate Website: <http://www.chinsan.com>

<u>Content</u>	<u>Page</u>
I. Letter to Shareholders	1
1. Operating Performance	1
2. Business Plan	2
3. Future Development Strategy	3
4. Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions	3
II. Company Profile	4
1. Date of Incorporation	4
2. Company History	4
III. Corporate Governance Report	6
1. Organization System	6
2. Directors, Supervisors and Management Team	7
3. The operational status of corporate governance	19
4. Information Regarding the Company's Audit Fee and Independence	63
5. Replacement of CPA	64
6. Disclosure of any affiliations between the company's chairman, general manager, or finance/accounting managers and affiliated accounting firms of the auditing certified public accountant or its related enterprises in the past year	64
7. Changes in the transfer of share ownership and stock pledge by directors, supervisors, managers, and shareholders who own more than 10% of shares during the most recent year and up to the publication date of the annual report	65
8. Relationship among the Top Ten Shareholders	66
9. Disclosure of the combined shareholdings and percentage held by the company, its directors, supervisors, managers, and directly or indirectly controlled businesses in the same invested company.	67
IV. Capital Overview	68
1. Capital and Shares	68
2. Bonds	74
3. Preferred Stock Issuance and Management	74
4. Global Depository Receipts	74
5. Employee Stock Options	74
6. Disclosure of the status of employee share option plans and their restrictions on new share issuances	74
7. Status of New Shares Issuance in Connection with Mergers and Acquisition	74
8. Financing Plans and Implementation	74
V. Operational Highlights	75
1. Business Activities	75
2. Market and Sales Overview	79
3. Recent disclosure of employee statistics, including headcount, average tenure, age, and educational background distribution (up to the publication date of the annual report)	86
4. Environment Protection Expenditure	86
5. Labor Relations	86
6. Information Security Management	88
7. Important Contracts	90
VI. Financial Information	91
1. Five-Year Financial Summary	91
2. Five-Year Financial Analysis	95
3. Supervisors' or Audit Committee's Report in the Most Recent Year	97
4. Financial Statements in the recent years and Independent Auditors' Report	97
5. Consolidated Financial Statements for the recent years and Independent Auditors' Report	94

<u>Content</u>	<u>Page</u>
6. Disclosure of any financial difficulties encountered by the company and its affiliated enterprises during the most recent fiscal year and up to the publication date of the annual report	97
VII. Review of Financial Conditions, Operating Results, and Risk Management	100
1. Analysis of Financial Status	100
2. Analysis of Operation Results	101
3. Analysis of Cash Flow	101
4. Major Capital Expenditure Items	102
5. Investment Policy in Recent Year, Main Causes for Profits or Losses, Improvement Plans, and the Investment Plans for the Coming Year	102
6. Analysis of Risk Management	103
7. Other necessary items	105
VIII. Special Disclosure	106
1. Summary of Affiliated Companies	106
2. Private Placement Securities in the Most Recent Years	109
3. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years	109
4. Other necessary supplemental disclosures	109
5. Disclosure of events that fall under the provisions of Article 36-3, Paragraph 2 of the Securities and Exchange Act, and have a significant impact on shareholder equity or securities prices in Recent Years	109
IX. Appendix	
1. 2023 Auditors' Report and Consolidated Financial Statements	110
2. 2023 Auditors' Report and Parent Company Only Financial Statements	173

I. Letter to Shareholders

Dear Shareholders:

First of all, I would like to thank you for sparing your time to attend CHINSAN ELECTRONIC shareholder's meeting. I thank you from the bottom of my heart.

In 2023, the New Crown epidemic has gradually evolved to the flu level, but the Federal Reserve Board announced four interest rate hikes from February to July of that year, keeping the interest rate in the range of 5.25% ~ 5.50%, which is the highest interest rate range since August 2007. Although this interest rate range was maintained from July to December, inflation still existed and compensatory spending did not occur, the passive component industry as a whole continued to face inventory depletion until the fourth quarter when market conditions gradually improved. Consolidated revenue for 2023 was NT\$3,193,488 thousand, a decrease of 14.37% from NT\$3,729,360 thousand in 2022.

In the latest global economic outlook for fiscal year 2024, the Company believes that the Federal Reserve will definitely cut interest rates in fiscal year 2024, only slowly, and that high interest rates and high inflation will continue to coexist in the next six months, and that the economy will grow significantly in the second half of the year as interest rate cuts surface.

The company is cautiously optimistic about future operations and is ready to meet the challenges. The company's three factories in Thailand have completed the exterior of the entire building, the interior decoration is underway, it is expected that the second quarter of this year, the equipment can gradually enter the plant, the third quarter of the opportunity to start production operations to produce solid capacitors and solid-liquid capacitors, the current customer has also requested that some of the liquid should be produced in Thailand, due to the solid capacitors are more profitable, is expected to bring a significant contribution to the Group's profitability.

1. Operating Performance

(1) Consolidated financial results:

Total consolidated revenue for 2023 was NT\$3,193,488 thousands, a 14.37% decrease compare with the year before (NT\$3,729,360 thousands), the net income was NT\$92,670 thousands, creating an earning per shares of NT\$0.72.

Unit: NT\$ thousands		
Item \ Year	2023	2022
Operating Revenue	3,193,488	3,729,360
Operating Margin	553,558	665,767
Operating Expenses	509,162	480,916
Operating net profit	44,396	184,851
Income from continuing operations before income tax	132,430	129,836
Net profit after tax	91,221	107,024
Net income attributable to shareholders of the parent	92,670	104,614
Earning per share after shares(NT\$)	0.72	0.81

(2) Budget Implementation:

The company did not disclose any financial forecasts for year 2023, hence, the budget execution status will not be disclosed.

(3) Analysis of Financial Structure and Profitability

Unit: %

Item	Financial Ratio	2023	2022
Financial Structure	Debt to asset ratio	51.70	50.21
	Long-term capital to property, plant and equipment	249.00	292.07
Solvency	Current ratio	167.61	183.65
	Acid-test ratio	128.49	137.95
Profitability	Inventory turnover	1.71	1.74
	Return on assets	2.29	2.75
	Profit before tax to capital stock	10.23	10.03
	Net profit margin	2.86	2.87
	Basic after-tax EPS	0.72	0.81

(4) Research and development status

A. Last year's Research results

- Development of solid-liquid electrolytic needle-type aluminum capacitors.
- 125°C high-voltage, long-life capacitor products.
- Introduction of small-sized solid-state 25~35V capacitors.

B. Future Research & Development

- Development of V-CHIP in solid-liquid aluminum capacitors.(continue)
- Development a long-life capacitors in liquid 105°C/550V (continue)
- Development of liquid high-temperature 130°C needle-type long-life high-voltage capacitors for high ripple current resistance. (continue)
- Development of miniaturized solid-state DIP 50~63V capacitors. (continue)
- Development of solid-state and solid-liquid capacitors targeting automotive specifications. (continue)
- Development of long-low voltage capacitors at 150°C

2. Business Plan for 2023

(1) Business Objectives

- Implement smart and automated production processes to enhance product quality and reduce labor costs.
- Continuously expand production capacity and volume, and strengthen vertical integration in upstream and downstream to achieve synergies.
- Expand into new markets, new customers, and develop a wider and deeper range of product applications.
- Continuously invest in R&D of new products and technologies to improve product quality.
- Integrate group resources to enhance operational efficiency and effectively reduce management costs.
- Strengthen corporate governance and fulfill corporate social responsibilities.

(2) Sales forecast and sales policy

Throughout our company's history, we have consistently strived to achieve a shared winning outcome with our customers, suppliers, shareholders, employees, and the wider community. We acknowledge the rapid technological advancements and market fluctuations that challenge our growth objectives, and thus, we remain committed to our pragmatic approach to implement our growth strategy. Our focus on differentiating ourselves through exceptional service, continuous research and development, and unwavering commitment to quality improvement, enables us to lead our team towards executing our strategic blueprint. By showcasing tangible operational outcomes, we demonstrate our company's determination and strength.

3. Development Strategy

We agree that external competitive, regulatory, and macroeconomic environments would lead a massive impact towards the business. However, we are optimistic about the outlook for the upcoming year (Year 2024), and interest rates are expected to increase. Although the passive component industry continues to face inventory digestion, we expect market conditions to improve in the second half of the year.

Our management team is committed to breaking through and creating a new era for the company in pursuit of stable growth and profitability.

4. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

In 2024, the domestic corporation released the latest global economic outlook for this year, and believes that in 2024, the Federal Reserve will definitely cut interest rates, but only "slowly", and that high interest rates and high inflation will be a continuous coexistence in the next six months, and in the second half of the year, with the surfacing of interest rate cuts, the economy will see more significant growth.

The company is cautiously optimistic about future operations and is ready to meet the challenges. The company's three factories in Thailand have completed the exterior of the entire building, the interior decoration is underway, it is expected that the second quarter of this year, the equipment can gradually enter the plant, the third quarter of the opportunity to start production operations to produce solid capacitors and solid-liquid capacitors, the current customer has also requested that some of the liquid should be produced in Thailand, due to the solid capacitors are more profitable, is expected to bring a significant contribution to the Group's profitability.

Our company is actively developing niche products that meet customer cost requirements and launching new products to meet market demands, which will effectively minimize the adverse effects of external competition and regulatory environments on our business. We are committed to implementing corporate governance systems to respond to government policies and strengthen shareholder rights protection, and to creating leading positions for the core businesses of the group through value system thinking and innovation. We prioritize profit enhancement to pursue the high-quality growth of our company.

Sincerely yours,

Wishing you good health and all the best in everything you do.

Chairman: CHIANG, SHIH-HSIN

II. Company Profile

1. Date of Incorporation: March 20th, 1970

2. Company History

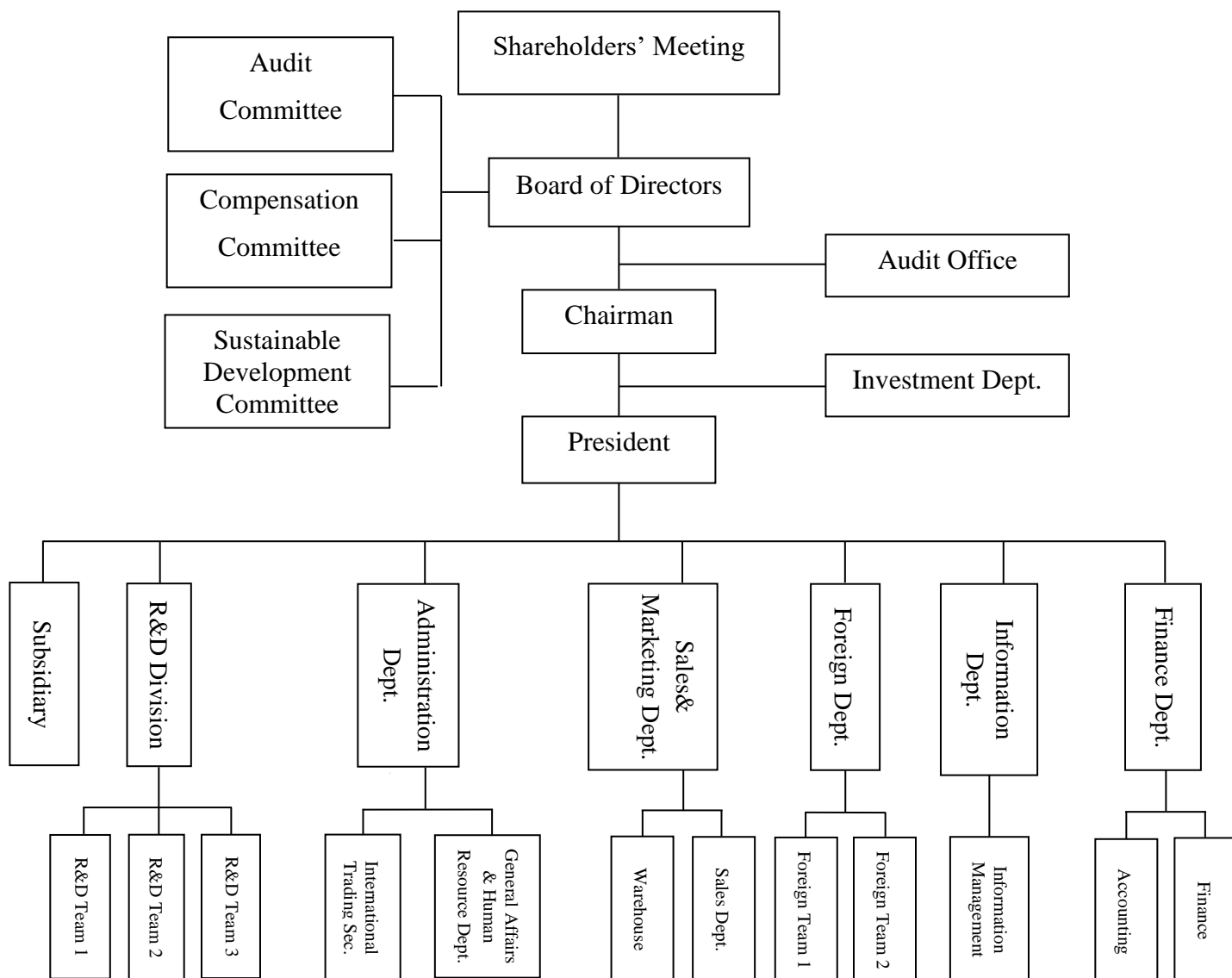
- 1970 (1)Established in Sanchong District, New Taipei City with NT\$1 million capital. Engaged in production of aluminium electrolytic capacitors.
- 1981 (1)Increased capital to NT\$5 million and the paid-in capital totaled NT\$6 million.
- 1984 (1)Increased capital to NT\$10 million and the paid-in capital totaled NT\$16 million
- 1988 (1)Transferred NT\$19 million stock dividend to common stock. The paid-in capital totaled NT\$35 million
- 1992 (1)Transferred NT\$33 million stock dividend to common stock. The paid-in capital totaled NT\$68 million. Set up an office in Kowloon, Hong Kong.
- 1994 (1)Awarded ISO 9002 QMS certification
(2)Technological collaboration with HITACHI AIC to improve the technical level and enhance market competitiveness.
(3)Awarded “EXPORTER AWARD 1994” from Thailand's Ministry of Economic Affairs.
- 1995 (1)Transferred NT\$22 million stock dividend to common stock. The paid-in capital totaled NT\$90 million.
(2)Awarded “ASIA -PACIFIC AWARDS 1995” from Thailand’s Ministry of Economic Affairs.
- 2000 (1)Increased capital to NT\$130 million, the paid-in capital totaled NT\$220 million.
(2)Invested in CHINSAN (CAYMAN) ENTERPRISE CO., LTD. and indirectly invested CHINSAN ELECTRONIC INDUSTRIAL (THAILAND) CO., LTD.
(3)Invested CHINSAN (CAYMAN) ENTERPRISE CO., LTD. and indirectly invested in KING-TACHI TECHNOLOGY COMPANY LIMITED. Trans-investment in KING NICH I TECHNOLOGY GUANGZHOU CO., LTD., and GUANGZHOU KINGTACHI ELECTRONIC CO., LTD.
- 2001 (1)Achieved ISO 9001:2000 QMS certification.
(2)Increased Capital Reserve by NT\$22 million. The paid-in capital totaled NT\$242 million.
(3)Increased capital by NT\$58million. The total of paid-in capital is NT\$300 million.
- 2002 (1)Awarded ISO 14001:1996 Environmental management certification.
(2)Increase Capital Reserve by NT\$26million and transferred NT\$4.213million stock dividend to common stock, Cash Capital increased to NT\$40million. The paid-in capital totaled NT\$370.213 million.
(3)Increased Cash Capital of NT\$30million. The total of paid-in capital is NT\$400.213 million.
(4)Invested ELITE (BVI) ENTERPRISE CO., LTD. through CHINSAN (CAYMAN) ENTERPRISE in July.
- 2003 (1)Initial Public Offering in January.
(2)Transferred NT\$42.576 million stock dividend to common stock. The paid-in capital totaled NT\$442.789million.
- 2004 (1)OTC listed in March.
(2)Transferred stock dividend NT\$47.105 million to common stock and conversion of convertible bonds of NT\$11.084million. The paid-in capital is NT\$500.978million.
- 2005 (1)Transferred stock dividend NT\$53.562million and conversion of convertible bonds of NT\$4.623million. The paid-in capital totaled NT\$559.163 million.
- 2006 (1)Transferred stock dividend NT\$61.105million and conversion of convertible bonds of NT\$45.615 million. The paid-in capital totaled NT\$665.883 million.
- 2007 (1)Increased capital of NT\$85million. The paid-in capital totaled NT\$750.883 million
(2)Transferred stock dividend NT\$28.588million and conversion of convertible bonds of NT\$287 thousands. The paid-in capital totaled NT\$779.758 million.

- 2008 (1)Awarded ISO/TS 16949 QMS in automotive industry.
- 2009 (1)Reverse Stock Split of Treasury Stock by 1,248,000 shares. The paid-in capital totaled NT\$767.278 million.
(2)Conversion of convertible bonds of NT\$110.448million. The paid-in capital totaled NT\$877.726million.
- 2010 (1)Awarded OHSAS 18001 QMS of Occupational Health and Safety.
(2)Increased capital of NT\$66 million. The paid-in capital totaled NT\$943.726million,.
- 2011 (1)Reverse Stock Split of Treasury Stock by 1,953,000 shares. The paid-in capital totaled NT\$924.196million.
- 2012 (1)Increased cash capital of NT\$69.500million. The paid-in capital totaled NT\$ 993.696 million.
- 2013 (1)Conversion of convertible bonds of NT\$47.393million. The paid-in capital totaled NT\$1,041.089 million.
- 2014 (1)Conversion of convertible bonds of NT\$13.291million. The paid-in capital totaled NT\$1,054.380million.
- 2015 (1)Conversion of convertible bonds of NT\$461 thousand. The paid-in capital totaled NT\$1,054.841million.
(2)Reverse Stock Split of Treasury Stock by 2,980,000shares. The paid-in capital totaled NT\$1,025.041million.
- 2016 (1)Conversion of convertible bonds of NT\$27.888million. The paid-in capital totaled NT\$1,052.929 million.
(2)Conversion of convertible bonds of NT\$44.485 million. The paid-in capital totaled NT\$1,097.414 million.
- 2017 (1)Conversion of convertible bonds of NT\$35.137million. The paid-in capital totaled NT\$1,132.551 million.
- 2018 (1)Conversion of convertible bonds of NT\$10.195million. The paid-in capital totaled NT\$1,142.746 million.
(2)Conversion of convertible bonds of NT\$22.563 million. The paid-in capital totaled NT\$1,165.309 million.
(3)Increased cash capital by NT\$55million. The paid-in capital totaled NT\$1,220.309 million.
(4)Established Operation Headquarters at September 6th, 2018.
(5)Achieved ISO 45001 : 2018 ‘Occupational Health & Safety Management System’ 2018/1-2021/12.
- 2020 (1)Increased Capital Reserve by NT\$36.609million. The paid-in capital totaled NT\$1,256.918 million.
(2)Achieved ISO 9001 : 2015QMS 2020/12-2023/12.
(3)Achieved ISO 14001 : 2015 Environmental Management System (EMS) 2020/12-2023/12.
- 2021 (1)Increased Capital Reserve by NT\$37.708million. The paid-in capital totaled NT\$1,294.625 million.
(2)Operated at September 2021, the extension of headquarters was successful.
- 2022 (1)Achieved ISO 45001 : 2018 OH&SMS certification 2022/1-2025/1.
- 2023 (1)Achieved ISO 9001 : 2015QMS 2023/12-2026/12.
(2)Achieved ISO 14001 : 2015 Environmental Management System (EMS) 2023/12-2026/12.

III. Corporate Governance Report

1. Organization

(1) Organizational Chart



(2) Major Corporate Functions

Departments	Functions
President's Office	Strategic and business planning; Authorization and supervision.
Audit Office	Identify fraud, maintain and improve the internal control system.
Finance Dept.	Management and operation of the company's capital such as annual budgeting, credit control, and summarization of accounting information.
Sales & Marketing Dept. Foreign Dept.	Business and Client expansion. Product and order management such as analyzing industry data and trends.
R&D Division	R&D Innovation and advancement of the existing products. Planning and execution of quality control system and to satisfied customer's requirements.
Investment Dept.	Evaluates the investments.
Administration Dept.	Maintaining the general affairs. Administrative and personnel operations, procurement and responsible for imports/exports including shipment scheduling.
Information Dept.	Manage the company's computer operating system and design / maintenance of network systems

2. Directors, Supervisors and Management Team

(1) Directors and Supervisors(I)

March 29, 2024

Title (Note 1)	Nationality	Name	Gender Age (Note 2)	Date Elected	Term	Date first elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse& Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	ROC	HONG PU Investment CO., LTD		05.31.2023	3 years	09.20.2000	7428,154	5.74%	7428,154	5.74%					None	None	N/A	N/A	N/A	N/A
	ROC	Representative: CHIANG, SHIH-HSIN	Male 60-70	05.31.2023	3 years	09.20.2000	0	0	1,467,950	1.13%	502,477	0.39%	0	0	Tatung Mechanical Engineering	Director of HONG PU INVESTMENT CO., LTD Director of CHINSAN (CAYMAN) ENTERPRISE CO., LTD. Director of CHINSAN (BVI) ENTERPRISE CO., LTD. Director of EAGLE ZONE (SAMOA) Director of CHINSAN ELECTRONIC INDUSTRIAL (THAILAND) CO., LTD. Director of CHINSAN TAI AN ELECTRONIC CO. LTD. Director of TAIWAN STEEL TOWER CO., LTD. Director of ROYAL CHENG INVESTMENT CO., LTD.	Director and General Manager	CHIANG, CHING-SHIN	Father-son relationship	N/A
Director	ROC	TRICKLECO, LTD.		05.31.2023	3 years	05.31.2023	2058,345	1.59%	2058,345	1.59%					None	None	N/A	N/A	N/A	N/A
	ROC	Representative: CHEN, SHIH-YANG	Male 60-70	05.31.2023	3 years	05.31.2023	84,113	0.06%	84,113	0.06%	46,580	0.04%	0	0	Department of Accounting from Soochow University	Accountant from CHUNGSUN PRIME CPA Chairman of National Federation of CPA Associations of ROC Director of HSIN KUANG STEEL CO. Director of WONDERFUL HI-TECH Independent Director of Delpha Construction CO.,LTD. Deputy Editor of Angle Review of Finance and Taxation	N/A	N/A	N/A	N/A
Director	ROC	SHIHEN ENTERPRISE LTD.		05.31.2023	3 years	05.31.2023	10,000	0.01%	10,000	0.01%					None	None	N/A	N/A	N/A	N/A
		Representative: LU, SHAO-PING	Male 70-80	05.31.2023	3 years	05.31.2023	0	0	0	0	0	0	0	0	Master of Institute of Management Science from National Chiao Tung University	Chairman of KAIMEI ELECTRONIC CORP.	N/A	N/A	N/A	N/A
Director	ROC	MUYEWEN INVESTMENT Co.,Ltd.		05.31.2023	3 years	05.31.2023	69,000	0.05%	70,000	0.05%					None	None	N/A	N/A	N/A	N/A
		Representative: LIU, WEN-LIANG	Male 50-60	05.31.2023	3 years	05.31.2023	0	0	0	0	0	0	0	0	Master of Chemical Engineering from Tunghai University	Legal director representative of KAIMEI ELECTRONIC CORP. Legal director representative of KAIMEI ELECTRONIC CORP. President of KAIMEI ELECTRONIC CORP.	N/A	N/A	N/A	N/A

Title (Note1)	Nationality	Name	Gender Age (Note 2)	Date Elected	Term	Date first elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse& Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	ROC	CHANG, TIEN-CHEN	Male 40-50	05.31.2023	3years	06.13.2008	1,175,712	091%	1,175,712	091%	0	0	0	0	University of New South Wales ,BA.of Commerce The Institute of Chartered Accountants Australia (CA)	Director of CHINSAN ELECTRONIC INDUSTRIAL (THAILAND) CO., LTD.	Director	CHIANG, SHIH-HSIN	Father-son relationship	Increase independent directors seats
Independent Director	ROC	TSAI, CHIH-WEI	Male 40-50	05.31.2023	3years	06.24.2011	0	0	0	0	0	0	0	0	Master of Accounting from NCCU Accountant of CHAINYE ACCOUNTING FIRM	Accountant of CHAINYE ACCOUNTING FIRM Director of UNIVERSAL MICROWAVE TECHNOLOGY INC. Director of YANKEE ENGINEERING CO LTD. Director of CELEXPRT	N/A	N/A	N/A	N/A
Independent Director	ROC	SHEN, HSUEH-JEN	Male 50-60	05.31.2023	3years	06.12.2020	0	0	0	0	0	0	0	0	Master of Business Administration from FuJen University	Director of LINETEK Director of THERMALTAKE TECH CO. LTD. Director of LIDA-KY	N/A	N/A	N/A	N/A
Independent Director	ROC	SHEN, CHIH-CHENG	Male 60-70	05.31.2023	3years	06.12.2020	0	0	0	0	0	0	0	0	Master of Law Program from NCCU	Director of SHENCHIH-CHENG Law Firm Chairman of ROC Car Accident Care Association Independent Director of CPC Corporation	N/A	N/A	N/A	N/A
Independent Director	ROC	CHIU, DASHENG	Male 50-60	05.31.2023	3years	05.31.2023	0	0	0	0	0	0	0	0	Master of Economics Program from NCCU	Independent director of TONG HSING ELECTRONIC IND., LTD. President of MODAFITE INTERNATIONAL CO., Ltd.	N/A	N/A	N/A	N/A

Note 1: The name of the Corporate Shareholder and Corporate Representative should be listed individually.

Note 2: Please list the actual age (interval can be used) such as 41~50 or 51~60.

Note 3: Indicate the first time serving as a director of the company, if there's any interruption, provide an explanation in the remark.

Note 4: Relevant work experiences related to the current position, including job titles and responsibilities held at audit firms or any related enterprises during the aforementioned period should be stated clearly.

Note 5: If the director or general manager of a company are the same person, related by marriage or within the first degree of kinship, the company needs to explain why this is necessary and provide corresponding measures. In the future, the company will be required to increase the number of independent directors according to legal regulations. Currently, over half of the directors do not serve as employees or executives.

Form 1: Major Shareholders of the institutional shareholders

March 29, 2024

Name of Institutional Shareholder	Major Shareholders	Shareholding ratio
HONG PU INVESTMENT CO., LTD	CHIANG, SHIH-HSIN	37.50%
	CHIANG, HUANG BAI LIEN	47.51%
	CHIANG, I-ZHE	12.81%
	CHIANG, BAO CHAI	1.25%
	CHIANG, CHING YING	0.31%
	CHIANG, CHING-SHIN	0.31%
	CHING, CHING-YANG	0.31%
TRICKLE CO., LTD.	CHANG, TIEN-CHEN	61.61%
	WEI, YA-CHI	15.00%
	CHANG, TAI-TOU	11.49%
MUYEWEN INVESTMENT Co., Ltd.	KAIMEI ELECTRONIC CORP.	100%
SHI HEN ENTERPRISE LTD.	HSU TAI INVESTMENT LTD.	100%

Note 1: The representative of the director, Supervisors, and Corporate Representative, should write down the name of the corporate shareholder.

Note 2: Fill in the name of the major corporate shareholder (which is the shareholding ratio contributes to the top ten) and its shareholding ratio. If the principal shareholder is a corporate shareholder, the following form 2 should be added

Form 2: Major Shareholder are Corporate Shareholder:

Name of Corporate Shareholder	Substantial shareholders of corporate shareholders	Shareholding ratio
KAIMEI ELECTRONIC CORP.	YAGEO CORPORATION	5.98%
	Kao Hsing Chang Iron & Steel Corp.	1.56%
	Huan Tai Co.	1.38%
	KUO SHIN INVESTMENT CORP.	1.36%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.30%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.21%
	LI, HUI-LING	1.08%
	CHUANG, KUO-TAI	0.87%
	CHUANG, CHIEN-HSIN	0.75%
	San Tai Investment Ltd.	0.66%
	LI, HUI-CHEN	26.08%
HSU TAI INVESTMENT LTD.	Hsu Tai Lung Enterprise Ltd.	24.63%
	Hsu Chong Loong Enterprise Ltd.	24.63%
	Shih Heng Lung Enterprise Ltd.	24.63%

Director's Information(II)

Professional qualifications and independence analysis of directors and supervisors:

Criteria Name	Professional Qualification Requirement and Working Experience (Note 1)	Independence Criteria(Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
HONG PU INVESTME NT CO., LTD. REPRESEN TATIVE: CHIANG, SHIH-HSIN	Have Work Experience in the Areas of Commerce, Finance, Industry knowledge, Crisis management ability, or Otherwise Necessary for the Business of the Company For experience, please refer to (I) Information on the Directors. None of the provisions of Article 30 of the Company Act apply.	Not applicable	N/A
TRICKLE CO., LTD. REPRESEN TATIVE: CHEN, SHIH-YAN G	Have Work Experience in the Areas of Commerce, Finance, ability to operate the management, or Otherwise Necessary for the Business of the Company For experience, please refer to (I) Information on the Directors. None of the provisions of Article 30 of the Company Act apply.	Not applicable	N/A
SHI HEN ENTERPRIS E LTD. REPRESEN TATIVE: LU, SHAO-PING	Have Work Experience in the Areas of Commerce, Crisis management ability, Global market outlook, Industry knowledge or Otherwise Necessary for the Business of the Company For experience, please refer to (I) Information on the Directors. None of the provisions of Article 30 of the Company Act apply.	Not applicable	N/A
MUYEWEN INVESTME NT Co., Ltd. REPRESEN TATIVE: LIU, WEN-LIAN G	Have Work Experience in the Areas of Commerce, Crisis management ability, Global market outlook, Industry knowledge or Otherwise Necessary for the Business of the Company For experience, please refer to (I) Information on the Directors. None of the provisions of Article 30 of the Company Act apply.	Not applicable	N/A
CHIANG,C HING-SHIN	Have Work Experience in the Areas of Commerce, Finance, Crisis management ability, Global market outlook, Industry knowledge or Otherwise Necessary for the Business of the Company For experience, please refer to (I) Information on the Directors. None of the provisions of Article 30 of the Company Act apply.	Not applicable	N/A
TSAI, CHIH-WEI	Have Work Experience in the Areas of Commerce, Crisis management ability, Finance, or Otherwise Necessary for the Business of the Company For experience, please refer to (I) Information on the Directors. None of the provisions of Article 30 of the Company Act apply.	(1)Not an employee of the company or any of its affiliates. (2)Not a director or supervisor of the company or any of its affiliates. (3)Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. (4)Managers, their spouses, and relatives of individuals listed in (2) and (3) within three degrees of kinship. (5)Not a director, supervisor, employee of a corporate shareholder that directly holds five	3

Criteria Name	Professional Qualification Requirement and Working Experience (Note 1)	Independence Criteria(Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
SHEN, HSUEH-JEN	Have Work Experience in the Areas of Commerce, Industry knowledge, Global market outlook, or Otherwise Necessary for the Business of the Company For experience, please refer to (I) Information on the Directors. None of the provisions of Article 30 of the Company Act apply.	percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. (6)A corporate governance structure where one or more individuals control more than 50% of the shares without	2
SHEN, CHIH-CHENG	Have Work Experience in the Areas of Commerce, Law, Crisis management ability, or Otherwise Necessary for the Business of the Company For experience, please refer to (I) Information on the Directors. None of the provisions of Article 30 of the Company Act apply.	directorship or voting rights in the company, which belong to other companies, and where the directors, supervisors, or employed personnel of these other companies are the same as those controlling the share. (7)Directors, trustees, supervisors, or employed personnel of other companies or institutions who are the same person or spouse of the chairman, general manager, or equivalent position holder in the company. (8)Directors, trustees, supervisors, auditors, managers, or shareholders holding 5% or more of the shares of specific companies or institutions that have financial or business dealings with the company cannot be involved in the management of the company or hold shares in the company. (9)Owners, partners, directors, trustees, supervisors, auditors, managers, and their spouses of professional individuals, sole proprietors, partnerships, companies, or institutions that provide business, legal, financial, accounting, and other related services to the company or its related enterprises for auditing or have received remuneration in the past two years. (10)Not having a spousal or relative relationship within the second degree of kinship with any other director. (11)Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.	0
CHIU, DA-SHENG	Have Work Experience in the Areas of Commerce, Industry knowledge, Crisis management ability, Global market outlook, or Otherwise Necessary for the Business of the Company For experience, please refer to (I) Information on the Directors. None of the provisions of Article 30 of the Company Act apply.		1

Note 1: Professional qualification and experience: describe individual director and supervisor's professional qualification and experience, and please also state the accounting or financial backgrounds of audit Committee members, if have. Furthermore, clarify whether the aforementioned persons having conditions that stated in the Company Acts Article 30.

Note 2: Please describe independent director's condition, including but not limited to himself or herself, spouse, relative within second degree of kinship, whether serving as the Company or its affiliate enterprise's director, supervisor or employees; number of shares and ratio of himself or herself, spouse, relative within second degree of kinship (or using the names of others); whether serving as director, supervisor or employee of any company which has specific relations with the Company (please refer to sub-item 5~8 of Item in Article 3 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"); the amount of reward he or she gets in recent 2 years from the Company or its affiliate enterprise in commercial, legal affairs, financial, accounting and other service places.

Note 3: The company has obtained independence declaration statements from all independent directors, confirming their compliance with the independence qualification conditions stipulated by laws and regulations, as required by the regulations for publicly traded companies.

Diversification and Independence of the Board of Directors:

Our company has set up a board of 9 directors (including 4 independent directors) according to our current operating scale and development needs. The directors have professional backgrounds covering industries, law, finance, management, and other areas of expertise to implement a diversified composition of the board. Our main policy goals include:

- A. The composition of the board of directors includes diversity and formulation of appropriate diversification policies based on its operations, business model, and development needs. These policies should include the following aspects of standards:
- The basic criteria and values: gender, age, nationality, culture, etc.

- b. Professional Skills: Academic background(such as law, accounting, finance, marketing, technology) 、Proficiency Skills and working experience.
- B. The members of the company's Board should generally dominate the knowledge, skills, and qualities necessary to perform their duties. The overall abilities they should dominate are as follows:
- Able to make operational judgments professionally.
 - Ability in accounting and financial analysis.
 - The ability to operate the management.
 - Crisis management.
 - Industrial knowledge.
 - Global market outlook.
 - Leadership.
 - Decision-making ability.
- C. The proportion of independent directors among the members of the board of our company is 44%, and the proportion of directors with employee status is 22%. Currently, out of the 9 directors, there are no female directors, and we will strive toward this direction in the future.
- D. Age distribution of the Board of directors: 2 directors are between 40-50 years old, accounting for 22.22%; 6 directors are between 50-70 years old, accounting for 66.67%; 1 directors are over 70 years old, accounting for 11.11%.
- E. Distribution of the main expertise of the board of directors: 3 directors have an accounting background, about 33.33%; 1 director has a legal background, which occupies about 11.11%; 3 directors have a management background, which occupies about 33.34%; 2 director has a background in finance and management, about 22.22%. The board of directors has diverse backgrounds with varied expertise, allowing them to provide professional opinions from different perspectives, which can greatly benefit the company's performance and management efficiency.
- F. The analysis of the proficiency and abilities possessed by the members of the board to implement diversity is as follows:

Name of the director	Gender	Nationality	Having an employee status	Overall abilities that the board of directors dominated							
				Able to make operational judgement professional	Accounting and financial analysis	Operation Management	Crisis Management	Industry Knowledge	Global market outlook	Leadership	Decision-making ability
HONG PU INVESTMENT CO., LTD REPRESENTATIVE: CHIAN, SHIH-HSIN	Male	R.O.C	✓	✓		✓	✓	✓	✓	✓	✓
TRICKLE CO., LTD. REPRESENTATIVE: CHEN, SHIH-YANG	Male			✓	✓	✓	✓			✓	✓
SHI HEN ENTERPRISE LTD. REPRESENTATIVE: LU, SHAO-PING	Male			✓		✓	✓	✓	✓	✓	✓
MUYEWEN INVESTMENT Co., Ltd. REPRESENTATIVE: LIU, WEN-LIANG	Male			✓		✓	✓	✓	✓	✓	✓
CHIANG, CHING-SHIN	Male		✓	✓	✓	✓	✓	✓	✓	✓	✓
TSAI, CHIH-WEI	Male			✓	✓	✓	✓	✓	✓	✓	✓
SHEN, HSUEH-JEN	Male			✓		✓	✓	✓	✓	✓	✓
SHEN, CHIH-CHENG	Male			✓		✓	✓			✓	✓
CHIU, DA-SHENG	Male			✓	✓	✓	✓	✓	✓	✓	✓

(2) General Manager Deputy General Manager, Associates, Departments, and Branches Officers Information

March 29, 2024

Position (Note 1)	Nationality	Name	Gender	Date first elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark (Note3)
					Shares	%	Shares	%	Shares	%			Position	Name	Relationship	
General Manager	R.O. C	Chiang, Ching-Shin	Male	2013.06.01	1,175,712	0.91%	0	0	0	0	University of New South Wales - B.A. of Commerce The Institute of Chartered Accountants Australia(CA)	Director CHINSAN ELECTRONIC INDUSTRIAL (THAILAND) CO.,LTD.	Director	CHIANG, SHIH-HSI N	Father-son relationship	To augment the number of seats for independent directors
R&D Division Director	R.O. C	Hsu, Wan Xing	Male	2022.08.09	46,593	0.04%	0	0	0	0	Asia Eastern University of Sci and Tech	N/A	N/A	N/A	N/A	N/A
Associates of Sales Management	R.O. C	Kang, Jeng Jong	Male	2008.09.01	15,913	0.01%	0	0	0	0	Department of Electrical Engineering from National Taipei University of Tech Sales Manager from GEN SALES ELECTRONIC CO. LTD.	N/A	N/A	N/A	N/A	N/A
Finance and Accounts Supervisor	R.O. C	Tsai, Mao-Sung	Male	2018.12.14	0	0%	0	0	0	0	Department of Accounting from Soochow University Chief Financial Officer from Matsuki Polymer Technology Finance Manager of Taiwan Ostor Corporation Deputy General Manager of View Sonic Corporation	N/A	N/A	N/A	N/A	N/A

Note 1: The disclosure shall include information on General Manager, Deputy General Manager, department and branch managers, as well as executives in positions equivalent to that of the General Manager, Deputy General Manager or department manager, regardless of their job titles.

Note 2: Relevant work experience in the current position should be disclosed, including employment history at audit firms or related enterprises during the aforementioned period, with details on the job titles held and responsibilities undertaken.

Note 3: If the company's Chairman and highest-level executive officer (e.g. General Manager) are the same person, spouses, or first-degree relatives, they must explain why and provide corresponding measures :
The company has increased the number of independent directors as required by law. Currently, over half of the directors are not also employees or managerial personnel.

(3) Remuneration of Directors, Independent Directors, President, and Vice Presidents

A. Remuneration of Directors and Independent Directors

Unit: NT\$ thousands

Title	Name	Remuneration								Total Amount of Items A, B, C, D and Ratio to Net Profit After Tax (Note 10)		Relevant Remuneration received by Directors who are also Employees								Total Amount of Items A, B, C, D, F, G and Ratio to Net Profit After Tax (Note 10)		Remuneration from ventures other than subsidiaries or from the parent company (Note 11)
		Basic Compensation(A) (Note 2)		Severance Pay (B)		Directors Compensation (C) (Note 3)		Allowances (D)(Note 4)				Salary, Bonuses, and Allowances(E) (Note 5)		Severance Pay (F)		Employee Compensation (G) (Note 6)						
		The Co mp any	Compan ies in the consolid ated financial statemen ts (Note 7)	The Co mpa ny	Compan ies in the consolid ated financial statemen ts (Note 7)	The Com pany	Compan ies in the consolid ated financial statemen ts (Note 7)	The Comp any	Compan ies in the consolid ated financial statemen ts (Note 7)	The Comp any	Compan ies in the consolid ated financial stateme nts (Note 7)	The Com pany	Compani es in the consolida ted financial statement s (Note 7)	The Com pany	Compan ies in the consolid ated financial stateme nts (Note 7)	The Company		Companies in the consolidated financial statements (Note 7)		The Comp any	Compan ies in the consolid ated financial statemen ts (Note 7)	
																Cash	Stock	Cash	Stock			
Direct ors	HONG PU INVESTMENT CO., LTD REPRESENTATIVE:CHI ANG, SHIH-HSIN	0	0	0	0	1,987	1,987	910	910	2,897 3.12%	2,897 3.12%	3,116	7,340	73	73	0	0	0	0	6,086 6.56%	10,310 11.12%	N/A
	HONG LIN INVESTMENT CO., LTD REPRESENTATIVE:CH ANG, HUNG-HAO																					
	CHANG,TIEN-CHEN																					
	CHIANG,CHING-SHIN																					
	CHEN, SHIH-YANG																					
	HUANG, YU-SAN																					
	TRICKLE CO., LTD. REPRESENTATIVE: CHEN, SHIH-YANG																					
	SHI HEN ENTERPRISE LTD. REPRESENTATIVE: LU, SHAO-PING																					
Indepe ndent Direct or	TSAL, CHIH-WEI	0	0	0	0	1,315	1,315	602	602	1,917 2.06%	1,917 2.06%	0	0	0	0	0	0	0	0	1,917 2.06%	1,917 2.06%	N/A
	SHEN,HSUEH-JEN																					
	SHEN,CHIH-CHENG																					
	CHIU, DA-SHENG																					
1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: 2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors.: N/A 3. The Company provide an individual vehicle for CHIANG, SHIH-HSIN 4. TRICKLE CO., LTD. REPRESENTATIVE: CHEN, SHIH-YANG、SHI HEN ENTERPRISE LTD. REPRESENTATIVE: LU, SHAO-PING、MUYEWEN INVESTMENT Co., Ltd. REPRESENTATIVE: LIU, WEN-LIANG accession date: 2023/05/31 5. HONG LIN INVESTMENT CO., LTD REPRESENTATIVE: CHANG, HUNG-HAO、CHANG,TIEN-CHEN、CHEN, SHIH-YANG、HUANG, YU-SAN dismissal date: 2023/05/31																						

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:

2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors.: N/A

3. The Company provide an individual vehicle for CHIANG, SHIH-HSIN

4. TRICKLE CO., LTD. REPRESENTATIVE: CHEN, SHIH-YANG · SHI HEN ENTERPRISE LTD. REPRESENTATIVE: LU, SHAO-PING · MUYEWEN INVESTMENT Co., Ltd. REPRESENTATIVE: LIU, WEN-LIANG accession date: 2023/05/31

5. HONG LIN INVESTMENT CO., LTD REPRESENTATIVE: CHANG, HUNG-HAO · CHANG, TIEN-CHEN · CHEN, SHIH-YANG · HUANG, YU-SAN dismissal date: 2023/05/31

Range of Remuneration

Range of Remuneration for the Directors	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 8)	Companies in the consolidated financial statements (Note 9)	The Company (Note 8)	Companies in the consolidated financial statements (Note 9)
Less than NT\$ 1 million	HONGPU INVESTMENT CO., LTD REPRESENTATIVE: CHIANG, SHIH-HSIN HONG LIN INVESTMENT CO., LTD REPRESENTATIVE: CHANG, HUNG-HAO SHIHEN ENTERPRISE LTD. REPRESENTATIVE: LU, SHAO-PING MUYEWEN INVESTMENT Co., Ltd. REPRESENTATIVE: LIU, WEN-LIANG CHANG, TIEN-CHEN · CHEN, SHIH-YANG · HUANG, YU-SAN · CHIANG, CHING-SHIN · TSAI, CHIH-WEI · SHEN, HSUEH-JEN · SHEN, CHIH-CHENG · CHIU, DA-SHENG	HONGPU INVESTMENT CO., LTD REPRESENTATIVE: CHIANG, SHIH-HSIN HONG LIN INVESTMENT CO., LTD REPRESENTATIVE: CHANG, HUNG-HAO SHIHEN ENTERPRISE LTD. REPRESENTATIVE: LU, SHAO-PING MUYEWEN INVESTMENT Co., Ltd. REPRESENTATIVE: LIU, WEN-LIANG CHANG, TIEN-CHEN · CHEN, SHIH-YANG · HUANG, YU-SAN · CHIANG, CHING-SHIN · TSAI, CHIH-WEI · SHEN, HSUEH-JEN · SHEN, CHIH-CHENG · CHIU, DA-SHENG	HONG LIN INVESTMENT CO., LTD REPRESENTATIVE: CHANG, HUNG-HAO SHIHEN ENTERPRISE LTD. REPRESENTATIVE: LU, SHAO-PING MUYEWEN INVESTMENT Co., Ltd. REPRESENTATIVE: LIU, WEN-LIANG CHANG, TIEN-CHEN · CHEN, SHIH-YANG · HUANG, YU-SAN · TSAI, CHIH-WEI · SHEN, HSUEH-JEN · SHEN, CHIH-CHENG · CHIU, DA-SHENG	HONG LIN INVESTMENT CO., LTD REPRESENTATIVE: CHANG, HUNG-HAO SHIHEN ENTERPRISE LTD. REPRESENTATIVE: LU, SHAO-PING MUYEWEN INVESTMENT Co., Ltd. REPRESENTATIVE: LIU, WEN-LIANG CHANG, TIEN-CHEN · CHEN, SHIH-YANG · HUANG, YU-SAN · TSAI, CHIH-WEI · SHEN, HSUEH-JEN · SHEN, CHIH-CHENG · CHIU, DA-SHENG
NT\$1 million ~ NT\$2 million			CHIANG, CHING-SHIN	
NT\$2 million ~ NT\$3.5 million			HONGPU INVESTMENT CO., LTD REPRESENTATIVE: CHIANG, SHIH-HSIN	
NT\$3.5 million ~ NT\$5 million				HONGPU INVESTMENT CO., LTD REPRESENTATIVE: CHIANG, SHIH-HSIN CHIANG, CHING-SHIN
NT\$5 million ~ NT\$10million				
NT\$10million ~ NT\$15million				
NT\$15million ~ NT\$30million				
NT\$30million ~ NT\$50million				
NT\$50million ~ NT\$100million				
Greater than or equal to NT\$100 million				
Total	13	13	13	13

Note 1: The names of the corporate shareholders, representatives, and directors should be separately listed and the amounts of remuneration for general directors and independent directors should be disclosed in an aggregated manner. If a director concurrently serves as a general manager or deputy general manager, the table above should be filled out.

Note 2: The remuneration paid to directors in recent year (including director salaries, position allowances, severance pay, various bonuses, and rewards, etc.)

Note 3: The approval of director's remuneration by the B.O.D for distribution in recent year.

Note 4: Refers to the expenses incurred by directors in executing related business activities in recent year (includes transportation fees, additional support fees, various allowances, dormitories, company cars, etc.). If assets such as houses, cars, and other transportation tools or personal expenses are provided, the nature and cost of the assets provided, actual market value rent, fuel costs, and other payments should be disclosed. Also, if a driver is provided, please specify the relevant compensation paid by the company to the driver, but this does not count as remuneration.

Note 5: Refers to the compensation received by directors who also serve as employees in recent year (including salaries, position allowances, severance pay, various bonuses and rewards, transportation fees, special support fees, various allowances, dormitories, company cars, etc.). If assets such as houses, cars, and other transportation tools or personal expenses are provided, the cost of the provided assets, actual or fair market value rent, fuel costs, and other payments should be disclosed. Also, if a driver is provided, please specify the relevant compensation paid by the company to the driver, but this does not count as remuneration. Furthermore, the salary expenses recognized under IFRS 2 "Payment based on shares", including obtaining employee stock certificates, restricted employee rights to new shares, and participation in cash capital increases to subscribe for shares, should also be included in the remuneration.

Note 6: Refers to the remuneration (including stocks and cash) obtained by directors who also serve as employees recently, and the amount of employee remuneration approved by the board of directors for distribution in recent year should be disclosed. If it cannot be estimated, the proposed distribution amount for this year should be calculated based on the proportion of the actual distribution amount last year, and should also be listed in Appendix 1-3

Note 7: The total amount of remuneration paid by all companies (including the company itself) to the directors of the company should be disclosed in the consolidated report.

Note 8: The total amount of remuneration paid by the company to each director should be disclosed under the corresponding salary range, and the names of the directors should also be listed.

Note 9: The totaled remuneration paid by all companies (including the company itself) to each director of the company should be disclosed under the corresponding salary range, and the names of the directors should also be listed.

Note 10: Post-tax net income refers to the post-tax net income for the latest year. For entities that have adopted International Financial Reporting Standards (IFRS), post-tax net income refers to the post-tax net income in the most recent fiscal year's individual or separate financial statements.

Note 11: a. This column should clearly indicate the amount of remuneration received by the company directors from investment businesses outside of subsidiaries
b. If the directors receive remuneration from investment businesses outside of subsidiaries, the remuneration received by the company directors in the investment businesses outside of subsidiaries should be included in Column I of the remuneration range table, and the column name should be changed to "All Investment Businesses."
c. Remuneration refers to the compensation, remuneration (including employee, director, and supervisor remuneration), and business execution expenses received by the company directors in their capacity as directors, supervisors, or managers of investment businesses outside of subsidiaries.

*The disclosed remuneration content in this table is different from the income concept of the Income Tax Law. Therefore, the purpose of this table is for information disclosure only, and not for taxation.

B. Remuneration of Supervisor

Unit: NT\$ thousands

Unit: NT\$ thousands														
Title	Name	Basic Compensation(A)(Note 2)		Retirement Pension(B)		Allowances(C)(Note 3)		Remuneration Amount for employee(D)(Note 4)				Total Amount of Items A, B, C, D and Ratio to Net Profit After Tax (Note 8)		Remuneration from ventures other than subsidiaries or from the parent company (Note 9)
		The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company	Companies in the consolidated financial statements (Note 6)	The Company		Companies in the consolidated financial statements (Note 6)		The Company	Companies in the consolidated financial statements (Note 6)	
								Cash Bonus	Shares Bonus	Cash Bonus	Shares Bonus			
General Manager	CHIANG, CHING-SHIN	924	3,828	73	73	0	0	0	0	0	0	997 1.08%	3,901 4.21%	N/A

* Anyone that has an equivalent position to the General Manager shall be disclosed.

Range of Remuneration

Range of Remuneration for the Directors	Name of Directors	
	The Company (Note 6)	All consolidated entities (Note 7) E
Less than NT\$ 1 million		
NT\$1 million(incl.) ~ NT\$2 million(excl.)	CHIANG,CHING-SHIN	
NT\$2 million(incl.) ~ NT\$3.5 million(excl.)		
NT\$3.5 million(incl.) ~ NT\$5 million(excl.)		CHIANG,CHING-SHIN
NT\$5 million(incl.) ~ NT\$10million(excl.)		
NT\$10million(incl.) ~ NT\$15million(excl.)		
NT\$15million(incl.) ~ NT\$30million(excl.)		
NT\$30million(incl.) ~ NT\$50million(excl.)		
NT\$50million(incl.) ~ NT\$100million(excl.)		
Greater than or equal to NT\$100 million		
Total	1	1

Note 1: Names of the General Manager, and Deputy Manager should be separately listed and the amounts of remuneration for the Managers should be disclosed in an aggregated manner. If a director concurrently serves as a general manager or deputy general manager, the table above should be filled out.

Note 2: The remuneration paid to General Manager in recent year (including salaries, position allowances, severance pay, various bonuses, and rewards, etc.)

Note 3: Refers to the compensation received by General Manager who also serve as employees in recent year (including salaries, position allowances, severance pay, various bonuses and rewards, transportation fees, special support fees, various allowances, dormitories, company cars, etc.). If assets such as houses, cars, and other transportation tools or personal expenses are provided, the cost of the provided assets, actual or fair market value rent, fuel costs, and other payments should be disclosed. Also, if a driver is provided, please specify the relevant compensation paid by the company to the driver, but this does not count as remuneration. Furthermore, the salary expenses recognized under IFRS 2 "Payment based on shares", including obtaining employee stock certificates, restricted employee rights to new shares, and participation in cash capital increases to subscribe for shares, should also be included in the remuneration.

Note 4: Refers to the remuneration (including stocks and cash) obtained by General Manager who also serve as employees recently, and the amount of employee remuneration approved by the board of directors for distribution in recent year should be disclosed. If it cannot be estimated, the proposed distribution amount for this year should be calculated based on the proportion of the actual distribution amount last year, and should also be listed in Appendix 1-3.

Note 5: The total amount of remuneration paid by all companies (including the company itself) to the General Manager of the company should be disclosed in the consolidated report.

Note 6: The total amount of remuneration paid by the company to each General Manager should be disclosed under the corresponding salary range, and the names of the directors should also be listed.

Note 7: The totaled remuneration paid by all companies (including the company itself) to each General Manager of the company should be disclosed under the corresponding salary range, and the names of the General Managers should also be listed.

Note 8: Post-tax net income refers to the post-tax net income for the latest year. For entities that have adopted International Financial Reporting Standards (IFRS), post-tax net income refers to the post-tax net income in the most recent fiscal year's individual or separate financial statements.

Note 9: a. This column should clearly indicate the amount of remuneration received by the company General Manager from investment businesses outside of subsidiaries.

b. If the General Manager receive remuneration from investment businesses outside of subsidiaries, the remuneration received by the company General Manager in the investment businesses outside of subsidiaries should be included in Column I of the remuneration range table, and the column name should be changed to "All Investment Businesses."

c. Remuneration refers to the compensation, remuneration (including employee, director, and supervisor remuneration), and business execution expenses received by the Company General Manager in their capacity as directors, supervisors, or managers of investment businesses outside of subsidiaries.

*The disclosed remuneration content in this table is different from the income concept of the Income Tax Law. Therefore, the purpose of this table is for information disclosure only, and not for taxation.

- (4) Name of the General Manager that distributes the bonuses of the employees: N/A.
- (5) Comparison and analysis should be provided to explain the total amount of remuneration paid to the directors, supervisors, general managers, and deputy general managers of the Company and its consolidated subsidiaries in the past two years as a percentage of the individual or separate financial reports' after-tax net income. The analysis should also include an explanation of the policies, standards, and composition of remuneration, the procedures for determining remuneration, and the relationship between remuneration and the Company's operating performance and future risks:

Title	Ratio of the total remuneration to net profit after tax				Ratio Increased(Decreased)	
	2023		2022			
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Directors	8.64%	13.19%	8.39%	12.43%	0.25%	0.76%
Supervisors	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
General Manager and Deputy Manager	1.08%	4.21%	1.06%	3.84%	0.02%	0.37%

The remuneration for directors' compensation related to the distribution of the company's earnings shall be handled in accordance with the company's articles of incorporation. The procedure for setting remuneration must be approved by the Remuneration Committee, the Board of Directors, and the Shareholders' Meeting. The compensation for the General Manager and Deputy General Manager is determined based on the position held and the responsibilities assumed, with reference to the industry standards for similar positions. The decision on compensation must be approved by the Remuneration Committee and the Board of Directors. The remuneration of the managerial staff is determined by taking into account the company's overall operating performance, future business risks, and development trends, as well as the individual's performance achievements and contributions to the company. Reasonable compensation is provided to mitigate the possibility of future operational risks and achieve a balance between sustainable business operations and risk management.

3. State of the company's corporate governance practices and their implementation

(1) Operation of the Board of Directors

In 2023, the board of directors held 7 meetings(A), the attendance are shown below:

Title	Name(Note1)	Attendance in person(B)	By proxy	Actual Attendance (B/A)(Note2)	Remarks
Chairman	HONG PU INVESTMENT CO., LTD REPRESENTATIVE: CHIANG, SHIH-HSIN	7	0	100.00%	N/A
Director	HONG LIN INVESTMENT CO., LTD REPRESENTATIVE: CHANG, HUNG-HAO	4	0	100.00%	Dismissal Date: 2023/05/31
Director	CHIANG, CHING-SHIN	7	0	100.00%	N/A
Director	CHANG, TIEN-CHEN	1	3	25.00%	Dismissal Date: 2023/05/31
Director	CHEN, SHIH-YANG	3	1	75.00%	Dismissal Date: 2023/05/31
Director	HUANG, YU-SAN	1	3	25.00%	Dismissal Date: 2023/05/31
Director	TRICKLE CO., LTD. REPRESENTATIVE: CHEN, SHIH-YANG	3	0	100.00%	Accession Date: 2023/05/31
Director	SHI HEN ENTERPRISE LTD. REPRESENTATIVE: LU, SHAO-PING	3	0	100.00%	Accession Date: 2023/05/31
Director	MUYEWEN INVESTMENT Co., Ltd. REPRESENTATIVE: LIU, WEN-LIANG	3	0	100.00%	Accession Date: 2023/05/31
Independent Director	TSAL, CHIH-WEI	6	1	85.71%	N/A
Independent Director	SHEN, HSUEH-JEN	6	1	85.71%	N/A
Independent Director	SHEN, CHIH-CHENG	6	0	100.00%	N/A
Independent Director	CHIU, DA-SHENG	3	0	100.00%	Accession Date: 2023/05/31
Average attendance of the Board of Directors				84.93%	

Other matters to be recorded:

1) If any of the following circumstances occur during the operation of the board of directors, the date, session, agenda content, opinions of all independent directors, and the company's handling of such opinions shall be disclosed:

(1) The matters listed in Article 14-3 of the Securities and Exchange Act.

(2) Other resolutions adopted by the board of directors with recorded or written statements of opposition or reservation by independent directors, except for the aforementioned matters.

In the fiscal year of 2023, our company did not experience any of the aforementioned situations. For more information, please refer to the important decisions made during the most recent fiscal year up until the printing of the annual report, as well as the shareholders' and board of directors' meetings. (Page 61~63)

2) The implementation status of directors' abstention from related-party transactions shall be disclosed, including the name of the director, the content of the agenda, the reason for abstention from benefiting, and the voting status of the director

Board Date	Director Name	Content of the agenda	The reason for abstention from benefiting	Voting status of the director
2023/01/09	HONG PU INVESTMENT CO., LTD REPRESENTATIVE: CHIANG, SHIH-HSIN HONG LIN INVESTMENT CO., LTD REPRESENTATIVE: CHANG, HUNG-HAO CHIANG, CHING-SHIN	The distribution of year-end bonuses for directors who are also managers or employees in year 2022.	CHIANG, SHIH-HSIN、CHANG, HUNG-HAO、CHIANG, CHING-SHIN concurrently serve as CEO, Deputy General Manager, General Manager, and Employee of the company	Recusal in accordance with legal interests, not participating in discussion and voting.
2023/04/18	HONG PU INVESTMENT CO., LTD REPRESENTATIVE: CHIANG, SHIH-HSIN HONG LIN INVESTMENT CO., LTD REPRESENTATIVE: CHANG, HUNG-HAO CHIANG, CHING-SHIN、CHANG, TIEN-CHEN、CHEN, SHIH-YANG、HUANG, YU-SAN、 TSAI, CHIH-WEI、SHEN, HSUEH-JEN、SHEN, CHIH-CHENG	Distribution of remuneration for individual directors for the year 2022	Director of the company	Recusal in accordance with legal interests, not participating in discussion and voting.
2023/04/18	HONG PU INVESTMENT CO., LTD REPRESENTATIVE: CHIANG, SHIH-HSIN HONG LIN INVESTMENT CO., LTD REPRESENTATIVE: CHANG, HUNG-HAO CHIANG, CHING-SHIN、CHANG, TIEN-CHEN、CHEN, SHIH-YANG、HUANG, YU-SAN、 TSAI, CHIH-WEI、SHEN, HSUEH-JEN、SHEN, CHIH-CHENG	The case of payment of transportation expenses for directors in Year 2022.	Director of the company	Recusal in accordance with legal interests, not participating in discussion and voting.

3) Assessment of the goals and implementation of strengthening the functions of the Board of Directors in the current and recent years (such as setting up an audit committee, enhancing information transparency, etc.): Our company follows the "Procedures for Meetings of the Board of Directors of Public Companies" to establish our "Board of Directors Meeting Rules", and inputs the attendance of directors at board meetings on the Public Information Observation Station. Our company's Remuneration Committee is responsible for proposing, evaluating, and supervising the overall compensation policy, compensation levels for the general manager and managers, employee stock option plans, employee bonus plans, or other incentive plans. To encourage directors to further their education, our company arranges training courses for directors every year to achieve better interaction benefits.

4) Attendance Record of Independent Directors at the Board Meetings for the Current and Recent Fiscal Year

◎: Personally Attend ☆: Authorized Representation *: Absent

Year 2023	First Time	Second Time	Third Time	Fourth Time	Fifth Time	Sixth Time	Seventh Time
TSAI, CHIH-WEI	◎	◎	◎	◎	◎	◎	☆
SHEN, HSUEH-JEN	◎	◎	◎	◎	◎	☆	◎
SHEN, CHIH-CHENG	◎	◎	◎	◎	◎	◎	◎
CHIU, DA-SHENG	Not applicable	Not applicable	Not applicable	Not applicable	◎	◎	◎

5) Implementation status of the board of directors' evaluation.

Evaluation Week (Note 3)	Evaluation Period (Note 4)	Evaluation Scope (Note 5)	Evaluation Method (Note 6)	Evaluation content (Note 7)
Once every year	2023/01~2023/12	Board of Director	Member self-evaluation	A. Understanding the company's goals and mission. B. Aware of the director's responsibilities C. The level of participation in company operations D. Internal relationship management and communication E. Professionalism and continuous education of directors F. Internal control.
Once every year	2023/01~2023/12	Board of Director	Evaluation of the unit of the meeting agenda.	A. Level of participation in the company operations B. Improving the quality of the board of directors' decisions C. Composition and structure of the board of directors D. Appointment and continuous education of directors E. Internal control.
Once every year	2023/01~2023/12	Functional Committee (Compensation and Remuneration Committee, Audit Committee).	Evaluation of the unit of the meeting agenda.	A. Level of participation in company operations B. Awareness of functional committee responsibilities C. Improving the quality of functional committee decisions D. Composition and appointment of functional committee members E. Internal control.

- The board of directors of this company operates in compliance with laws, regulations, and shareholder resolutions, and all directors act with professionalism, integrity, and a sense of responsibility to create the best outcome for shareholders.
- The company has established an audit committee and a compensation committee to assist the board of directors in carrying out their duties and supervisory responsibilities. In order to strengthen the management function, the company has also set out a "Board of Directors Meeting Regulations", which includes the main agenda, operating procedures, matters to be included in the minutes, and other matters to be followed.
- In the year 2023, self-evaluation was conducted through a questionnaire, and the results were presented using a simple average and divided into four levels. The explanation is as follows:

Average Score	Level
95% and above	Distinction
90% and above	Good
85% and above	Average
80% and above	Needs Improvement

(1) Board Directors self-evaluation Evaluator: self-evaluation of the legislative unit

Examination	Number of question	Total scores	Self-evaluation	Proportion	Scores
A. Level of participation in company operations	6	30	29	30%	29
B. Improving the quality of the board of directors' decisions	5	25	24	25%	24
C. Composition and structure of the board of directors	5	25	25	25%	25
D. Appointment and continuous education of directors	2	10	10	10%	10
E. Internal Control	2	10	9	10%	9
Total	20	100	97	100%	97
Overall Evaluation Results				Distinction	

Results: The overall score of the board of directors' performance self-evaluation is 97 points, which meets the company's expectations.

- (2) Board Directors Member self-evaluation Evaluator: Director CHIANG SHIH-HSIN, Director CHIANG CHING-SHIN, Director CHEN SHIH-YANG, Director LU, SHAO-PING, Director LIU, WEN-LIANG, Independent Director TSAI CHIH-WEI, Independent Director SHEN HSUEH-JEN, Independent Director SHEN CHIH-CHENG, Independent Director CHIU, DA-SHENG. Total 9 members

Examination	Number of question	Total scores	Self-evaluation	Proportion	Scores
A. Understanding the company's goals and mission.	3	135	131	15%	14.56
B. Aware of the director's responsibilities	2	90	90	10%	10.00
C. The level of participation in company operations	7	315	299	35%	33.22
D. Internal relationship management and communication	3	135	134	15%	14.89
E. Professionalism and continuous education of directors	2	90	86	10%	9.56
F. Internal Control	3	135	133	15%	14.78
Total	20	900	873	100%	97.01
Overall Evaluation Results				Distinction	

Results: The overall score of the board of directors' performance self-evaluation is 97.01 points, which meets the company's expectations.

- (3) Functional Committee (Audit Committee)Self-evaluation Evaluator: Functional Committee

Examination	Number of question	Total scores	Self-evaluation	Proportion	Scores
A. Level of participation in company operations	3	15	15	15%	15
B. Awareness of functional committee responsibilities	5	25	25	25%	25
C. Improving the quality of functional committee decisions	7	35	33	35%	33
D. Composition and appointment of functional committee members	3	15	14	15%	14
E. Internal Control	2	10	10	10%	10
Total	20	100	97	100%	97
Overall Evaluation Results				Distinction	

Results: The overall score of the functional committee's performance self-evaluation is 97 points, which meets the company's expectations.

Functional Committee (Compensation and Remuneration Committee)Self-evaluation Evaluator: Functional Committee

Examination	Number of question	Total scores	Self-evaluation	Proportion	Scores
A. Level of participation in company operations	3	15	15	15%	15
B. Awareness of functional committee responsibilities	5	25	25	25%	25
C. Improving the quality of functional committee decisions	7	35	33	35%	33
D. Composition and appointment of functional committee members	3	15	14	15%	14
E. Internal Control	2	10	10	10%	10
Total	20	100	97	100%	97
Overall Evaluation Results				Distinction	

Results: The overall score of the functional committee's performance self-evaluation is 97 points, which meets the company's expectations.

Overall evaluation: The members and committees of the 2023 board, they performed distinctively.

- Note 1: If the directors or supervisors are legal entities, the names of the shareholders and their representatives shall be disclosed.
- Note 2: (1) If any directors or supervisors have left their positions before the end of the year, the date of departure should be noted in the remarks column. The actual attendance rate (%) should be calculated based on the number of board meetings held during their tenure and their actual attendance.
- (2) If any directors or supervisors have been newly elected before the end of the year, both the old and new directors/supervisors should be listed, and it should be noted in the remarks column whether the director/supervisor is an old member, new member, re-elected member, or the date of the election. The actual attendance rate (%) should be calculated based on the number of board meetings held during their tenure and their actual attendance.
- Note 3: This refers to the execution cycle of the board evaluation, for example, once per year.
- Note 4: This refers to the coverage period of the board evaluation, for example, evaluating the performance of the board from January 1, 2023, to December 31, 2023
- Note 5: The scope of evaluation includes performance evaluation of the board of directors, individual directors, and functional committees
- Note 6: The methods of evaluation include internal self-assessment by the board of directors, self-assessment by board members, peer evaluation, the appointment of external professional organizations, experts, or other appropriate methods to conduct performance evaluations.
- Note 7: The evaluation content includes at least the following items according to the scope of the evaluation:
- (1) Board of directors performance evaluation: at least includes participation in company operations, quality of board decisions, composition and structure of the board, selection and continuing education of directors, internal controls, etc.
 - (2) Individual director performance evaluation: at least includes an understanding of company goals and missions, awareness of director responsibilities, participation in company operations, management of internal relationships and communication, director's expertise and continuing education, internal controls, etc.
 - (3) Functional committee performance evaluation: participation in company operations, awareness of functional committee responsibilities, quality of functional committee decisions, composition and member selection of functional committees, internal controls, etc.

(2) Operation of the Audit Committee
A. Audit Committee's member Information

Identity Type (Note1)	Criteria	Professional Qualification Requirement and Working Experience (Note 2)	Independence Criteria(Note 3)	The number of family members serving as members of the remuneration committee of other publicly listed companies.
Independent Director	TSAI, CHIH-WEI	<p>Have Work Experience in the Areas of Commerce, Crisis management ability, Finance, or Accounting, or Otherwise Necessary for the Business of the Company</p> <p>Accountant's Certificate</p> <p>Independent Director experience, please refer to page 8 (I) Information on the Directors.</p> <p>None of the provisions of Article 30 of the Company Act apply.</p>	<p>As an independent director, meeting the independence criteria, including but not limited to, myself, my spouse, my second-degree relatives or closer relatives not serving as directors, supervisors, or employees of the Company or its affiliated enterprises; not holding any shares of the Company; not serving as directors, supervisors, or employees of companies with specific relationships with the Company; not receiving any remuneration for providing commercial, legal, financial, accounting, and other services to the Company or its affiliated enterprises in the past 2 years.</p>	3
Independent Director	SHEN, HSUE H-JEN	<p>Have Work Experience in the Areas of Commerce, Industry knowledge, Global market outlook, or Accounting, or Otherwise Necessary for the Business of the Company</p> <p>Independent Director experience, please refer to page 8 (I) Information on the Directors.</p> <p>None of the provisions of Article 30 of the Company Act apply.</p>	<p>As an independent director, meeting the independence criteria, including but not limited to, myself, my spouse, my second-degree relatives or closer relatives not serving as directors, supervisors, or employees of the Company or its affiliated enterprises; not holding any shares of the Company; not serving as directors, supervisors, or employees of companies with specific relationships with the Company; not receiving any remuneration for providing commercial, legal, financial, accounting, and other services to the Company or its affiliated enterprises in the past 2 years.</p>	2
Independent Director	SHEN, CHIH-CHENG	<p>Have Work Experience in the Areas of Commerce, Law, Crisis management ability, or Accounting, or Otherwise Necessary for the Business of the Company</p> <p>Lawyer's Certificate</p> <p>Independent Director experience, please refer to page 8 (I) Information on the Directors.</p> <p>None of the provisions of Article 30 of the Company Act apply.</p>	<p>As an independent director, meeting the independence criteria, including but not limited to, myself, my spouse, my second-degree relatives or closer relatives not serving as directors, supervisors, or employees of the Company or its affiliated enterprises; not holding any shares of the Company; not serving as directors, supervisors, or employees of companies with specific relationships with the Company; not receiving any remuneration for providing commercial, legal, financial, accounting, and other services to the Company or its affiliated enterprises in the past 2 years.</p>	0
Independent Director	CHIU, DA-SHENG	<p>Have Work Experience in the Areas of Commerce, Industry knowledge, Crisis management ability, Global market outlook, or Otherwise Necessary for the Business of</p>	<p>As an independent director, meeting the independence criteria, including but not limited to, myself, my spouse, my second-degree relatives or closer</p>	1

Identity Type (Note 1)	Criteria	Professional Qualification Requirement and Working Experience (Note 2)	Independence Criteria (Note 3)	The number of family members serving as members of the remuneration committee of other publicly listed companies.
	Name	the Company Independent Director experience, please refer to page 8 (I) Information on the Directors. None of the provisions of Article 30 of the Company Act apply.	relatives not serving as directors, supervisors, or employees of the Company or its affiliated enterprises; not holding any shares of the Company; not serving as directors, supervisors, or employees of companies with specific relationships with the Company; not receiving any remuneration for providing commercial, legal, financial, accounting, and other services to the Company or its affiliated enterprises in the past 2 years.	

***There are four members in the current Audit Committee, one of whom has a legal background and is a practicing lawyer, one has an accounting and finance background and is currently a practicing accountant, and the other two have business background and are industry experts, currently serving as the CEO of a management consulting company. One members are in the age range of 40-50 years old, two distributed at age 50-60 and one member is in the age range of 60-70 years old. All four independent directors have specialized expertise and can raise questions and have discussions from various angles during the review of proposals, meeting the board's diversity policy.

B. Summary of the Audit Committee's annual work field:

- Preparing Financial statements;
- Audit and account for the policies and procedures;
- Internal control system and the related policies and procedures;
- Significant asset or subsidiary transactions;
- Significant loans, endorsements, or guarantees;
- Fundraising of securities issuance;
- Imitative financial instruments and cash investments;
- Compliance with laws and regulations;
- Whether there are related-party transactions between managers and directors and possible conflicts of interest;
- Settling complaints report;
- Anti-fraud plan and fraud investigation reports;
- Corporate information security;
- Enterprise risk management;
- Qualifications, independence, and performance evaluation of the signing accountants;
- Appointment, dismissal, or compensation of the signing accountants;
- Appointment or removal of the financial, accounting, or internal audit directors;
- Fulfillment of the Audit Committee's responsibilities;
- Self-evaluation questionnaire for the Audit Committee's performance evaluation.

According to the laws and regulations of the R.O.C the members of the audit committee members composed of all independent directors. The audit committee of our company complies with the above legal requirements. In addition, the audit committee conducts an annual self-evaluation of its performance and discusses issues that need special attention in the future. The Audit Committee has the authority to conduct any appropriate audit and investigation in accordance with its organizational charter to fulfill its duties and has direct communication channels with the company's internal auditors, certified public accountants, and all employees.

C. Audit Committee's operation status for the year:

Date	Evaluation Item	Major Resolutions
2023/01/09	1. Proposed repurchase of 4,267 unsecured convertible corporate bonds, 5th series, domestically issued by the Company from the securities firm's business location. 2. Amendment to the "Corporate Governance Best Practice Principles" policy.	It has been approved by all the committee members.
2023/03/14	1. The 'Assessment of the effectiveness of internal control system' and 'Statement of internal control system' of 2022. 2. The assessment and remuneration of the appointed auditors 3. The Operational and Financial Report of 2022. 4. Application for the Company to provide endorsement guarantee to GUANGZHOU KINGTACHI ELECTRONIC CO., LTD. (hereinafter referred to as "KINGTAICHI Company") with the amount of RMB 20 million.	It has been approved by all the committee members.
2023/04/18	1. Distribution of the Profit in Year 2022.	It has been approved by all the committee members.
2023/05/12	1. The Consolidated Financial Statement Report in the first quarters of 2023. 2. An endorsement guarantee for its subsidiary KINGTAICHI with a guaranteed limit of CNY 50 million (guarantee limit to be renewed upon expiration). 3. Application for the Company to provide endorsement guarantee to GUANGZHOU KINGTACHI ELECTRONIC CO., LTD. (hereinafter referred to as "KINGTAICHI Company") with the amount of RMB 36 million. 4. Amendment to the "Rules of Organization of the Salary and Compensation Commission" policy.	It has been approved by all the committee members.
2023/08/10	1. The Consolidated Financial Statement Report in the second quarters of 2023.	It has been approved by all the committee members.
2023/11/14	1. Audit Plan for Year 2024 2. The Consolidated Financial Statement Report in the third quarters of 2023. 3. Establishment of the "Regulations Governing Financial Operations between Related Parties of the Company".	It has been approved by all the committee members.
2024/01/24	1. Replacement of the Certified Public Accounting Firm and Certified Public Accountant and Evaluation of the Independence and Suitability of the New Certified Public Accountant 2. Finalization of the "Regulations on the Management of Acquisition or Disposal of Marketable Securities".	It has been approved by all the committee members.
2024/03/11	1. The 'Assessment of the effectiveness of internal control system' and 'Statement of internal control system' of 2023. 2. The Operational and Financial Report of 2023.	It has been approved by all the committee members.
2024/04/18	1. Distribution of the Profit in Year 2023.	It has been approved by all the committee members.

D. 2023 The Audit Committee held 6 meetings during the year (A), the attendance of independent directors is as follows:

Title	Name	Attendance in person(B)	By proxy	Actual Attendance (B/A)	Remarks
Independent Director	TSAI, CHIH-WEI	5	1	83.33%	N/A
Independent Director	SHEN, HSUEH-JEN	6	0	100.00%	N/A
Independent Director	SHEN, CHIH-CHENG	6	0	100.00%	N/A
Independent Director	CHIU, DA-SHENG	2	0	100.00%	Accession Date: 2023/05/31

Other matters to be recorded:

- 1) If any of the following circumstances occur in the operation of the Audit Committee, the date of the board of directors, the term, the content of the agenda, the decision of the Audit Committee, and the company's handling of the Audit Committee's opinions shall be described:
 1. Matters listed in Article 14-5 of the Securities Exchange Act.
 2. In addition to the above matters, any resolution that has not been approved by the Audit Committee but has been approved by more than two-thirds of the entire board of directors.
- 2) The execution status of independent directors' abstention from interested party transactions should include the name of the independent director, the content of the resolution, the reasons for the need to abstain from voting due to potential conflicts of interest, and their participation in the voting process.
- 3) The communication between independent directors and the internal audit manager and accountant (including significant matters, methods, and results related to the company's finances and business conditions) should be described as follows:
 1. The internal audit department of our company provides the monthly audit report and the tracking report for addressing deficiencies to the independent directors. Additionally, the internal audit manager regularly updates the independent directors on the audit business, results, and the follow-up progress.
 - (1) Proposed to hold at least one meeting per year between the auditor and the officer of internal audit to discuss the completed internal audit and external audit opinions, as well as to communicate opinions on audit deficiencies and record them for reporting to the board of directors.
 - (2) The Officer of internal audit shall regularly report to the audit committee on:
 - (a) Annual internal audit plan
 - (b) Annual professional training for audit personnel
 - (c) Execution of internal audit operations reported to the audit committee regularly.
 - (3) The auditor shall attend the audit committee at least once a year to report on the annual audit results.
 - (4) In the event of abnormal incidents, or if the independent directors, Officer of internal audit, or auditor deem it necessary to communicate independently, meetings may be held on an ad hoc basis.
 2. Communication between Independent Directors, Officer of Internal Audit, and Accountant:
 - (1) The Officer of Internal Audit and Accountant can directly communicate with Independent Directors as needed, and the communication is in good condition.
 - (2) In addition to the monthly audit reports received by the Independent Directors, the Officer of Internal Audit also reports on the audit business of the Company and its subsidiaries in quarterly individual meetings with the Independent Directors, fully communicating the execution and effectiveness of the audit business.
 - (3) The Accountant reports on the results of financial statement audits and the findings to the Independent Directors during quarterly meetings.

The quarterly communication meetings between the independent directors, internal audit directors, and accountants in the Year 2023 are as follows:

Date	Communication criteria	Communication's results
2023/01/09	1. Code of Practice on Corporate Governance 2. Report on Improvements to Internal Control Deficiencies and Anomalies in the 4st Quarter of 2022	The communication was in good condition, the independent directors have no objection.
2023/03/14	1. Key Audit Matters of the Consolidated and Individual Financial Statements for the Year 2022. 2. The 'Assessment of the effectiveness of internal control system' and 'Statement of internal control system' of 2022.	The communication was in good condition, the independent directors have no objection.
2023/05/12	1. The Consolidated Financial Statement Report in the first quarters of 2023 2. Report on Improvements to Internal Control Deficiencies and Anomalies in the 1st Quarter of 2023 3. Amendment to the "Rules of Organization of the Salary and Compensation Commission" policy.	The communication was in good condition, the independent directors have no objection.
2023/08/10	1. The Consolidated Financial Statement Report in the second quarters of 2023 2. Report on Improvements to Internal Control Deficiencies and Anomalies in the 2nd Quarter of 2023	The communication was in good condition, the independent directors have no objection.
2023/11/09	1. The Consolidated Financial Statement Report in the third quarters of 2023 2. Report on Improvements to Internal Control Deficiencies and Anomalies in the 3rd Quarter of 2023 3. Establishment of the "Regulations Governing Financial Operations between Related Parties of the Company". 4. Operational and competitiveness comparison within the company and the peers 5. Audit Plan for Year 2024	The communication was in good condition, the independent directors have no objection.
2024/01/24	1. Report on Improvements to Internal Control Deficiencies and Anomalies in the 4st Quarter of 2023	The communication was in good condition, the independent directors have no objection.

* If the independent director resigns before the end of the year, the resignation date should be indicated in the notes, and the actual attendance rate (%) should be calculated based on the number of times the director attended the audit committee meetings during their tenure.

* If there is a changes of independent directors before the end of the year, both the outgoing and incoming independent directors should be disclosed, and it should be indicated in the notes whether they are the outgoing, incoming, or re-elected directors and the date of the changes. The actual attendance rate (%) should be calculated based on the number of times the director attended the audit committee meetings during their tenure.

(3) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		<p>The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” on November 14, 2014, Amendment passed on January 9, 2023 and the information has been disclosed on the Company's website and the Taiwan Stock Exchange's Market Observation Post System. The Company has taken the principles into account and considered the actual situation of the Company to establish a comprehensive internal control system and management measures. The implementation has been effective, and the control function is sound with no significant differences in practical operation.</p> <p>Corporate's Website: Investor Relations\Corporate Governance\Important Laws and Regulations\Corporate Governance Practice Principles Taiwan Stock Exchange's Market Observation Post System: Corporate Governance\Corporate Governance Structure\Regulations and Rules for Establishing Corporate Governance\OTC\8042</p>	None
2. Shareholding Structure& shareholders'				
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) In addition to the existing hotline and email channels, the Company has established an internal operating procedure, and has designated appropriate departments, such as Investor Relations, Public Relations, Legal Department, to handle shareholders' suggestions, doubts, disputes and litigation.	None
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The company has a dedicated department and staff responsible for collecting the updated information of major shareholders and the list of ultimate owners of those shares. The company also discloses relevant information on a regular basis.	None
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The company has established and implemented supervisory procedures for its subsidiaries, and established appropriate risk management and firewall mechanisms for its related enterprises, in accordance with the criteria of the internal control system	None
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		<p>(4) 1. On November 13, 2020, the Board of Directors has established the internal rules to "Forbid insiders trading on undisclosed information" from Article 8 of the regulations. The regulations explicitly prohibits insiders of the company from using undisclosed information in the market to trade securities on their own behalf or on behalf of others.</p> <p>2. On January 9, 2023, the Board of Directors approved the amendment to the Corporate Governance Practice Guidelines from Article 10 of the guidelines that specifies ‘the control for stock trading by insiders of the company after they become aware of the company's financial reports or related performance content, including (but not limited to) directors not being allowed to trade their stocks during the closed period of 30 days before the announcement of the annual financial report and 15 days before the announcement of each quarterly financial report.</p> <p>3. On October 20, 2023, 30 directors (including</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Ye s	N o	Abstract Explanation	
			independent directors, managers, and employees) participated in a one-hour course on "Preventing Insider Trading Education". The course covered the confidentiality of important information, the reasons and identification process of insider trading, examples of insider trading, the scope of internal important information, confidentiality operations, disclosure operations, and violation handling. After the course, the presentation was sent to all directors and employees for reference via e-mail.	
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	V		(1) 1. According to the "Corporate Governance Guidelines" adopted by the Board of Directors of this company at its meeting on November 14, 2014, Amendment passed on November 9th, 2022, a diversity policy is formulated in Chapter 3 of "Enhancing the Functions of the Board of Directors". The nomination and selection of members of the Board of Directors of this company are carried out in accordance with the provisions of the company's articles of incorporation, using a candidate nomination system. In addition to evaluating the qualifications and experiences of each candidate, the opinions of stakeholders are also taken into account, in compliance with the "Election Procedures for Directors and Supervisors". 2. The proportion of independent directors among the members of the board of our company is 44%, and the proportion of directors with employee status is 22%. Currently, out of the 9 directors, there are no female directors, and we will strive toward this direction in the future. 3. Age distribution of the directors: 2 directors are between 40-50 years old, accounting for 22.22%; 6 directors are between 50-70 years old, accounting for 66.67%; 1 directors are over 70 years old, accounting for 11.11%. 4. Distribution of the main expertise of the Directors: 3 directors have an accounting background, accounting for 33.34%; 1 director has a legal background, which accounts about 11.11%; 3 directors have a management background, which occupies about 33.33%; 2 director has a background in finance and management, about 22.22%. The board of directors has diverse backgrounds with varied expertise, allowing them to provide professional opinions from different perspectives, which can greatly benefit the company's performance and management efficiency. 5. The current 19th board of directors of our company consists of 9 directors, including 4 independent directors and 5 directors. Their relevant backgrounds are listed below: Management Background: Chairman Chiang, Shih-Hsin, Director LU, SHAO-PING, Director LIU, WEN-LIANG. Accountant Background: Independent Director Tsai, Chih-Wei, Director Chen Shih-Yang, Director Chiang, Ching-Shin. Legal Background: Director Shen, Chih-Cheng. Finance and Business Management Background: Director Shen, Hsueh-Jen, CHIU, DA-SHENG. Each director has expertise in their respective fields	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Ye s	N o	Abstract Explanation	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		and can provide professional opinions from different perspectives, which greatly contributes to improving the company's operational and managerial efficiency. In particular, the two accounting directors, Tsai, Chih-Wei and Chen Shih-Yang, have long served at accounting firms and provided valuable guidance on the company's corporate governance and financial planning.	None
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V		(2) The Compensation Committee and Audit Committee of our company consist of four independent directors. The Sustainable Development Committee of our company consist of four independent directors and one director. The establishment of other functional committees will be considered and evaluated as needed in the future.	None
(4) Does the company regularly evaluate the independence of CPAs?	V		(3) 1. On February 3, 2021, the 18th Board of Directors of our company approved the "Board of Directors Performance Evaluation Method" in accordance with Article 18 of the "Guidelines for the Establishment and Exercise of Powers of OTC Company Boards of Directors." 2. The Board of Directors Performance Evaluation Method from Article 3 specifies that our company's board of directors should conduct an internal performance evaluation of the board of directors every year based on the evaluation procedures and indicators set forth in Articles 6 and 7. The evaluation results should be completed by the end of the first quarter of the following year. 3. On March 11, 2024, the 19th Board of Directors of our company was presented with the results of the 2023 board of directors performance evaluation	None
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and	V		(4) 1. The CPAs which are appointed by the company shouldn't be the directors, supervisors, executives, employees, shareholders, or related parties of the company or affiliated enterprises. Their independence has been confirmed and meets the provisions of the supervisory authority's independence judgment. Details on the independence assessment of the certified public accountants are described in Note 7 of the independence evaluation table. 2. The Company evaluates the independence of CPAs annually, ensuring that they are not stakeholders such as a Board member, supervisor, shareholder or person paid by the Company. 3. The company has evaluated the professionalism and independence of the certified public accountants, and the certified public accountants have issued an independent statement on the commissioned audit work, indicating that they meet the independence requirements. The appointment and remuneration of the financial and tax certified public accountants for 2024 have also been approved by the 2st Audit Committee meeting and the 19th Board of Directors meeting on January 24, 2024, and the documents are on file.	None
			On April 18th, 2023, the company appointed Mr. Tsai Mao-Sung from the Finance Department as the head of corporate governance, and established a corporate governance promotion unit to safeguard the rights and interests of shareholders and enhance the functions of the board of directors.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?			<p>Functions of the Corporate Governance Officer:</p> <p>(1) Assist independent directors and general directors in performing their duties by providing the necessary information and arranging for continuing education for directors.</p> <p>(2) Assist in matters related to the proceedings of Board of Directors' meetings and shareholders' meetings as well as legal compliance of resolutions.</p> <p>(3) Draw up the agendas of the Board of Directors and notify directors of the agendas 7 days before the meeting, convene meetings and provide meeting information, send out reminders regarding agendas that require recusal of directors and complete the minutes of the Board of Directors' meeting 20 days after the meeting.</p> <p>(4) Handle prior registration for shareholders' meetings, prepare meeting notices, agenda handbook, meeting minutes within the statutory period, as well as handle registration of changes due to amendment of regulations and re-election of directors.</p> <p>The training of the Corporate Governance Officer in 2023 is shown in the following table: (Note 3)</p>	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company provides detailed contact information, including telephone numbers and email addresses in the “Stakeholder Area” section of the corporate website. In addition, personnel are in place to exclusively deal with issues of social responsibility, ensuring that various interested parties have channels to communicate with the Company.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		Our company has established a stock affairs unit (staffed by personnel from the finance department) and has also engaged a professional stock affairs agency, the Shareholder Services Department of Fubon Securities Co., Ltd., to assist with stock affairs and matters related to shareholder meetings.	None
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		<p>(1) Our company has set up a website where all information is openness and transparency. The financial and corporate governance information can be obtained through the company website.</p> <p>Financial information: Investor Relations\Financial Information</p> <p>Business Information: Product Section</p> <p>Corporate Governance: Investor Relations\Corporate Governance</p>	None
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(2) The Company has set up a Chinese/English website to disclose information regarding the Company's financials, business and corporate governance status	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Ye s	N o	Abstract Explanation	
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V		(3) The Company has reported annual financial statements within two months after the end of each fiscal year and announced them on the company website. The Company announced and reported its financial statements for Q1, Q2, and Q3 and filed monthly operating status before the deadline.	None
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		Details via Note 1~6	None
<p>9. Please explain the improvements made regarding the corporate governance evaluation results released by the Corporate Governance Center of Taiwan Stock Exchange in the recent year, and prioritize the areas and measures to be strengthened for those not yet improved</p> <p>(1) The Company's website and annual report have disclosed the status of the Board of Directors' supervision of sustainable development (e.g., setting and reviewing management policies, strategies, and objectives).</p> <p>(2) The Company's website and annual report have disclosed the operation of the Corporate Integrity Management Unit and the status of its implementation during the year (e.g., work plan and execution), as well as the date of reporting to the Board of Directors.</p> <p>(3) The Company has disclosed the evaluation results of individual committees (separately).</p> <p>(4) The Company has disclosed the Board's reference to the Audit Quality Indicators (AQIs) and assessment of the independence and suitability of the certified public accountants.</p> <p>(5) The Company plans to obtain ISO 14064-1 and ISO 27001 certification and write ESG reports this year.</p>				

Note: Regardless the option "Yes" or "No" is selected, the operational status should be clearly explained in the summary section.

Note 1: Status of employee rights and employee wellness: Please refer to the “*Employees management relations*” section of this annual report.

Note 2: The Rights of Stakeholders and Investor, Suppliers Relations: The company has a spokesperson and a deputy spokesperson in charge of handling shareholder and stakeholder affairs, communication and exchange of opinions can be conducted through telephone or the company's website. We maintain good cooperative relationships with our vendors and customers.

Note 3: Directors, supervisors and corporate governance training records:
The training records of directors and supervisors in Year 2023:

Title	Name	Course	Sponsoring Organization	Training hours
Chairman	CHIANG, SHIH-HSIN	The New Corporate Governance and Board Performance Assessment 2023 Practical Analysis	Taiwan Investor Relations Institute	3
Director	CHIANG, CHING-SHIN	OTC Insiders' Shareholding Advocacy Seminar	Taipei Exchange	3
Director	CHEN, SHIH-YANG	Regulatory Requirements and Best Practices for Anti-Money Laundering by Auditors	The National Federation of CPA Associations of the R.O.C.	3
		IAS 12 Income Taxes	The National Federation of CPA Associations of the R.O.C.	3
		Analysis of the Practices of Independent Directors and Audit Committee	The National Federation of CPA Associations of the R.O.C.	3
		Investment Grade Sustainability Report	The National Federation of CPA Associations of the R.O.C.	3
Director	LU, SHAO-PING	SAP NOW Taiwan Sustainable Practices for the Future	Taiwan Institute of Directors	3
		ESG Megatrend - Business Challenges, Responses and Plans	Accounting Research and Development Foundation	3
		Sustainability and Digital Dual Axis Transformation	Accounting Research and Development Foundation	3
Director	LIU, WEN-LIANG	2023 Insider Trading Prevention Seminar	Securities and Futures Institute	3
Independent Directors	TSAI, CHIH-WEI	Trade Secret Protection and Fraud Detection Practices	Taiwan Corporate Governance Association	3
		ESG Trends and Practices Analysis	Taiwan Corporate Governance Association	3
Independent Directors	SHEN, HSUEH-JEN	Advanced Practice Seminar for Directors and Supervisors (including Independent) and Corporate Governance Executives - How to Enhance the Credibility of Corporate Sustainability Reports	Securities and Futures Institute	3
		Advanced Seminar on Directors and Supervisors (Including Independent) and Heads of Corporate Governance - Analysis of Common Violation Cases under Securities and Exchange Laws	Securities and Futures Institute	3
Independent Directors	SHEN, CHIH-C HENG	Offensive and Defensive Strategies in Disputes over Operating Rights and the Risk of Legal Liability of the Company's Responsible Persons (Independent Directors)	Taiwan Corporate Governance Association	3
		How independent directors can combine business judgement with the duty of loyalty	Taiwan Corporate Governance Association	3
Independent Directors	CHIU, DA-SHENG	「2023 Taishin Net Zero Power Summit」	The Chinese National Association of Industry and Commerce, Taiwan	3
		ESG Megatrend - Business Challenges, Responses and Plans	Accounting Research and Development Foundation	3
		Sustainability and Digital Dual Axis Transformation	Accounting Research and Development Foundation	3
Financial Executive	TSAI, MAO-SUNG	Continuous Education for Issuers, Securities Firms, Stock Exchanges, and Accounting Executives	Accounting Research and Development Foundation	12

Title	Name	Course	Sponsoring Organization	Training hours
Auditing Officer	QIU WEI-SHENG	The relationship between the payroll cycle and compliance with labour laws and regulations	The Institute of Internal Auditors – Chinese Taiwan	6
		Enhancement of corporate sustainability value and improvement of risk management system	The Institute of Internal Auditors – Chinese Taiwan	6

Corporate Governance training records:

Date	Name	Course	Sponsoring Organization	Training hours
2023.04.27	TSAI, MAO-SUNG	Seminar on Action Plan for Sustainable Development of Listed Counterparties	Taiwan Stock Exchange & Taipei Exchange	3
2023.08.07	TSAI, MAO-SUNG	Insider Equity Advocacy Seminar	Taipei Exchange	3
2023.08.30	TSAI, MAO-SUNG	Risk Management	Accounting Research and Development Foundation	6
2023.09.15	TSAI, MAO-SUNG	How to Enhance the Credibility of Corporate Sustainability Reports	Taiwan Corporate Governance Association	3
2023.12.22	TSAI, MAO-SUNG	The New Corporate Governance and Board Performance Assessment 2023 Practical Analysis	Taiwan Investor Relations Institute	3

Note 4: Execution of Risk Management Policies and Risk Measurement Standards:

The company and its subsidiaries conduct risk management for their daily operations, which are handled by respective units according to their nature. Internal control and auditing systems have been established, and the audit department formulates and implements risk-oriented annual audit plans based on existing or potential risks in each operation, to ensure that the company and its subsidiaries can effectively implement preventive measures for significant risks. The execution and management units of each risk are described as follows:

Risk Execution Department	Implementation Status
General Manager	Responsible for managing the company's operational goals, planning overall business strategies, evaluates business development plans, and making decisions and executing plans for external collaborations to reduce the company's overall strategic risks.
Management Dept.	Responsible in managing human resource planning, establishing personnel systems, handling administrative affairs, managing fire safety and maintaining assets to reduce risks of leaking the operational information.
Information Dept.	Responsible for information system management and information security control to reduce risks of leaking the operational information.
Finance Dept.	Responsible for financial scheduling and utilization, and establish hedging mechanisms to reduce financial risks. Responsible for drafting and managing financial systems and reports, enhancing the function of internal controls, ensuring their continued effectiveness, and achieving reliable financial supervision.
Sales & Foreign Dept.	Responsible in product marketing, strategic planning, analyzing industry data and trends also maintaining the customer relations, to reduce the risk of Sales operation.
Research & Development Division	Responsible for product technology establishment, researching new technologies, developing new products and commercializing them, assisting customers in solving technical problems related to product applications, conducting product development, testing, and cost improvement, in order to increase market share and reduce the risk of being eliminated from the market.
Investment Dept.	Responsible for formulating investment strategies, searching for investment targets, and buying and selling short-term investments (including stocks and funds).

Note 5: Implementation of customer policies:

The company maintains good relationships with its customers to create mutual profits.

Note 6: The situation of purchasing liability insurance for directors and supervisors:

The company purchases director and supervisor liability insurance with executive liability coverage for directors and independent directors every year.

Note 7: Criteria for assessing the independence of accountants.

Item	Criteria for Assessing Accountants' Independence	Assessment	
		Yes	No
1	The accountants do not have any shareholding relationship with the Company.		V
2	None of the accountants has direct or significant indirect financial interest in the Company.		V
3	The accountants did not engage in any financing or guarantee activities with the Company or its directors.		V
4	The accountants did not engage in any conduct with the Company that would affect the audit of the Company's financial statements in light of the possibility of a loss of the appointment.		V
5	The accountant has not made any contingent payment to the Company in connection with the audit.		V
6	The accountant has no close business relationship with the Company and has no potential employment relationship with the Company.		V
7	The accountant and members of the audit team do not currently, or have not in the last two years, held any directorships, executive positions, or positions of significant influence over the audit of the Company.		V
8	The accountants have not provided any non-confidence services to the Company that could directly affect the audit.		V
9	The accountant has not interfered with the Company's stock or other securities issued by the Company.		V
10	The accountant did not act as the Company's advocate or represent the Company in conflicts with third parties.		V
11	The accountant is not related to any director, manager, or other person who has significant influence on the Company's audits.		V
12	The co-certified public accountants, who have been out of office for less than one year, do not serve as directors, supervisors, managers, or persons with significant influence on audit cases of the Company.		V
13	No member of the audit service team has received any gift or gratuity of material value from the Company or its directors, supervisors, or managers.		V
14	A member of the Audit Services Group has not been subjected to, or received, improper requests from the Company's management for accounting policy choices or financial statement disclosures.		V
15	The members of the audit service team have not been requested by the Company's management to perform fewer audits for the purpose of reducing the Company's overhead.		V
16	The accountants are not involved in any litigation with the Company.		V

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Accountant Audit Quality Indicator (AQI) Assessment:

On January 24, 2024, the Company submitted to the Third Audit Committee of the Second Session and the Fourth Board of Directors of the Nineteenth Session of the Board of Directors a proposal to review the Audit Quality Indicators ("AQI") for new accountants starting from fiscal year 2024. In accordance with the quantitative indicators published by the FSC to expose the comparability of the framework of the AQI, which included five major components and 13 indicators, including professionalism, independence, quality control, supervision, and innovation, the Company conducted an assessment of AQI. The results of the evaluation meet the criteria of suitability and confirm the reliability of the financial reports issued by the certified public accountants.

(4)The construction, authorities, and operation of the Salary and Remuneration Committee
A. Member's Information of Salary and Remuneration Committee.

Identity Type (Note1)	Criteria		Independence Criteria(Note 3)	The number of family members serving as members of the remuneration committee of other publicly listed companies.
	Name	Professional Qualification Requirement and Working Experience (Note 2)		
Independent Director	TSAI, CHIH-WEI	Have Work Experience in the Areas of Commerce, Crisis management ability, Finance, or Accounting, or Otherwise Necessary for the Business of the Company Accountant's Certificate Independent Director experience, please refer to page 8 (I) Information on the Directors. None of the provisions of Article 30 of the Company Act apply.	As an independent director, meeting the independence criteria, including but not limited to, myself, my spouse, my second-degree relatives or closer relatives not serving as directors, supervisors, or employees of the Company or its affiliated enterprises; not holding any shares of the Company; not serving as directors, supervisors, or employees of companies with specific relationships with the Company; not receiving any remuneration for providing commercial, legal, financial, accounting, and other services to the Company or its affiliated enterprises in the past 2 years.	3
Independent Director	SHEN, HSUEH-JEN	Have Work Experience in the Areas of Commerce, Industry knowledge, Global market outlook, or Accounting, or Otherwise Necessary for the Business of the Company Independent Director experience, please refer to page 8 (I) Information on the Directors. None of the provisions of Article 30 of the Company Act apply.	As an independent director, meeting the independence criteria, including but not limited to, myself, my spouse, my second-degree relatives or closer relatives not serving as directors, supervisors, or employees of the Company or its affiliated enterprises; not holding any shares of the Company; not serving as directors, supervisors, or employees of companies with specific relationships with the Company; not receiving any remuneration for providing commercial, legal, financial, accounting, and other services to the Company or its affiliated enterprises in the past 2 years.	2
Independent Director	SHEN, CHIH-CHEN G	Have Work Experience in the Areas of Commerce, Law, Crisis management ability, or Accounting, or Otherwise Necessary for the Business of the Company Lawyer's Certificate Independent Director experience, please refer to page 8 (I) Information on the Directors. None of the provisions of Article 30 of the Company Act apply.	As an independent director, meeting the independence criteria, including but not limited to, myself, my spouse, my second-degree relatives or closer relatives not serving as directors, supervisors, or employees of the Company or its affiliated enterprises; not holding any shares of the Company; not serving as directors, supervisors, or employees of companies with specific relationships with the Company; not receiving any remuneration for providing commercial, legal, financial, accounting, and other services to the Company or its affiliated enterprises in the past 2 years.	0
Independent Director	CHIU, DA-SHENG	Have Work Experience in the Areas of Commerce, Industry knowledge, Crisis management ability, Global market outlook, or Otherwise Necessary for the Business of the Company Lawyer's Certificate Independent Director experience, please refer to page 8 (I) Information on the Directors. None of the provisions of Article 30 of the Company Act apply.	As an independent director, meeting the independence criteria, including but not limited to, myself, my spouse, my second-degree relatives or closer relatives not serving as directors, supervisors, or employees of the Company or its affiliated enterprises; not holding any shares of the Company; not serving as directors, supervisors, or employees of companies with specific relationships with the Company; not receiving any remuneration for providing commercial, legal, financial, accounting, and other services to the Company or its affiliated enterprises in the past 2 years.	1

Note 1: Please specify in the form the relevant work experience, professional qualifications and expertise, and independence status of each member of the Remuneration Committee. If they are independent directors, please provide a note referring to the relevant information in Annex 1 of Page OO of the Director and Supervisor

Information (1). Please indicate whether they are independent directors or others (if they are convener, please make a note).

Note 2: Professional qualifications and experience: Specify the professional qualifications and experience of each member of the Remuneration Committee.

Note 3: Meets the independent status: Explain whether the members of the Remuneration Committee meet the independence requirements, including factors such as whether they or their family members are employed by the company or its affiliates, whether they hold company shares, whether they serve on the board of directors or as employees of related companies, and the amount of compensation they received for providing services to the company in the past 2 years

B. Duties of Salary and Remuneration Committee

- a. The committee's aim is to assist the Board of Directors in evaluating the company's compensation and welfare policies, including the compensation of the Board of Directors.
- b. According to the law of R.O.C, the committees are appointed by the Board of Directors. According to the organizational chart of the company's Remuneration Committee, the committee should consist of at least three independent directors. Our company's Remuneration Committee is composed of all independent directors.
- c. The Remuneration Committee annual meeting was held twice a year, regarding the convening of meetings of the committee and the attendance rate of each member, please refer to our company's annual reports for every year.

C. The operation of the Remuneration Committee.

- a. The committees has 4 members.
- b. The presidency of the committees:31/05/2023~30/05/2026, Recent annual Remuneration Committee meeting: 2 times (A), the attendance of the committee was below:

Title	Name	Attendance in person(B)	By proxy	Actual Attendance (B/A) (Note)	Remarks
Convener	TSAL, CHIH-WEI	2	0	100%	
Committee member	SHEN,HSUEH-JEN	2	0	100%	
Committee member	SHEN,CHIH-CHENG	2	0	100%	
Committee member	CHIU, DA-SHENG	0	0	0%	Accession Date: 2023/05/31

Others matters to be recorded:

- 1) If the Board of Directors doesn't accept and amend the suggestions from the Remuneration Committee, they should list down the date, agenda, how it handles the suggestions from the committee and the final decision: No such situation existed.
- 2) If any member from the committee has an opposing opinion on the decision and has provided a written statements that included the date,agend, decision, member's opinion, and explanation of handling of the member's opinion: No such situation existed.

Note 1: In the event that a member of the Remuneration Committee resigns prior to the end of the year, the resignation date should be clearly indicated in the remarks column. The actual attendance rate (%) should be calculated based on the number of Committee's meetings held during the member's tenure and the number of meetings they attended.

Note 2: Before the end of the year, if there are any changes in the composition of the remuneration committee, both the outgoing and incoming members shall be specified and marked in the remarks column, along with an indication of whether the member is a returning, new, or re-elected member, and the date of the change. The actual attendance rate (%) shall be calculated based on the number of remuneration committee meetings held during their tenure and their actual attendance at those meetings.

c. Actual operation status of the Remuneration Committee:

Date of meeting	Meeting Content	Meeting's Result	The Company's Handling of the Opinions of the Salary and Compensation Committee
2023/01/09	1. Distribution of year-end bonuses for directors who are also managers and employees in the Year 2022 2. Settlement of the old pension system case from General Manager CHIANG, CHING-SHIN	The case was approved after the chairperson consulted with all attending committee members and no objections were raised.	Reported to the Board and approved by all Directors present
2023/04/18	1. Distribution of bonus to employee and director in the Year 2022. 2. Distribution of bonus to individual director in Year 2022. 3. Payment of director transportation expenses in Year 2022.	The case was approved after the chairperson consulted with all attending committee members and no objections were raised.	Reported to the Board and approved by all Directors present
2024/01/24	1. Distribution of year-end bonuses for directors who are also managers and employees in the Year 2023.	The case was approved after the chairperson consulted with all attending committee members and no objections were raised.	Reported to the Board and approved by all Directors present
2024/04/08	1. Distribution of employee and director compensation for the year 2023. 2. Distribution of individual director compensation for the year 2023. 3. Payment of transportation expenses for directors in the year 2023.	The case was approved after the chairperson consulted with all attending committee members and no objections were raised.	Reported to the Board and approved by all Directors present

(5) Fulfillment of CSR and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation	Implementation Status (Note1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y es	N o	Abstract Explanation	
1.Does the company have a governance framework in place to promote sustainable development, with a dedicated sustainability department headed by senior management which authorized by the board of directors to oversight the situation	V		<p>1. The Company has reported to the Board of Directors in 2022 that it has been instructed by the Chairman of the Board to establish a Sustainability Group (ESG Group) in response to the promotion of ESG sustainability.</p> <p>2. On January 24, 2024, the Sustainable Development Committee was established as a functional committee under the Board of Directors. The purpose of this committee is to serve as a decision-making and supervisory unit for the Company's sustainable development and risk management, including the three major areas of implementing corporate governance (G), developing a sustainable environment (E), and safeguarding the public welfare (S), in order to enhance the Company's operating system and to strive for the preservation of the environment, so that the Board of Directors can fulfill its duty to protect the rights and interests of the Company, employees, shareholders, and stakeholders. The Board of Directors is responsible for protecting the rights and interests of the Company, its employees, shareholders and stakeholders.</p> <p>The Sustainable Development Committee is the highest level of the Company's internal decision-making center for sustainable development, chaired by the General Manager, with other members including four independent directors of the Company (whose fields are accountants, lawyers, financial experts, and industry experts), and is responsible for supervising the ESG team in formulating the Company's sustainable development policies, systems, or related management policies and in promoting specific plans and implementation. The ESG team is responsible for supervising the ESG team in formulating the Company's sustainable development policies, systems or related management policies and specific promotion plans and implementation.</p> <p>3. The Company's Board of Directors and the Sustainable Development Committee receive regular reports (including the ESG Report) from the ESG team on an annual basis. The ESG team is required to propose the Company's strategies to the Sustainable Development Committee, which must evaluate the likelihood of the success of these strategies, review the progress of the strategies and urge the ESG team to make adjustments when necessary. The Sustainability Committee is also required to report annually to the Board of Directors on the status of the Company's ESG operations and its work plan for the coming year.</p> <p>4. The ESG Team was established in the Company's General Manager's Office as a part-time unit of the Sustainable Development Team.</p> <p>(1) The ESG Team serves as a cross-departmental communication platform for upward and downward integration and horizontal linkage of the Company. It is responsible for formulating sustainability policies and identifying sustainability issues that are of concern to the Company's operations and stakeholders, formulating strategies and work objectives, compiling budgets for each organization's sustainability development, planning and executing annual programs, and tracking the effectiveness of implementation to ensure that sustainability strategies are fully implemented in the Company's</p>	None

Evaluation	Implementation Status (Note1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y es	N o	Abstract Explanation	
			<p>daily operations.</p> <p>(2) The ESG group meetings and the three task forces set up according to the issues are convened by the relevant department heads, who are responsible for the promotion of the sustainability system.</p> <p>(3) The "ESG Group" will report to the Sustainability Committee and the Board of Directors on January 24, 2024 on the results of the implementation of sustainability in 2023 and the work plan for 2024. the future work plan for 2024 includes</p> <p>A.Implementation of Group-wide greenhouse gas inventory and certification to ISO 14064-1.</p> <p>B.Introducing ISO 27001 security management certification (the board of directors resolved to add this year's work plan).</p> <p>C.Prepare a sustainability report and submit it to the Board of Directors for approval.</p> <p>D.Relevant unit heads of the company participate in the Taiwan Climate Alliance's routine Climate Roundtable Action Meeting.</p> <p>E.For details of implementation, please refer to 7.6~7.9.</p> <p>F.The Company conducts risk assessment on important issues based on the principle of materiality of sustainable development, and formulates relevant risk management policies or strategies based on the assessed risks as detailed in Note 3.</p>	
2.Does the company adhere to the principle of materiality and conduct risk assessments related to environmental, social, and corporate governance issues relevant to its operations, and establish corresponding risk management policies or strategies? (Note 2)	V		<p>1. This disclosure covers the Company's sustainability performance from January 2023 to December 2023 at its major locations. The risk assessment boundary is based on the Company, including the established locations in Taiwan, Mainland China and Thailand, and includes the subsidiaries, Kingsan Electronics Industry Company Limited (Thailand), Guangzhou Jinri Technology Company Limited (Guangzhou) and Guangzhou Jinli Electronics Company Limited (Guangzhou), on the basis of their relevance to the operation of the Company's business and the extent of their impact on the materiality of the subject matter.</p> <p>2. The Sustainability Committee analyzes the materiality principle of the sustainability report, communicates with internal and external stakeholders, and evaluates material ESG issues by reviewing domestic and international research reports, literature, and integrating assessment data from various departments and subsidiaries, and then formulates risk management policies that effectively identify, measure, evaluate, supervise, and control the risks, as well as adopts specific action plans to minimize the impacts of the related risks.</p> <p>3. The Company conducts risk assessment on important issues based on the principle of materiality of corporate social responsibility and, based on the assessed risks, formulates related risk management policies or strategies as described in Note 3.</p>	None
3.Environmental issues (1)Does the company establish proper environmental management systems	V		(1)The company is committed to manage the environmental and occupational health and safety (OHSAS) systems. The OHSAS 18001 certification for occupational health and safety management system was	None

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based on the characteristics of their industries?			obtained in 2010, ISO 45001 certification for occupational health and safety management system was obtained in 2018 (valid from 2018/1-2021/12), and ISO 45001 certification for occupational health and safety management system will be obtained again in 2022 (valid from 2022/1-2025/1). The company obtained ISO 14001:1996 environmental management system certification in January 2004. The establishment and implementation of the environmental management system based on ISO 14001 enables the company to manage the environment, prevent pollution, comply with environmental laws and regulations, pursue sustainable development, and continuously improve the environment. The company renewed the ISO 14001:2015 environmental management system certification for the period of 2023/12-2026/12 in 2023.	
(2)Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(2)1.The company obtained the AFNOR ISO 14001:2015 certification for environmental management system, which is valid from 2023-12-11 to 2026-12-10, with the subject of production of aluminum electrolytic capacitors and certificate number of 2020/89544.2. 2.The company is committed to environmental protection activities, thoroughly implementing energy saving, industrial waste reduction, resource recycling and reuse, and environmental prohibition, reduction and elimination of usage.	None
(3)Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		(3)Climate change will cause extreme weather conditions, such as higher temperatures in Summer, uneven rainfall, leading to an increased in demand for cooling electricity in the workshop, and prolonged drought, affecting water supply. Our company continues to promote environmental protection, energy conservation, and waste reduction by implementing measures such as waste heat recovery and process improvements to respond accordingly. As our company has no production activities in Taiwan, there are no harmful environmental factors produced. However, we continue to cooperate with local energy-saving and carbon reduction plans and comply with relevant laws and regulations to improve environmental quality. We implement management measures such as water reduction, water conservation, and promotion of recycling to respond to actual risks caused by climate change. In branch, we have started to build solar panels, use green electricity, promote GHG greenhouse gas inventory, and develop policies for energy conservation and carbon reduction, reducing greenhouse gas emissions, water usage, or other waste management.	None
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste	V		(4)The GHG emissions management: In March 2024, the Company completed the ISO 14064-1 Greenhouse Inventory (Scope 1 to Scope 3) for all Group entities. As this is the first full inventory of all Group entities, 2023 has been set as the base year.	None

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			<p>Water Management policies:</p> <p>This statistical water consumption table is based on the Group's physical plants (the Company has set 2023 as the base year).</p> <p style="text-align: right;">Unit: Kilowatts /KPCS</p> <table><tr><th>Year</th><th>Company</th><th>Total water consumption</th><th>Water consumption unit</th></tr><tr><td>2023</td><td>Taiwan Chinsan</td><td>1.307</td><td></td></tr><tr><td>2023</td><td>Thailand Chinsan</td><td>120.870</td><td>0.00023</td></tr><tr><td>2023</td><td>Guangzhou King Tachi</td><td>46.494</td><td>0.00005</td></tr><tr><td>2023</td><td>Guangzhou King Nichi</td><td>1.750</td><td>0.00008</td></tr><tr><td>2023</td><td>Total</td><td>170.421</td><td></td></tr></table> <p>Guangzhou King Tachi:</p> <table><tr><th>Year</th><th>Total water consumption M3</th><th>Water consumption unit M3/KPCS</th></tr><tr><td>2023</td><td>46,494</td><td>0.0549</td></tr><tr><td>2022</td><td>50,446</td><td>0.0643</td></tr></table> <p>●The Management policies and results: According to the 2023 statistics, because not all of the process water can be recycled in each plant, and because the water consumption of Guangzhou King Tachi 's manufacturing process is very low, the Company changed to analyze the total water consumption for the consistency of next year's analysis, but the Company continued to improve the water recycling rate and the rate of water recycling for the manufacturing process through technological improvements. 2023 total water consumption was reduced by 3,952 tons, a reduction of 7.83% in water consumption..</p> <p>Waste Management:</p> <p>This statistical table is based on the Group's physical plants (the Company has set 2023 as the base year).</p> <table><tr><th>Year</th><th>Company</th><th>Hazardous waste t</th><th>Non-hazardous waste t</th><th>Total waste</th><th>Product output per unit t/kpcs</th></tr><tr><td>2023</td><td>Taiwan Chinsan</td><td>-</td><td>1.27</td><td>1.27</td><td>-</td></tr><tr><td>2023</td><td>Thailand Chinsan</td><td>58.45</td><td>41.38</td><td>99.83</td><td>0.000190</td></tr></table>	Year	Company	Total water consumption	Water consumption unit	2023	Taiwan Chinsan	1.307		2023	Thailand Chinsan	120.870	0.00023	2023	Guangzhou King Tachi	46.494	0.00005	2023	Guangzhou King Nichi	1.750	0.00008	2023	Total	170.421		Year	Total water consumption M3	Water consumption unit M3/KPCS	2023	46,494	0.0549	2022	50,446	0.0643	Year	Company	Hazardous waste t	Non-hazardous waste t	Total waste	Product output per unit t/kpcs	2023	Taiwan Chinsan	-	1.27	1.27	-	2023	Thailand Chinsan	58.45	41.38	99.83	0.000190	
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			●The Management policies and results: In 2023, the volume of wastewater is 4,344 tonnes, the volume of waste sludge generated is 8.332 tonnes, and the ratio of capacity of waste generated after treatment is 0.19%. In 2022, the volume of wastewater treated is 6,552 tonnes, and the volume of waste sludge generated is 9.762 tonnes, and the ratio of capacity of waste generated after treatment is 0.15%, so the ratio of capacity of waste generated after treatment of wastewater has increased by 0.04%. The original target of 2022 is to increase the ratio of treated wastewater treatment capacity by 0.02%. The company has implemented waste management measures such as garbage sorting, paper box recycling, and old pallet recycling in the production process to achieve waste reduction goals.																					
Our company has developed energy-saving, carbon reduction, and greenhouse gas reduction policies and promoted the adoption of green and energy-saving products in procurement. We have also implemented measures such as promoting eco-operation and turning off lights during lunch breaks in the office and creating slogans to encourage employees to reduce energy consumption.																								
4.Social Issues	V						None																	
(1)Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?			(1)Labor Insurance: The company not only complies with local regulations but also upholds the internationally-recognized human rights of workers and respects the United Nations Universal Declaration on Human Rights, and the International Labor Organization’s fundamental conventions on core labor standards. Human Resource Policies and Measures: The company complies with the Labor Standards Act, the Employment Service Act, and the Gender Equality in Employment Act, establishes personnel recruitment and employment procedures, salary and welfare programs, to protect the legitimate rights and interests of employees and establish appropriate management measures. The company respects and supports relevant human rights norms, the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and other guidelines, and formulates internal codes of conduct for employees in accordance with these principles, continuously and actively shaping a good																					

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(2)Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		<p>working environment, and strictly complying with various laws and regulations where the company operates.</p> <p>The company promised to ensure that the supply chain work environment is respectful, dignified, promotes environmental protection, and adheres to ethical standards. To demonstrate this commitment, the company joined the Responsible Business Alliance, the largest electronic industry alliance in the world (formerly EICC), and conducted a complete due diligence process to ensure that its code of conduct is consistent with the RBA Code of Conduct or even stricter. In addition to use the standardized risk assessment template (SAQ) designed by RBA, the company also independently identifies the highest social, environmental, and ethical risks in its operations every year.</p> <p>For employees who have just joined the company, the company will provide a comprehensive personnel education and training program within a week, including legal protection of human rights policies and human rights assessments, as well as the company's prohibitions and reward and punishment policies. For employees worked in the company for more than one year, the company will conduct a policy promotion and rights awareness during gatherings when new human rights policies and human rights assessments, as well as the company's prohibitions and reward and punishment policies are established. The company will also publish relevant measures on the internal website.</p> <p>(2)The design of the salary is mainly aimed at supporting the company's goals, effective recruitment, motivation, and retention of talent. The company continuously collects and analyzes salary market data externally, adjusted according to the changes in the cost of living to maintain overall salary levels and competitiveness. Internally, the company aims to provide incentives to outstanding colleagues. The company hires all employees equally based on his or her job qualifications regardless of gender, religion, race, nationality or political affiliation.. For bonus payments, appropriate annual bonuses are reflected based on the company's annual performance or achievements, and a reward and punishment management system is established. Relevant rewards and punishments are reflected in the annual performance assessment scores, which serve as the basis for year-end bonus payments. For business bonuses, they are paid based on business contributions and quarterly target completion rates, and are distributed as long as they comply with regulations.</p>	None
(3)Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p>(3)1.The company establishes and improves compensation and welfare systems, including social insurance and medical insurance, in accordance with the requirements of laws and regulations such as the Labor Law and the Labor Contract Law, to protect the legitimate rights and interests of employees. The company has also introduced the ISO 45001 occupational health and safety management system, proactively conducts regular inspections of occupational hazards in the workplace, strengthens risk management, and avoids potential occupational health and safety risks. The company also provides regular occupational health and safety training and employee health check operations.</p> <p>2.The company has obtained ISO 45001:2022/1/2-2025/1/27 occupational health and safety management</p>	None

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(4)Does the company provide its employees with career development and training sessions?	V		<p>system certification, covering the Thailand plant and Guangzhou plant</p> <p>3. There were no work-related accidents at CHISHAN Corporate in 2023.</p> <p>4. The fire at the Thailand plant in January 2023 only caused damage to the building and machinery, and did not result in any injuries or deaths of employees. The Company has strengthened the maintenance of the machinery in each plant, especially the maintenance of the exhaust pipe, in order to avoid the risk of fire in the future.</p> <p>(4) Our company's human resource development strategy focuses on strengthening the management functions of supervisors at all levels, as well as conducting in-house training and job instruction for professional functions, supplemented by job rotation plans to cultivate the talent needed by the organization to achieve sustainable business goals.</p>	None
(5)Do 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 are relevant consumer protection and grievance procedure policies implemented?	V		<p>(5) All products produced by our company are environmentally friendly products that comply with regulations. We first follow the EU's directive on the restriction of hazardous substances and produce products that comply with the EU RoHS regulations, implementing environmental policies effective from July 2006. We guarantee that the metals contained in the products sold to customers comply with conflict-free regulations and contain no harmful substances. Through rigorous quality system management, we provide customers with stable product quality. In addition, the company also requires material suppliers to effectively control banned substances and to adhere to the standards of the world's environmental protection policy.</p> <p>The company has set up a complaint box on its website to provide transparent and effective complaint handling for its products and services.</p>	None
(6)Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	V		<p>(6) The Company and its subsidiaries are required to conduct supplier audits before dealing with suppliers to assess the compliance of their relevant operations and management policies with environmental protection, occupational safety and health, or labour and human rights regulations, and are also required by new laws and regulations to provide relevant information for the Company's assessment. In addition, it is stated in the contracts with major manufacturers that they must ‘comply with the requirements of international environmental laws and regulations’, and the Company may terminate or cancel the contracts if they breach the contracts or fail to improve.</p>	None
5.Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance	V		According to the regulations, the company doesn't have to provide a sustainability report.	None

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from a third party verification unit?				
<p>6.According to the "Practical Guidelines for Sustainable Development of Listed and OTC Companies," if our company has established its own sustainable development guidelines, please state the differences in their operation and the established guidelines:</p> <p>The company has established sustainable development guidelines, which have been approved by the board of directors and disclosed on the company's website in the investor section under corporate governance and important laws and regulations. The actual operation of the company does not significantly differ from the guidelines.</p>				
<p>7.Other useful information for explaining the status of corporate social responsibility practices:</p> <p>1.CHINSHAN Electronics is a member(Renamed Committee of RBA) of the Electronic Industry Citizenship Coalition (EICC) and is committed to complying with the EICC Code of Conduct(Renamed Principles of RBA).</p> <p>2.CHINSHAN Electronics adheres to environmental policies that promote innovation, involving all employees, and prevent pollution in compliance with relevant laws and regulations.</p> <p>3.CHINSHAN Electronics joining the Conflict-Free Sourcing Initiative:</p> <p>To ensure the product quality and customer satisfaction, the company is aware of the impact of its business activities, products, or services on the environment, occupational health, and safety. The company pledges to:</p> <p>1>Comply with national environmental and occupational health and safety laws and regulations, establish a good environmental and occupational health and safety management system, and comply with environmental and occupational health and safety commitments agreed upon with customers/stakeholders (such as substances prohibited by SONY SS-00259 and RoHS), prevent pollution from entering, being produced, or being released into the environment, and ensure that environmental products are pollution-free</p> <p>2>Thoroughly implement energy-saving, resource-saving, and recycling measures to reduce resource waste.</p> <p>3>Implement various environmental and occupational health and safety management regulations, regularly review and assess their implementation effectiveness, continuously improve, and strive for sustainable management.</p> <p>4>Promote correct environmental and occupational health and safety concepts, develop good habits of pollution prevention, waste reduction, and attention to safety and health, and involve all employees in green environmental protection and social responsibility activities.</p> <p>5>Prioritize industrial safety and employee health over profits, and make safety and health the foundation of all activities.</p> <p>6>Provide environmental and occupational health and safety information and exchange experiences to help customers, suppliers, and stakeholders understand the company's environmental and occupational health and safety policies.</p> <p>7>Publicly disclose the company's environmental and occupational health and safety policies and implementation status to contribute to protecting the earth and achieving harmonious coexistence with nature.</p> <p>4.Description of Green Engineering</p> <p>To comply with international environmental regulations and national environmental laws and regulations, Jinshan announced the establishment of an ISO 14001 environmental management system in 2003 to ensure environmental quality. In order to meet environmental regulations, the company is committed to environmental protection, energy conservation, carbon reduction, resource and recycling, and waste reduction. The company encourages participation from all employees in green environmental activities to achieve the goal of maintaining the natural ecological environment of the earth, so that all things can continue to flourish and thrive. In addition, the company has worked with all aspects of its business activities and facilities throughout the organization to provide customers with green products and technologies, demonstrating concern for the environment, and obtained ISO 14001 certification in January 2004.</p> <p>1>RADIAL LEAD TYPE & SNAP-IN TYPE</p> <p>These aluminum electrolytic capacitors have PET material for the outer casing, and all materials comply with the requirements for RoHS, PFOS, HF, and REACH environmental management substance control, achieving a cadmium-free and lead-free production process.</p>				

Evaluation	Implementation Status (Note1)		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y es	N o	
<p>2>SPECIAL TYPE</p> <p>These are large-capacity aluminum electrolytic capacitors, and the outer casing material is not made of PET, but PVC material. However, the product still meets the lead-free requirements.</p> <p>3>CS-CAP Solid Electrolytic Capacitor</p> <p>The outer casing material of the solid capacitor is not made of PET, but PVC material. However, the product still meets the lead-free requirements.</p> <p>5.Social Responsibilities</p> <p>1>Labor Policies</p> <p><1>The company will not recruit employees under the age of 16 and it will not be forced to perform duties.</p> <p><2>The company will not discriminate against any person based on their race, color, age, gender, sexual orientation, disability, pregnancy, religion, political situation, club union or marital status.</p> <p><3>The company respects and protects the human rights of employees, allows freedom of association and assembly, and encourages open and direct communication between management and employees.</p> <p><4>The company complies with relevant labor laws and regulations and customer requirements, and reasonably pays wages and benefits.</p> <p>2>Business Moral Policies</p> <p><1>Conduct business with integrity and do not engage in illegal activities.</p> <p><2>Strictly prohibit improper transactional activities that conflict with the interests of the company</p> <p><3>Record-keeping must be truthful, complete, and information must be made public</p> <p><4>The gifts must be appropriate</p> <p><5>Respect intellectual property rights and maintain confidentiality in handling customer and company information and reporting individuals</p> <p>6.Charitable Donations:</p> <p>1>Involve with the Community:</p> <p><1>2023/09/16 【CHINSHAN Company beach cleanup activity】 The day was September 16th, International Beach Cleanup Day, and the event was held at the Zhongjiao Bay Beach in Jinshan. In just one hour, we picked up 100 kilograms of garbage. We sweated a lot and picked up a lot of garbage, but we were happy that we could contribute to the ocean. By participating in this beach cleaning activity, we could realize that love for the ocean is not just about cleaning the beach, but more importantly, we should start from the source, so that we and our family members can reduce the use of plastic products as much as possible.</p> <p>2>Social Care:</p> <p><1>2023/09/22 【Visually Impaired Massage, Healthy Stress Relief Charity Programs】 The Company organized the "Visually Impaired Massage, Healthy Stress Relief" charity event in the afternoon of 22nd September. Through the hands of the visually impaired masseurs, the Company hoped to pass on the concepts of massage for stress relief and health to the staff, and at the same time, to take advantage of the charity event to suitably alleviate the pain and fatigue symptoms that may occur in the head/shoulder/neck/back of the staff, and to help relieve their stress and thus to enhance the efficiency of the workplace and the corporate image of the Company.</p> <p><2>2023/08/01 【Blessings, Gratitude and Environmental Protection ‘Love Flea Market’ Programme】 The 1-week bidding activity ended successfully in late July. Of the 123 items collected, 109 items were bid, and the proceeds from the charity sale and the donations from our colleagues raised NT\$11,500, with all of the bidding items donated to the Huashan Foundation's Hsin-Chuang Angel Station. The company hopes that through this activity, which is both a blessing and an environmental protection activity, colleagues can take practical actions to show their love, exchange small love for big love, raise funds for elderly services, and also allow the items to be reused to achieve the goal of environmental protection and sustainability of resources.</p> <p><3>2023/06/16 【Dragon Boat Festival Care to the solitary elderly】 Participated in the "Dragon Boat Festival Warmth Delivery for the Elderly Living Alone" caring program at Hua Shan</p>			

Evaluation	Implementation Status (Note1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons												
	Y es	N o	Abstract Explanation													
<p>Foundation's Hsin Chuang Angel Station. Visited and presented gift boxes and materials to 8 elderly people living alone in the Xinzhuang area of Guanxi New Taipei City, so that disadvantaged elderly people can feel the warmth from the society.</p> <p><4>2023/01/13【Spring Boat Festival Care to the solitary elderly】Giving New Year's food and care materials to nine households of singleton elders in Xinzhuang District, New Taipei City, so that disadvantaged elderly people can feel the warmth from the society.through actions such as caring and greeting.</p> <p>3>Social Contributions:</p> <p><1>Sponsor on the construction of the "suspended central gas system" in the Christian Hospital, which will be paid over two years.</p> <p><2>Donation to Taiwan Association for Creativity in Music 【Gift for Singles x 20 households】</p> <p><3>Donation to WHS Foundation for Spring Care for the Elderly Living Alone 【9 servings of New Year's dishes + 10 cases of Bulgogi milk + 6 cans of powdered milk】</p> <p>Donation to Huashan Foundation to care for the elderly living alone during the Dragon Boat Festival【Dragon Boat Festival Care Gifts x 8 & Love Promotion Products (Jasmine Soap) x 8 sets + the company also purchased milk powder, Baojiu Milk, canned food, and conditioning kits, etc.】</p> <p><4>Donation to the Genesis Foundation 【[Fire Equipment Repair】</p> <p><5>Expand participation in social welfare organizations' sponsorship, such as the Taiwan Blind Association, Maria Social Welfare Foundation, Taipei Autism Foundation, Xinluo Social Welfare Foundation, Jiafu Foundation, and Taiwan Public Welfare Alliance.</p> <p>4>Labor Relations:</p> <p><1>2023/10 【2023 Day 8888 Walking Event】</p> <p><2>2023/12/02 【Jiantan Mountain Walking Trail Walking Activity】</p> <p>5>Employees Educations:</p> <p><1>2023/12/20 【2023 Happiness Seminar: Family Law Matters】 Nutrition Seminar.</p> <p><2>2023/08/18 【2023 Happiness Seminar: Workplace Communication and Stress Relief】 Nutrition Seminar.</p> <p><3>2023/06/16 【2023 Happiness Seminar: Being healthy is a big deal.】 Nutrition Seminar.</p> <p><4>2023/04/25 【2023 Happiness Seminar: Environment, Life and Health】 Nutrition Seminar.</p> <p>6>Employees welfare:</p> <p><1>To promote recycling, the company provides vegetarian bento boxes once every season.</p> <p><2>Employees are entitled to a day off and bonuses on their birthday.</p> <p><3>An allowance is provided for employees' children's care expenses.</p> <p><4>Employees' group insurance and overseas travel safety insurance are covered by the company</p> <p><5>An allowance is provided to employees for travel and departmental gatherings.</p> <p><6>Regularly provides Tea time snacks to employees.</p> <p>7.Over the years, our company has received the following environmental certifications:</p> <table><tr><th>Company</th><th>Items</th><th>Period</th></tr><tr><td>Taiwan Chinsan</td><td>ISO 9001</td><td>2023/12/11~2026/12/10</td></tr><tr><td>Taiwan Chinsan</td><td>ISO 14001</td><td>2023/12/11~2026/12/10</td></tr><tr><td>Guangzhou King Tachi</td><td>ISO 9001</td><td>2021/07/16~2024/07/05</td></tr></table>					Company	Items	Period	Taiwan Chinsan	ISO 9001	2023/12/11~2026/12/10	Taiwan Chinsan	ISO 14001	2023/12/11~2026/12/10	Guangzhou King Tachi	ISO 9001	2021/07/16~2024/07/05
Company	Items	Period														
Taiwan Chinsan	ISO 9001	2023/12/11~2026/12/10														
Taiwan Chinsan	ISO 14001	2023/12/11~2026/12/10														
Guangzhou King Tachi	ISO 9001	2021/07/16~2024/07/05														

Evaluation		Implementation Status (Note1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
		Y es	N o	Abstract Explanation	

Guangzhou King Tachi	ISO 14001	2022/01/28~2025/01/27
Guangzhou King Tachi	ISO 45001	2022/01/28~2025/01/27
Guangzhou King Tachi	IATF16949	2023/07/24~2024/07/24
Thailand Chinsan	ISO 45001	2024/02/05~2027/07/24
Thailand Chinsan	ISO 9001	2021/12/14~2025/02/07
Thailand Chinsan	ISO 14001	2021/12/27~2025/01/14

8.Environmental Protection(E):

- 1>The head office set up an environmental protection team and started to promote the greenhouse gas inventory database of each company in the group.
- 2>Completed GHG (Greenhouse Gas Inventory), Water Consumption and Total Waste Weight Inventory at Guangzhou King Tachi
- 3>Promoting supplier management
- 4>Invited to participate in environmental operations courses organized by some of our clients.
- 5>Obtained ISO 45001 : 2018 Occupational Safety and Health Management System Certification 2022/1-2025/1
- 6>Completion of ISO14064-1 greenhouse gas inventory group counseling package

9.Corporate Governance Promotion(G):

- 1>Board of Directors' Approval of Additions and Adoption of Amendments
 - <1>Amendments to the Code of Corporate Governance Practices (2023/01/09)
 - <2>Amendments to the Code of Conduct for Board of Directors (2023/03/14)
 - <3>Amendments to some of the provisions of the "Standard Operating Procedures for Dealing with Directors' Requests (2023/04/18)
 - <4>Amendments to the "Rules of Organization of the Compensation and Remuneration Committee". (2023/05/12)
 - <5>Establishment of the Council for Sustainable Development and Organizational Procedures of the Council for Sustainable Development" has been added. (2024/01/24)
 - <6>Added "Appointment of one of the Big Four accounting firms as auditing accountant for the year 2024" case (2024/01/24)
- 2>Report of the Board of Directors
 - <1>FY 2023 Annual Report on Communication with Various Stakeholders (2023/11/14)
 - <2>FY 2023 Report on Honest Business Execution Status (2023/11/14)
 - <3>FY 2023 Report on Implementation of Insider Trading Prevention
 - <4>FY 2023 Vendor Management Report
 - <5>FY 2023 Report on Succession Planning and Operation of Board Members and Key Management Personnel (2023/11/14)
 - <6>FY 2023 Ares Management Policies and Implementation Status Report (2023/11/14)
 - <7>FY 2023 Report on the Company's Operations to Promote Sustainable Development (2023/11/14)
 - <8>Board Approves Appointment of Head of Corporate Governance (2023/04/18)
 - <9>Increase in Independent Directors from 3 to 4 approved at 2023 Shareholders' Meeting

Evaluation	Implementation Status (Note1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
3>Other <1>Completion of the ISO 27001 Information Security Management Group implementation package. <2>Completion of ESG Sustainability Report Writing Consulting Package				

Note 1: If "Yes" is checked under implementation, please describe the key policies, strategies, and measures and results adopted. If "No" is checked under implementation, please give reasons and describe relevant strategies and measures to be adopted in the future.

Note 2: Significant principles refer to issues related to environmental, social, and corporate governance that have significant impacts on the company's investors and other stakeholders

Note 3: Our company conducts relevant risk assessments of important issues regarding sustainable development and establishes risk management policies or strategies based on the assessed risks:

Issues	Risk Category	Risk Item	Risk Management Strategy	Risk Management Department
Environment	External Risks	Climate Change	Climate change information is collected and analyzed annually, and the associated risks are identified and evaluated to reduce the potential negative impacts of climate change on the Company.	General Affairs/ Plant Administration
	External Risks	Water Resources Management	1.Promote energy and water conservation improvement projects to reduce energy consumption and water costs. 2.Set up the water shortage emergency response team to grasp the current situation of water sources in the plant, enhance the ability to respond to emergencies, and reduce the risk of water shortage in the plant. 3.Promoting the improvement of pure water swipe card water use in the manufacturing process, saving the amount of pure water used and rainwater recycling projects and technology research and development, so as to enhance the efficiency of water recycling.	General Affairs/ Plant Administration
	Strategic Risks	Greenhouse Gas Emission Management and Energy Management	1.Promote the integration of energy and resources in the company, review the progress of promotion, and improve various energy saving and carbon reduction improvement techniques. 2.The company has set up a greenhouse gas inventory and reduction management team to compile monthly statistics on greenhouse gas emissions to effectively control greenhouse gas emissions. ° 3.Major emission reduction programs include the conversion of air compressors from fixed-frequency to variable-frequency, recovery of residual heat from air compressors, reduction of diesel fuel consumption, and enhancement of energy-saving and carbon reduction performance in manufacturing processes.	General Affairs/ Plant Administration/ Research/ Manufacturing Department
	Strategic Risks	Air pollution management	1.Promoting measures to reduce emissions, volatile organic compounds and odor control, etc. 2.Reduce greenhouse gas emissions and emissions of various air pollutants.	General Affairs/ Plant Administration
	Strategic Risks	Waste and Air Pollution Management	1.To minimize the amount of waste produced and maximize the reuse of resources through the concept of circular economy and the reduction of waste at source, reduction of waste in the production process and recycling. ° 2.Ptimization of wastewater treatment to produce waste-waste sludge production ratio decreases. 3.The waste management side implements waste separation and recycling of cardboard boxes and old pallets in the manufacturing process to achieve the goal of waste reduction. 4.The qualification examination and management of waste removal and treatment companies are carried out in accordance with the law to ensure that waste is properly treated to minimize the impact on the environment.	General Affairs/ Plant Administration
Social	Preventable Risks	Human Rights	In compliance with international human rights norms and labor laws and regulations in the locations of our global operations, we are committed to creating a work environment that is free from discrimination and harassment, and at the same time, respecting individual privacy and establishing multiple channels for labor-management communication and grievance mechanisms to ensure employee rights and interests.	Human Resources

Issues	Risk Category	Risk Item	Risk Management Strategy	Risk Management Department
	Preventable Risks	Talent Attraction and Retention	1.To recruit talents through diversified and open recruitment channels in order to increase the efficiency of recruiting. 2.Provide stable and favorable salary and benefits, and plan for comprehensive career development, and encourage employees to obtain licenses or professional certifications.	Human Resources
	Preventable Risks	Workplace Safety and Health	1.The Company will obtain ISO 45001 certification 2022/1-2025/1 in 2022 and the Occupational Health and Safety Management System certification in 2010. In addition, under the "Group Safety and Health Partners Regional Joint Prevention" system, we will supervise and exchange experiences among our related companies to further implement the occupational safety and health management system. 2.Regularly conduct quarterly fire drills and occupational safety training to develop employees' emergency response and self-safety management skills. 60 people were trained for a total of 60 hours in 2023 years. 3.Organize employee health checkups and health and safety seminars to provide adequate protection for employees.	General Affairs/ Plant Administration
Economic aspects (including corporate governance)	Preventable Risks	Product Safety	1.All of our products are environmentally friendly. We firstly follow the Restriction of Hazardous Substances (RoHS) directive advocated by the European Union to produce products that comply with the RoHS regulation of the European Union, and implement the environmental policy that has come into effect from July 2006 onwards. 2. We guarantee that the metals contained in the products we sell to our customers are all conflict-free and free of any hazardous substances. To provide customers with consistent product quality through strict quality system management and to comply with the environmental and occupational safety and health commitments (e.g. SONY SS-00259 banned substances) agreed with customers/related parties.	Manufacturing Department
	Preventable Risks	Integrity Risk (Ethics)	To establish ethical behavioral standards and good corporate governance and risk control mechanisms, i.e., to assess the risk of dishonest behavior and to formulate relevant preventive measures accordingly, and to implement policies to promote honest management.	Management Department
	Preventable Risks	legal compliance	Keeping abreast of changes in policies and regulations in order to respond immediately. Signing long-term consulting contracts with lawyers to assist in the formulation of contracts and pre-contractual audits in order to minimize legal risks.	Management Department
	Strategic Risks	Information Security	The "Information Security Management Practice Points" have been formulated to establish layers of control and protection mechanisms for application programs, operating systems, and network systems, as described below: 1. build active threat prevention (IPS), malicious URL filtering and advanced persistent threat attack prevention (APT) systems. 2. establish access control, login system authentication, password control, access authorization and regular vulnerability scanning and other audit mechanisms. 2. Establishing audit mechanisms for access control, identity verification, password control, access authorization, and regular vulnerability scanning. 3. Regularly conduct information security training and testing for employees every year to strengthen their awareness of information security risks. 4. Review the information security protection measures and regulations annually, pay attention to the information security issues and draw up contingency plans to ensure their appropriateness and effectiveness. 5. Introduce ISO 27001 for information security management.	Information Department

Climate-related information implementation:

Evaluation Item	Implementation Status
1. Describe the monitoring and governance of climate-related risks and opportunities by the board of directors and management.	The Company actively strengthens its corporate governance functions related to sustainable operations and the environment by establishing the Sustainable Development Committee, which is directly under the Board of Directors, to serve as the highest steering organization for the Company's sustainable governance practices. The Committee, chaired by the President and appointed by the Board of Directors and comprised of four independent directors, is responsible for setting annual goals for CSR in the economic, environmental, and social areas and regularly monitoring their implementation in order to lead the Company's sustainable development, and to refine and achieve short-, medium-, and long-term goals.
2. Describe how the identified climate risks and opportunities affect the Company's environmental, and social areas and regularly monitor long-term).	As of the publication date of the Annual Report, the Company has not yet completed the identification of climate risks and opportunities, which will be disclosed on the Company's official website upon completion.
3. Describe the financial impact of extreme climate events and transformation actions	As of the publication date of the Annual Report, assessment of the financial impact of the extreme weather event and the transformation actions, which will be disclosed on the Company's official website upon completion.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	As of the publication date of the Annual Report, the Company has not yet completed the climate risk identification, assessment and management processes, which will be disclosed on the Company's official website upon completion.
5. If scenario analysis is used to evaluate resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be explained.	As of the publication date of the Annual Report, the Company has not yet utilized scenario analysis to assess resilience to climate change risks, so it is not applicable.
6. If there is a transformation plan in place to manage climate-related risks, describe the content of the plan, and the indicators and objective to identify and manage physical risks and transformation risks	As of the publication date of the Annual Report, the Company has not yet completed the transition plan for managing climate-related risks, which will be disclosed on the Company's official website upon completion.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be explained.	As of the publication date of the Annual Report, the Company has not yet utilized internal carbon pricing as a planning tool, so it is not applicable.
8. If climate-related goals are set, the activities covered, scope of greenhouse gas emissions, planning period, and progress each year should be explained. If carbon offsets or renewable energy certificates (RECs) are used to achieve these goals, the source and amount of carbon reduction credits or RECs offset should be explained.	As of the publication date of the Annual Report, the Company has not yet set the climate-related goals, which will be disclosed on the Company's official website upon completion.
9. Greenhouse gas inventory and assurance, and reduction goals, strategies, and concrete action plans	For details of the Company's greenhouse gas inventory, please refer to page 42 of this annual report. In addition, since the Company is not a qualified company, it is not applicable to the situation of greenhouse gas verification.

(6) Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation	Implementation Status (Note1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y es	N o	Abstract Explanation	
1.Establishment of ethical corporate management policies and programs				
(1)Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		(1)To implement the principles of corporate integrity, our group has established a code of conduct for corporate integrity and operational procedures and guidelines, which were approved by the board of directors on November 14, 2014, and have been in effect since then. The code of conduct expressly prohibits any dishonest behavior and emphasizes policies of fairness, honesty, trustworthiness, and transparency. We conduct all business activities with our customers and suppliers with integrity and a commitment to ethical principles. The board of directors and senior management actively promote the implementation of our corporate policies to ensure sustainable development through the cultivation of a culture of integrity.	None
(2)Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		(2)To implement the principles of corporate integrity, our group has established a code of conduct for corporate integrity and operational procedures and guidelines, which were approved by the board of directors on November 14, 2014, and have been in effect since then. The code of conduct expressly prohibits any dishonest behavior and emphasizes policies of fairness, honesty, trustworthiness, and transparency. We conduct all business activities with our customers and suppliers with integrity and a commitment to ethical principles. The board of directors and senior management actively promote the implementation of our corporate policies to ensure sustainable development through the cultivation of a culture of integrity. From time to time, the management of the Company analyzes and evaluates the business activities within the scope of business that have a higher risk of dishonest behavior, and based on this, formulates and evaluates/adjusts, as necessary, the "Code of Ethics", which includes, but is not limited to, at least the prevention and control measures for the behaviors in Article 7, Paragraph 2, of the "Code of Ethical Business Practices for Listed and OTC Companies".	None
(3)Does the company provide clearly about the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V		(3)In order to implement honest management, the Company has established an effective accounting system and internal control system. The internal audit unit regularly checks the compliance with the Code of Ethics, work rules, and other procedures for honest behavior, and periodically reports to the Board of Directors on the contents of the system, the implementation of the relevant units, violations, penalties, and proposed adjustments to the system.	None

Evaluation	Implementation Status (Note1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons										
	Y es	N o	Abstract Explanation											
			The management unit reviews and amends the "Code of Ethics" and "Work Rules" from time to time based on the audit reports and employee complaints.											
2.Fulfill operations integrity policy.														
(1)Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	V		(1) In order to ensure that our trading partners are trustworthy and operate with integrity, our company conducts due diligence on all potential partners before engaging in business activities. This includes an assessment of their creditworthiness, and suppliers and subcontractors must sign an anti-corruption clause prior to any transactions. The importance of conducting business with integrity is clearly stated in our contracts, and any breaches of this clause will result in termination or cancellation of the contract, with penalties applied as stipulated by law.	None										
(2)Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		(2)To promote and maintain a culture of integrity in our operations, the Company's Management Department and Group Human Resources was assigned the responsibility of assisting the Board of Directors in formulating and overseeing the implementation of policies and preventive programs to ensure the implementation of the Code of Conduct on Business Integrity, and this dedicated unit reported to the Board of Directors on November 14, 2023 on the status of its implementation. The Company has implemented the integrity management policy, and the related implementation status in 2023 is summarized in the table below: <table><tr><td>Supplier Commitment</td><td>Promoting the company's integrity policy through supplier evaluation Supplier Purchase Agreement (with Integrity Clause)</td></tr><tr><td>Education and Training</td><td>Personnel Training Total 958 (Group)</td></tr><tr><td>promise</td><td>100% of employees sign the Employee Integrity Pledge when they join the company Directors and executives sign a statement of compliance with the integrity policy 100%</td></tr><tr><td>preach</td><td>Promote integrity and proactive prevention of dishonesty and duty of confidentiality to the Group's employees through seminars and e-mails.</td></tr><tr><td>Prosecution system</td><td>The independent directors are responsible for reporting and filing complaints about breaches of integrity and wrongdoing through a dedicated e-mail address.</td></tr></table>	Supplier Commitment	Promoting the company's integrity policy through supplier evaluation Supplier Purchase Agreement (with Integrity Clause)	Education and Training	Personnel Training Total 958 (Group)	promise	100% of employees sign the Employee Integrity Pledge when they join the company Directors and executives sign a statement of compliance with the integrity policy 100%	preach	Promote integrity and proactive prevention of dishonesty and duty of confidentiality to the Group's employees through seminars and e-mails.	Prosecution system	The independent directors are responsible for reporting and filing complaints about breaches of integrity and wrongdoing through a dedicated e-mail address.	None
Supplier Commitment	Promoting the company's integrity policy through supplier evaluation Supplier Purchase Agreement (with Integrity Clause)													
Education and Training	Personnel Training Total 958 (Group)													
promise	100% of employees sign the Employee Integrity Pledge when they join the company Directors and executives sign a statement of compliance with the integrity policy 100%													
preach	Promote integrity and proactive prevention of dishonesty and duty of confidentiality to the Group's employees through seminars and e-mails.													
Prosecution system	The independent directors are responsible for reporting and filing complaints about breaches of integrity and wrongdoing through a dedicated e-mail address.													
(3)Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(3)1.In the event of a conflict of interest arising from any agenda item at a Board of Directors meeting, directors representing the company or any related entities must recuse themselves from discussion and voting.	None										

Evaluation	Implementation Status (Note1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y es	N o	Abstract Explanation	
(4)Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		2. If any employee of our company discovers a conflict of interest that may result in personal gain or benefit for themselves, their spouse, parents, children, or other related parties, they must report the situation to their immediate supervisor and the management department, and seek appropriate guidance from their supervisor. (4)The company has established an accounting system and internal control procedures, which are regularly reviewed to ensure compliance with legal regulations and company requirements. Internal audit personnel regularly assess compliance with these procedures, and submit audit reports to the Board of Directors.	None
(5)Does the company regularly hold internal and external educational trainings on operational integrity?	V		(5)In 2023, our company held training sessions (including courses on integrity policies, consequences of breaching integrity, and related topics) for 958 individuals, totaling 958 hours.	None
3.Operation of the integrity channel				
(1)Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		(1)The company's Code of Conduct for Business Integrity, Guidelines for Corporate Social Responsibility, and Regulations for Rewards and Punishments clearly specify the company's reporting channels and incentive system. Whistleblowers may file reports anonymously, and the company ensures confidentiality for both the whistleblower and the content of the report. The company has established a dedicated reporting mailbox managed by the Administration Department, which is publicly announced on the company's internal website and promoted during new employee training.	None
(2)Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		(2)To assist employees in resolving work-related issues, communicating and understanding opinions, and improving work efficiency, an opinion box has been established as an employee complaint channel. The employee complaint procedure includes: 1. Employees who have had their legal rights and interests within their job scope violated, or who have not received a reasonable response despite requesting a resolution from their department, or who have questions and suggestions regarding regulations and administrative measures may submit written complaints. 2. The complaint letter is sealed and delivered to the Administration Department as a confidential document, which is then directly submitted to the General Manager for investigation. The company strictly follows the investigation process for handling complaints and deals with cases of sexual harassment in accordance with the Sexual	None

Evaluation	Implementation Status (Note1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y es	N o	Abstract Explanation	
(3)Does the company provide proper whistleblower protection?	V		<p>Harassment Prevention Act. During the investigation period, the company strictly observes relevant confidentiality and protection mechanisms.</p> <p>(3)The employee communication mailbox established by the company directly reports to the top management level, and the handling process for complaint cases should follow the company's information security regulations for the protection of privacy and other personal rights. Violators will be subject to disciplinary action.</p>	None
<p>4.Strengthening information disclosure</p> <p>Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</p>	V		<p>The company has disclosed information related to integrity management on the company website and uploaded it to the Public Information Disclosure Platform for investors' reference. The progress of the initiative is demonstrated in the following point number five.</p>	None
<p>5.If the company has its own code of conduct in accordance with the "Integrity Management Guidelines for Listed and OTC Companies", please explain the differences between its operation and the established code of conduct:</p> <p>The company has established a code of conduct for business integrity management, operating procedures, and behavioral guidelines, which was approved by the board of directors on November 14, 2014 and has been implemented since then. In accordance with this, a corporate culture of integrity management has been established, which has been implemented in various relevant measures, such as the employment management regulations for employees, which stipulate that individuals who have been sentenced to imprisonment for more than a fixed period and have not had their sentence revoked, or are wanted, shall not be employed. The company also clearly stipulates the prevention of dishonest behavior in its work rules, labor contracts, and management regulations for rewards and punishments, such as the use of authority to seek personal benefits. If there are cases of dishonesty, punishment will be imposed depending on the severity of the circumstances. The company strictly prohibits employees from engaging in private business, embezzling public funds, or accepting bribes. The company has a clear employee complaint handling system, and employees can file written complaints through suggestion boxes. Employees sign a 100% employee integrity commitment agreement upon employment, and directors and senior managers sign a 100% integrity management statement. In order to ensure that trading partners are operating with integrity, the company conducts credit investigations of trading partners before engaging in commercial activities, and requires suppliers and subcontractors to sign anti-corruption clauses before transactions. Therefore, the company's actual operations are consistent with the established criteria.</p>				
<p>6.Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).</p> <p>(1) The company has established a Code of Ethics and Conduct, along with operational procedures and behavior guidelines, which were approved by the Board of Directors on November 14th, 2014(Last Amendment was November 9, 2022). This has resulted in the establishment of a corporate culture that values ethical business practices and is reflected in all relevant policies. The company is committed to sustainable business practices that prioritize fairness, honesty, trustworthiness, and transparency, and regularly reviews and revises its relevant policies.</p> <p>(2) At the 18th Board of Directors meeting on November 10th, 2020, the company approved the Prevention of Insider Trading and Processing of Significant Internal Information Policy (which combines the original Insider Trading Management Policy and Significant Information Processing Procedures) (Last Amendment was January 9, 2023) to prevent improper disclosure of information and ensure the accuracy and integrity of the company's public disclosures.</p> <p>(3) On January 9, 2023, the Board of Directors approved amendments to the Company Governance Practices Guidelines. Section 10 of the guidelines specifies the trading controls applicable to company insiders upon receipt of financial reports or related performance information, including but not limited to the prohibition on directors from trading their shares during the 30 days prior to the annual financial report announcement and 15 days prior to the quarterly financial report announcement.</p> <p>(4) On May 31, 2023, a one-hour training session on "Prevention of Insider Trading Education" was conducted for current directors (including independent directors), managers, and employees, with 15 participants. The session covered confidentiality measures for significant information, causes of insider trading, identification processes and examples, as well as the scope of significant internal information, confidentiality measures, disclosure procedures, and violation handling. After the session, a briefing was sent via email to all directors and employees for reference.</p>				

Note: Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.

(7) Corporate Governance Guidelines and Regulations:

The Company has established various governance guidelines, such as the "Corporate Governance Best Practice Principles," "Corporate Social Responsibility Best Practice Principles," "Code of Conduct for Business Integrity," "Standard Operating Procedures and Code of Conduct for Business Integrity," and "Evaluation Method for Board of Directors' Performance." These guidelines have been approved on November 14th, 2014 and are disclosed on the Company's website and the Public Information Observation Platform.

(8) Other Important Information Regarding Corporate Governance:

- A. The Company has established the " Measures to Prevent Insider Trading and Handling of Internal Material Information " as the basis for processing and disclosing significant information, and regularly reviews it to comply with current laws and practical needs.
- B. The Company has established the "Rules of the Board of Directors Meeting", "Procedures for Electing Directors and Supervisors", "Rules of Shareholders' Meetings", "Regulations on the Organization of the Compensation Committee", "Procedures for Acquiring or Disposing of Assets", "Procedures for Conducting Derivative Transactions", "Implementation Procedures for Endorsement Guarantee", "Operational Procedures for Monitoring Subsidiaries", "Operational Procedures for Transactions between Related Parties, Specific Companies, and Group Enterprises", and other management rules as norms for various internal management and risk control operations of the Company, and regularly reviews and revises relevant rules to comply with legal requirements. When revised, the Company will notify employees through e-mail and bulletin boards, and post the latest rules on the Company's internal website for employee reference. The Company also periodically reminds its internal personnel of important information to be noted.
- C. The Company has established the "Regulations on the Handling of Material Information" as the basis for the handling and disclosure of the Company's material information, which is reviewed from time to time to comply with the current laws and regulations and practical needs.

(9) Implementation status of the Internal control system

A. The Statement of the Internal Control System:

TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD.

Statement of the Internal Control System

Date: March 11th, 2024

Regarding the internal control system of the company for the Year 2023, we hereby declare the following based on the results of our self-inspection:

1. Our company is aware that establishing, implementing, and maintaining an internal control system is the responsibility of the board of directors and management of our company, and we have already established such a system. Its purpose is to provide reasonable assurance for achieving the objectives of operational effectiveness and efficiency (including profitability, performance, and asset protection), reliable reporting, timely and transparent compliance with relevant regulations and laws, and following relevant regulations and laws.
2. Internal control systems have inherent limitations, and no matter how well-designed they are, they can only provide reasonable assurance for achieving the above three objectives. Moreover, the effectiveness of the internal control system may change due to changes in the environment and circumstances. However, our company's internal control system has a self-supervision mechanism, and if any deficiencies are identified, we take corrective action.
3. Our company assesses the effectiveness of the internal control system based on the "Guidelines for Establishing the Internal Control System of Public Companies" (hereinafter referred to as the "Guidelines"). The Guidelines classify the internal control system into five components based on the management control process: 1. Control the Environment, 2. Risk Evaluation 3. Control Activities, 4. Information and Communication, and 5. Monitoring. Each component includes several items. Please refer to the Guidelines for the specific items.
4. Our company has used the above internal control system assessment items to evaluate the effectiveness of the design and implementation of our internal control system.
5. Based on the above evaluation results, our company believes that our internal control system (including the supervision and management of subsidiaries) as of December 31, 2022, which includes understanding the degree of achieving operational effectiveness and efficiency objectives, reliable and timely reporting, and compliance with relevant regulations and laws, is designed and implemented effectively and can reasonably ensure the achievement of the above objectives.
6. This statement will become the main content of our company's annual report and public disclosure, and will be made public. Any false, concealed, or illegal information in the public disclosure will involve legal liabilities under the Securities and Exchange Act, Articles 20, 32, 171, and 174.
7. This statement was approved by the board of directors of our company on March 11, 2024. Among the nine directors present, no one held an opposing view, and all agreed with the content of this statement.

TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD.

Chairman: CHIANG, SHIH-HSIN

authorized signature

General Manager: CHIANG, CHING-SHIN

authorized signature

B. Disclosure of the auditor's review report: None.

(10) The penalties imposed on the company or its internal personnel in the most recent year and the printing date of the annual report for violating the internal control system regulations, and there are no significant deficiencies or improvement measures to report.

(11) Important resolutions of the shareholders' meeting and the board of directors as of the date of the annual report printing for the recent fiscal year: N/A.

A. Implementation of the vital resolutions the shareholder's meeting in Year 2023

Major Evaluation Item	Implementation Status
1. Approval of the 2022 annual business report and financial statements.	The financial statements of our company for the year 2022 have been approved by the shareholders' meeting and disclosed on the Public Information Observation System for public access.
2. Approval of the profit distribution plan for the year 2022.	The resolution of the Year 2022 Annual Shareholders' Meeting to distribute a cash dividend of New Taiwan Dollars 103,570,039 has been executed.
3. Approval of the 19th term of the Directors' election	The resolution was passed and completed in accordance with the resolution of the shareholders' meeting.
4. Approval of the lifting of the prohibition on the participation of new directors and their representatives in competitive transactions	The resolution was passed and completed in accordance with the resolution of the shareholders' meeting.

B. Important resolutions from Board of Director

Board of Director	Board of Director	Board of Director
Board of Director	2023/01/09	<ol style="list-style-type: none"> 1. Case of year-end bonus distribution for executives and employees with employee status in 2022. 2. Case of settling the retirement pension of General Manager CHIANG, CHING-SHIN under the old system. 3. Proposal to buy back 4,267 units of the fifth domestic unsecured convertible corporate bonds issued by the company from the securities firm's business premises. 4. Revision of "Practical Guidelines for Corporate Governance". 5. Proposal to apply for the renewal of the comprehensive credit line of NTD 200 million from First Commercial Bank. 6. Proposal to apply for the renewal of the short-term credit line of NTD 200 million from Yuanta Commercial Bank. 7. Proposal to apply for the renewal of the short-term credit line of NTD 100 million from Far Eastern International Bank. 8. Proposal to apply for the renewal of credit line 1, a combination of short-term loans and import/export credit of NTD 400 million, and credit line 2, medium and long-term loans of NTD 400 million, totaling NTD 400 million from Bank SinoPac.
Board of Director	2023/03/14	<ol style="list-style-type: none"> 1. Internal Control System Effectiveness Evaluation and Internal Control System Statement for Year 2022. 2. Business Plan for Year 2023. 3. Evaluation of the Independence of the Auditing Accountant, Appointment, and Compensation. 4. Annual Business Report and Financial Statements for Year 2022. 5. Election of the 19th Board of Directors. 6. Amendment to the "Board Meeting Rules and Regulations". 7. Proposal for the Nomination Period, Number of Directors to be Elected, and Place of Acceptance of Shareholder Meeting Proposals and Nomination of Director (including the independent director) Candidates. 8. Matters related to the 2023 Annual Shareholders' Meeting. 9. Application to KGI Bank for the renewal of the comprehensive credit limit of NTD 200 million and the short-term financial transaction limit of NTD 10 million - hedging. 10. Proposed application for the endorsement guarantee limit of RMB 20 million to Guangzhou Kingtachi Electronic Co., Ltd. by our company.
Board of Director	2023/04/18	<ol style="list-style-type: none"> 1. Appointment of the company's corporate governance supervisor. 2. Amendment of certain articles of the company's "Standard Operating Procedures for Handling Director Requests". 3. Distribution of employee compensation and director remuneration for the year 2022. 4. Allocation of individual director remuneration for the year 2022. 5. Payment of director's transportation and other expenses for the year 2022. 6. Allocation of profits for the year 2022. 7. Cash dividend distribution for the year 2022. 8. Distribution of capital surplus in cash. 9. Nomination and approval of candidates for directors and independent directors.

Board of Director	Board of Director	Board of Director
		10. Rescinding the restriction on competition for newly appointed directors and their representatives. 11. Discontinuation of the private placement of common shares approved at the 2022 shareholders' meeting. 12. Inclusion of agenda items for the 2023 shareholders' meeting. 13. Application to renew the total credit limit of NTD 100 million (short-term loan limit of NTD 100 million and foreign currency loan limit of USD 2.5 million, with a combined limit not exceeding NTD 100 million) from Chang Hwa Commercial Bank. 14. Application to renew the comprehensive credit limit of NTD 200 million from Yuanta Bank. 15. Application to renew the comprehensive credit limit of NTD 410 million from Taipei Fubon Commercial Bank 16. Application to renew the short-term export loan financing of NTD 300 million from China Export-Import Bank. 17. Application to renew the credit limit of NTD 80 million from International Bills Finance Corporation.
Board of Director	2023/05/12	1. The Consolidated Financial Statement Report in the first quarters of 2023. 2. Proposal to apply the short-term credit line of NTD 100 million from Union Bank Of Taiwan. 3. The company plans to apply for a renewal of the credit limit of NTD 100 million from Mega Bills Finance Co., Ltd. 4. Proposed Guarantee Endorsement for Guangzhou Kingtachi Electronic Co., Ltd. in the amount of CNY 50 million (Renewable upon Expiration) 5. Proposed application for the endorsement guarantee limit of RMB 36 million to Guangzhou Kingtachi Electronic Co., Ltd. by our company. 6. Amendment to the "Rules of Organization of the Salary and Compensation Commission" policy.
Board of Director	2023/05/31	1. Election of Chairman 2. Appointment of Members of the Fifth Compensation Committee
Board of Director	2023/08/10	1. The Consolidated Financial Statement Report in the second quarters of 2023. 2. Planned application to Mega Bills Commercial Bank for a short-term comprehensive credit line of NTD 15 million 3. Proposal to apply the comprehensive credit line of NTD 200 million from Land Bank of Taiwan. 4. Planned application to Mega Bills Commercial Bank for a short-term comprehensive credit line of NTD 15 million 5. Planned application to Hua Nan Commercial Bank for the renewal of a comprehensive credit line of NTD 400 million and Ministry of Economic Affairs' Post-epidemic revitalization program loan of NT\$35 million. 6. Planned application to DBS Bank (Taiwan) Ltd for the renewal of a short-term comprehensive loan amount of NTD 200 million. 7. Planned application to DAH CHUNG BILLS FINANCE CORP. for a credit line of NTD 80 million 8. Planned application to Ta Ching Bills Finance Corporation for a credit line of NTD 50 million 9. Proposal to apply for the medium-term credit line of NTD 100 million from Panhsin Bank.
Board of Director	2023/11/14	1. Audit plan for the year 2024. 2. The Consolidated Financial Statement Report in the third quarters of 2023. 3. Establishment of the "Regulations Governing Financial Operations between Related Parties of the Company". 4. Proposal to apply for the renewal of a credit line of NTD 150 million for mid-term loans for corporate working capital from Entie Commercial Bank Ltd. 5. Proposal to apply for the renewal of the short-term comprehensive credit line of NTD 200 million from Taiwan Shin Kong Commercial Bank Ltd. 6. Planned application to Hua Nan Commercial Bank for Ministry of Economic Affairs' Project Loan for Low Carbon Smart Transformation and Development of Small and Medium Enterprises and Infrastructure Optimization for Piped Factories and Selected Factories Loan of NT\$35 million.
Board of Director	2024/01/24	1. Case of year-end bonus distribution for executives and employees with employee status in 2023. 2. Replacement of the Certified Public Accounting Firm and Certified Public Accountant and Evaluation of the Independence and Suitability of the New Certified Public Accountant. 3. Establishment of the Commission on Sustainable Development 4. Establishment of the Company's Risk Management Policies and Procedures. 5. Finalization of the "Regulations on the Management of Acquisition or Disposal of Marketable Securities". 6. Proposal to apply for the renewal of the comprehensive credit line of NTD 300 million and foreign currency fixed deposits of NTD 100 million from First Commercial Bank. 7. Proposal to apply for the renewal of the short-term credit line of NTD 200 million from Yuanta Commercial Bank. 8. Proposal to apply for the renewal of the short-term credit line of NTD 100 million from Far

Board of Director	Board of Director	Board of Director
		Eastern International Bank. 9. Proposal to apply for the renewal of credit line 1, a combination of short-term loans and import/export credit of NTD 400 million, and credit line 2, medium and long-term loans of NTD 400 million, totaling NTD 400 million from Bank SinoPac.
Board of Director	2024/03/11	1. Internal Control System Effectiveness Evaluation and Internal Control System Statement for Year 2023. 2. Business Plan for Year 2024. 3. Annual Business Report and Financial Statements for Year 2023. 4. Matters related to the 2024 Annual Shareholders' Meeting. 5. Matters relating to acceptance of shareholders' proposals at the 2024 annual General Meeting of Shareholders 6. Application to KGI Bank for the renewal of the comprehensive credit limit of NTD 200 million, short-term secured loan facility of NT\$500 million and the short-term financial transaction limit of NTD 10 million – hedging. 7. Proposal to apply the new pledge of foreign currency fixed deposits of NTD 90 million from Bank SinoPac. 8. Application to renew the total credit limit of NTD 100 million (short-term loan limit of NTD 100 million and foreign currency loan limit of USD 2.5 million, with a combined limit not exceeding NTD 100 million) from Chang Hwa Commercial Bank.
Board of Director	2024/04/08	1. Distribution of employee compensation and director remuneration for the year 2023. 2. Allocation of individual director remuneration for the year 2023. 3. Payment of director's transportation and other expenses for the year 2023. 4. Allocation of profits for the year 2023. 5. Cash dividend distribution for the year 2023. 6. Distribution of capital surplus in cash. 7. Inclusion of agenda items for the 2024 shareholders' meeting. 8. Application to renew the comprehensive credit limit of NTD 200 million and new pledge of foreign currency fixed deposits of NTD 200 million from Yuanta Bank.

(12) Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: N/A

(13) Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D: N/A

4. Information Regarding the Company's Audit Fee and Independence

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	None Audit Fee	Total	Remarks
Ever Fortune CPA	LIN, YU-HSUAN	2023/01/01~2023/12/31	2,800	184	2,984	N/A
	JUAN LU, SHAO WEI	2023/01/01~2023/12/31				

Unit: NT\$ thousand

Fee Range	Fee Item	Audit Fee	None Audit Fee	Total
1	Under NT\$ 2,000,000			
2	NT\$2,000,001 ~ NT\$4,000,000	2,800	184	2,984
3	NT\$4,000,001 ~ NT\$6,000,000			
4	NT\$6,000,001 ~ NT\$8,000,000			
5	NT\$8,000,001 ~ NT\$10,000,000			
6	Over NT\$100,000,000			

(1) The non-audit fees paid to the company's auditor and its related firms are more than 25% of the audit fees, then the company must disclose the amount of audit and non-audit fees, as well as the details of the non-audit services provided: N/A

(2) The company changes its accounting firm and the audit fees paid for the current year decrease compared to the previous year's audit fees, the company should disclose the amounts of audit fees before and after the change, as well as the reasons for the change: N/A

(3) The audit fees have decreased by more than 10% compared to the previous year, disclose the amount, proportion, and reasons for the reduction in audit fees: N/A

5. Replacement of CPA:

(1) Regarding the former CPA

Replacement Date	2024/01/24		
Replacement reasons and explanations	In accordance with Statement on Auditing Standards No. 46, relevant laws and regulations of the securities authorities, and the firm's risk control needs, any firm that has issued certificates for more than seven consecutive years should be rotated, and in order to meet the needs of the company's business and management, to strengthen the quality control of the firm's accounting firms, and to enhance the firm's corporate governance.		
Describe whether the Company terminated or the CPA did not accept the appointment	Status	CPA	The Company
	Termination of appointment		v
	No longer accepted (continued) appointment		
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	Yes		Accounting principles or practices
			Disclosure of Financial Statements
			Audit scope or steps
			Others
	None	v	
	Remarks/specify details: Not applicable		
Other Revealed Matters	None		

(2) Regarding the successor CPA

Name of accounting firm	PricewaterhouseCoopers Taiwan
Name of CPA	Tu, Chan-Yuan CPA and Lai, Chung-His CPA
Date of appointment	2024/01/24
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

(3) The Company has written to the former accountant in accordance with Article 10(6)(3) of the Guidelines Governing Matters to be Recorded in Annual Reports of Public Companies, and the former accountant did not disagree with the opinion.

6. The Chairman, General Manager, or the managers responsible for finance or accounting affairs of the company who have worked for the audit firm or its related enterprises in the past year shall disclose their names, titles, and relationships with the audit firm's related enterprises. The term "related enterprises of the audit firm" refers to companies or organizations listed as related enterprises in the audit firm's external publications or materials or whose accountants hold more than 50% of the shares or obtain the majority of the seats in the audit firm's related enterprises: N/A

7. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

(1) Changes in Shareholding of Directors, Supervisors, and Major Shareholders:

Title	Name	2023		As of March 29, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	HONG PU INVESTMENT CO., LTD.	0	0	0	0
	Representative: CHIANG, SHIH-HSIN	0	0	0	0
Director	TRICKLE CO., LTD. (Accession Date: 2023/05/31)	0	0	0	0
	Representative: CHEN, SHIH-YANG	0	0	0	0
Director and General Manager	CHIANG, CHING-SHIN	0	0	0	0
Director	SHI HEN ENTERPRISE LTD. (Accession Date: 2023/05/31)	0	0	0	0
	Representative: LU, SHAO-PING (Accession Date: 2023/05/31)	0	0	0	0
Director	MUYEWEN INVESTMENT Co., Ltd. (Accession Date: 2023/05/31)	70,000	0	0	0
	Representative: LIU, WEN-LIANG (Accession Date: 2023/05/31)	0	0	0	0
Director	HONG LIN INVESTMENT CO., LTD. (Dismissal Date: 2023/05/31)	0	0	0	0
	Representative: CHANG, HUNG-HAO (Dismissal Date: 2023/05/31)	0	0	0	0
Director	Chang, Tien-Chen (Dismissal Date: 2023/05/31)	0	0	0	0
Director	Huang, Yu-San (Dismissal Date: 2023/05/31)	0	0	0	0
Independent Director	Tsai, Chih-Wei	0	0	0	0
Independent Director	Shen, Hsueh-Jen	0	0	0	0
Independent Director	Shen, Chih-Cheng	0	0	0	0
Independent Director	CHIU, DA-SHENG (Accession Date: 2023/05/31)	0	0	0	0
Associates	Kang, Zheng-Chung	0	0	0	0
Finance and Accounts department officer	Tsai, Mao-Sung	0	0	0	0
Shareholders holding more than 10% of shares	Kaimei Electronics CORP	0	0	0	0
Other	Hsu Wan Shin	0	0	0	0

Note 1: Shareholders who hold more than 10% of the total shareholding of the company shall be identified as major shareholders and listed separately.

Note 2: For related parties involved in share transfer or pledge, they should be listed in the table below

Note 3: Any increase (decrease) in the number of shares held shall be disclosed from the date of appointment (or termination) onwards.

(2) Shares Trading with Related Parties: None

(3) Shares Pledge with Related Parties: None

8. Relationship among the Top Ten Shareholders

March 29, 2024

Name (Note 1)	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Kaimei Electronics CORP	23,548,546	18.19%	0	0	0	0	None	None	None
Han Lin Investment Co., Ltd Representative: Chiang, Huang Bai Lien	8,512,767	6.58%	0	0	0	0	None	None	None
	502,477	0.39%	1,467,950	1.13%	0	0	Chiang, Shih-Hsin Chiang, Ching-Ying Chiang, Ching Yang Chiang, Yi Zhe	Spouse Mother-son Mother-son Mother-son	None
Hong Pu Investment Co., Ltd Representative: Chiang, Shih-Hsin	7,428,154	5.74%	0	0	0	0	None	None	None
	1,467,950	1.13%	502,477	0.39%	0	0	Chiang, Huang Bai Lien Chiang, Ching-Ying Chiang, Ching-Yang Chiang, Yi Zhe	Spouse Father-son Father-son Father-son	None
Feng Xi Investment Co., Ltd Representative: Chiang, Yi Zhe	4,853,485	3.75%	0	0	0	0	None	None	None
	1,222,257	0.94%	0	0	0	0	Chiang, Shih-Hsin Chiang, Huang Bai Lien Chiang, Ching-Ying Chiang, Ching-Yang	Father-son Mother-son Brother Brother	None
China World Bank Trustees Phillip Securities (Hong Kong) Co., Ltd. investment account	3,883,114	3.00%	0	0	0	0	None	None	None
Chang Sheng Investment Co., Ltd Representative: Chiang Chin Yang	3,318,667	2.56%	0	0	0	0	None	None	None
	1,258,267	0.97%	0	0	0	0	Chiang, Shih-Hsin Chiang, Huang Bai Lien Chiang, Ching-Ying Chiang, Yi Zhe	Father-son Mother-son Brother Brother	None
Hong Lin Investment Co., Ltd Representative: Chang, Hung-Hao	3,182,700	2.46%	0	0	0	0	None	None	None
	364,631	0.28%	0	0	0	0	None	None	None
Feng Meng Investment Co., Ltd Representative: Chiang Yi Zhe	3,143,069	2.43%	0	0	0	0	None	None	None
	1,222,257	0.94%	0	0	0	0	Chiang, Shih-Hsin Chiang, Huang Bai Lien Chiang, Ching-Ying Chiang, Ching-Yang	Father-son Mother-son Brother Brother	None
Chiang, Ching Ying	2,614,127	2.02%	0	0	0	0	Chiang, Shih-Hsin Chiang, Huang Bai Lien Chiang, Ching-Yang Chiang, Yi Zhe	Father-son Mother-son Brother Brother	None
Fu An Investment Co., Ltd Representative: Chiang, Ching Ying	2,286,481	1.77%	0	0	0	0	None	None	None
	2,614,127	2.02%	0	0	0	0	Chiang, Shih-Hsin Chiang, Huang Bai Lien Chiang, Ching-Yang Chiang, Yi Zhe	Father-son Mother-son Brother Brother	None

Note 1: The top ten shareholders should all be listed, and if the shareholder is a legal entity, the name of the legal entity shareholder and the name of its representative should be listed separately.

Note 2: The calculation of shareholding ratio refers to the calculation of shareholding ratio under one's own name, spouse's name, minor children's name, or using other people's names.

Note 3: When the listed shareholders include both legal persons and natural persons, the relationship between them should be disclosed.

9. Ownership of Shares in Affiliated Enterprises

Unit: Shares; %

Affiliated Enterprises(Note)	Ownership by the Company		Direct or Indirect Ownership by Directors/ Supervisors/ Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
CHINSAN (CAYMAN) ENTERPRISE CO., LTD.	9,797,002	100.00%	0	0.00%	9,797,002	100.00%
KING-TACHI TECHNOLOGY COMPANY LIMITED	0	0.00%	6,200,000	100.00%	6,200,000	100.00%
CHINSAN (BVI) ENTERPRISE CO., LTD.	0	0.00%	2,500,000	100.00%	2,500,000	100.00%
CHINSAN ELECTRONIC INDUSTRIAL (THAILAND) CO., LTD.	0	0.00%	5,056,978	94.52%	5,056,978	94.52%
KING NICHU TECHNOLOGY GUANGZHOU CO., LTD.	0	0.00%	0	95.22%	0	95.22%
EAGLE ZONE (SAMOA) CO., LTD	0	0.00%	1,000,000	100.00%	1,000,000	100.00%
ROYAL CHENG INVESTMENT CO., LTD.	0	0.00%	0	100.00%	0	100.00%
GUANGZHOU KINGTACHI ELECTRONIC CO., LTD.	0	0.00%	0	100.00%	0	100.00%
SPOTLIGHT INT'L CO., LTD.	0	0.00%	12,610,000	100.00%	12,610,000	100.00%
WEALTHY SUCCESS ENTERPRISE LIMITED	0	0.00%	29,136,000	100.00%	29,136,000	100.00%
GUANGZHOU HENG LONG INVESTMENT CO., LTD.	0	0.00%	0	100.00%	0	100.00%
GUANGZHOU YOUMAO ELECTRONICS CO., LTD.	0	0.00%	0	100.00%	0	100.00%
SUSTAINABLE DEVELOPMENT CO., LTD. (Note)	5,058,519	7.88%	0	0.00%	5,058,519	7.88%

Note: Refers to the investment method of equity method adopted by the company.

IV. Capital Overview

1. Capital and Shares

(1) Source of Capital:

A. Type of Stock

Unit: Shares

Shares Type	Authorized Capital					Unit: Shares
	Issued Shares			Un-issued Shares	Total Shares	Remarks
	Listed on board	Unlisted on board	Total Issued Shares			
Ordinary Share	129,462,549	0	129,462,549	170,537,451	300,000,000	Shares from OTC company

Note: Please symbolize whether the stock belongs to a listed or OTC (over-the-counter) company (if it is a restricted securities, please make a note)"

B. Source of Capital

Unit: NT\$/ shares

Month/Year	Per Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital (NT\$)	Capital Increased by Assets Other than Cash	Other
03/1970	1,000	1,000	1,000,000	1,000	1,000,000	Established	N/A	
12/1981	1,000	6,000	6,000,000	6,000	6,000,000	Increases 5,000,000 shares for cash	N/A	
02/1984	1,000	16,000	16,000,000	16,000	16,000,000	Increases 10,000,000 shares for cash	N/A	
06/1988	1,000	35,000	35,000,000	35,000	35,000,000	Capitalization of earning 19,000,000	N/A	
07/1992	1,000	68,000	68,000,000	68,000	68,000,000	Capitalization of earning 33,000,000	N/A	
06/1995	1,000	90,000	90,000,000	90,000	90,000,000	Capitalization of earning 22,000,000	N/A	
10/2000	10	22,000,000	220,000,000	22,000,000	220,000,000	Increases 130,000,000 shares for cash	N/A	Note 1
08/2001	10	24,200,000	242,000,000	24,200,000	242,000,000	Capitalization of reserves 22,000,000	N/A	Note 2
12/2001	10	30,000,000	300,000,000	30,000,000	300,000,000	Increases 58,000,000 shares for cash	N/A	Note 3
08/2002	10	45,000,000	450,000,000	37,021,277	370,212,770	Increases 40,000,000 shares for cash Capitalization of reserves 6,000,000 Capitalization of earning 4,212,770	N/A	Note 4
11/2002	10	45,000,000	450,000,000	40,021,277	400,212,770	Increases 30,000,000 shares for cash	N/A	Note 5
10/2003	10	55,000,000	550,000,000	44,278,860	442,788,600	Increases 42,575,830 shares for cash	N/A	Note 6
10/2004	10	70,000,000	700,000,000	48,989,377	489,893,770	Capitalization of earning 47,105,170	N/A	Note 7
11/2004	10	70,000,000	700,000,000	49,168,620	491,686,200	conversion of corporate bonds into capital 1,792,430	N/A	Note 8
03/2005	10	70,000,000	700,000,000	50,097,832	500,978,320	conversion of corporate bonds into capital 9,292,120	N/A	Note 9
04/2005	10	70,000,000	700,000,000	50,560,092	505,600,920	conversion of corporate bonds into capital 4,622,600	N/A	Note 10
10/2005	10	70,000,000	700,000,000	55,916,298	559,162,980	Capitalization of earning 53,562,060	N/A	Note 11
05/2006	10	70,000,000	700,000,000	57,153,265	571,532,650	conversion of corporate bonds into capital 12,369,670	N/A	Note 12
09/2006	10	100,000,000	1,000,000,000	58,826,424	588,264,240	conversion of corporate bonds into capital 16,731,590	N/A	Note 13
10/2006	10	100,000,000	1,000,000,000	65,609,881	656,098,810	conversion of corporate bonds into capital 6,729,210 Capitalization of earning 61,105,360	N/A	Note 14
01/2007	10	100,000,000	1,000,000,000	66,588,296	665,882,960	conversion of corporate bonds into capital 9,784,150	N/A	Note 15
03/2007	10	100,000,000	1,000,000,000	75,088,296	750,882,960	Increases 85,000,000 shares for cash	N/A	Note 16
04/2007	10	100,000,000	1,000,000,000	75,102,684	751,026,840	conversion of corporate bonds into capital 143,880	N/A	Note 17
07/2007	10	100,000,000	1,000,000,000	75,117,075	751,170,720	conversion of corporate bonds into capital 143,880	N/A	Note 18
10/2007	10	100,000,000	1,000,000,000	77,975,820	779,758,200	Capitalization of earning 28,587,480	N/A	Note 19
04/2009	10	100,000,000	1,000,000,000	76,727,820	767,278,200	using treasury shares to reduce capital 12,480,000	N/A	Note 20
04/2009	10	100,000,000	1,000,000,000	87,735,276	877,352,760	conversion of corporate bonds into capital 110,074,560	N/A	Note 21
08/2009	10	100,000,000	1,000,000,000	87,772,588	877,725,880	conversion of corporate bonds into capital 373,120	N/A	Note 22
10/2010	10	150,000,000	1,500,000,000	94,372,588	943,725,880	Increases 66,000,000 shares for cash	N/A	Note 23
04/2011	10	150,000,000	1,500,000,000	92,419,588	924,195,880	using treasury shares to reduce capital 19,530,000	N/A	Note 24
12/2012	10	150,000,000	1,500,000,000	99,369,588	993,695,880	Increases 69,500,000	N/A	Note 25
04/2013	10	150,000,000	1,500,000,000	99,473,544	994,735,440	conversion of corporate bonds into capital 1,039,560	N/A	Note 26
07/2013	10	150,000,000	1,500,000,000	100,238,380	1,002,383,800	conversion of corporate bonds into capital 7,648,360	N/A	Note 27

Month/Year	Per Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital (NT\$)	Capital Increased by Assets Other than Cash	Other
10/2013	10	150,000,000	1,500,000,000	102,887,908	1,028,879,080	conversion of corporate bonds into capital 26,495,280	N/A	Note 28
01/2014	10	150,000,000	1,500,000,000	104,108,907	1,041,089,070	conversion of corporate bonds into capital 12,209,990	N/A	Note 29
04/2014	10	150,000,000	1,500,000,000	104,548,243	1,045,482,430	conversion of corporate bonds into capital 4,393,360	N/A	Note 30
07/2014	10	150,000,000	1,500,000,000	104,559,024	1,045,590,240	conversion of corporate bonds into capital conversion of corporate bonds into capital 107,810	N/A	Note 31
10/2014	10	150,000,000	1,500,000,000	105,412,047	1,054,120,470	conversion of corporate bonds into capital 8,530,230	N/A	Note 32
01/2015	10	150,000,000	1,500,000,000	105,437,983	1,054,379,830	conversion of corporate bonds into capital 259,360	N/A	Note 33
04/2015	10	150,000,000	1,500,000,000	105,484,092	1,054,840,920	conversion of corporate bonds into capital 461,090	N/A	Note 34
12/2015	10	150,000,000	1,500,000,000	102,504,092	1,025,040,920	using treasury shares to reduce capital 9,800,000	N/A	Note 35
10/2015	10	150,000,000	1,500,000,000	105,292,897	1,052,928,970	conversion of corporate bonds into capital 27,888,050	N/A	Note 36
02/2017	10	150,000,000	1,500,000,000	109,741,381	1,097,413,810	conversion of corporate bonds into capital 44,484,840	N/A	Note 37
05/2017	10	150,000,000	1,500,000,000	111,372,916	1,113,729,160	conversion of corporate bonds into capital 16,315,350	N/A	Note 38
09/2017	10	150,000,000	1,500,000,000	112,236,778	1,122,367,780	conversion of corporate bonds into capital 8,638,620	N/A	Note 39
12/2017	10	150,000,000	1,500,000,000	113,029,482	1,130,294,820	conversion of corporate bonds into capital 7,927,040	N/A	Note 40
02/2018	10	150,000,000	1,500,000,000	113,255,105	1,132,551,050	conversion of corporate bonds into capital 2,256,230	N/A	Note 41
05/2018	10	150,000,000	1,500,000,000	114,274,601	1,142,746,010	conversion of corporate bonds into capital 10,194,960	N/A	Note 42
07/2018	10	150,000,000	1,500,000,000	116,530,868	1,165,308,680	conversion of corporate bonds into capital 22,562,670	N/A	Note 43
09/2018	10	150,000,000	1,500,000,000	122,030,868	1,220,308,680	Increases 55,000,000 shares for cash	N/A	Note 44
10/2020	10	300,000,000	3,000,000,000	125,691,795	1,256,917,950	Capitalization of reserves 36,609,270	N/A	Note 45
10/2021	10	300,000,000	3,000,000,000	129,462,549	1,294,625,490	Capitalization of reserves 37,707,540	N/A	Note 46

Note 1:Securities and Futures Bureau of the Financial Supervisory Commission (2000) No. Taiwan-Financial-Securities-I-84608
Note 2:Securities and Futures Bureau of the Financial Supervisory Commission (2001)No. Taiwan-Financial-Securities-I-144601
Note 3:Securities and Futures Bureau of the Financial Supervisory Commission (2001) No. Taiwan-Financial-Securities-I-165712
Note 4:Securities and Futures Bureau of the Financial Supervisory Commission No. Taiwan-Financial-Securities-I-0910 141306
Note 5:Securities and Futures Bureau of the Financial Supervisory Commission No. Taiwan-Financial-Securities-I-0910 160820
Note 6:Securities and Futures Bureau of the Financial Supervisory Commission No. Taiwan-Financial-Securities-I-0920 130274
Note 7:Securities and Futures Bureau of the Financial Supervisory Commission No. Financial-Supervisory-Securities-Auditing-0930129781
Note 8:Approval date and document number of the Ministry of Economic Affairs: November 2, 2004, No. 09332965160
Note 9:Approval date and document number of the Ministry of Economic Affairs: March 8, 2005, No.09401036670
Note 10:Approval date and document number of the Ministry of Economic Affairs: April 27, 2005, No.09401073420
Note 11:Approval date and document number of the Ministry of Economic Affairs: October 12, 2005, No.09401200550
Note 12:Approval date and document number of the Ministry of Economic Affairs: May 8, 2006, No.09501083660
Note 13:Approval date and document number of the Ministry of Economic Affairs: September 5, 2006, No.09501199330
Note 14:Approval date and document number of the Ministry of Economic Affairs: October 17, 2006, No.09501229490
Note 15:Approval date and document number of the Ministry of Economic Affairs: January 23, 2007 No.09601014380
Note 16:Approval date and document number of the Ministry of Economic Affairs: March 14, 2007 No.09601047430
Note 17:Approval date and document number of the Ministry of Economic Affairs: April 16, 2007 No.09601075190
Note 18:Approval date and document number of the Ministry of Economic Affairs: July 03, 2007 No.09601149480
Note 19:Approval date and document number of the Ministry of Economic Affairs: October 26, 2007 No.09601264270
Note 20:Approval date and document number of the Ministry of Economic Affairs: April 15, 2009 No.09801073080
Note 21:Approval date and document number of the Ministry of Economic Affairs: July 13, 2009 No.09801149110
Note 22:Approval date and document number of the Ministry of Economic Affairs: September 15, 2009 No.09801209940
Note 23:Approval date and document number of the Ministry of Economic Affairs: November 15, 2010 No.09901253850
Note 24:Approval date and document number of the Ministry of Economic Affairs: April 18, 2011 No.10001074980
Note 25:Approval date and document number of the Ministry of Economic Affairs: December 13, 2012 No.10101255830
Note 26:Approval date and document number of the Ministry of Economic Affairs: April 15, 2013 No.10201067920
Note 27:Approval date and document number of the Ministry of Economic Affairs: July 23, 2013 No.10201141360
Note 28:Approval date and document number of the Ministry of Economic Affairs: October 16, 2013 No.10201210930
Note 29:Approval date and document number of the Ministry of Economic Affairs: January 27, 2014 No.10301014920
Note 30:Approval date and document number of the Ministry of Economic Affairs: April 18, 2014 No.10301068130
Note 31:Approval date and document number of the Ministry of Economic Affairs: July 28, 2014 No.10301145420
Note 32:Approval date and document number of the Ministry of Economic Affairs: October 17, 2014 No.201401216470
Note 33:Approval date and document number of the Ministry of Economic Affairs: January 20, 2015 No.10401007340
Note 34:Approval date and document number of the Ministry of Economic Affairs: April 14, 2015 No.10401068230
Note 35:Approval date and document number of the Ministry of Economic Affairs: December 02, 2015 No.10401258250
Note 36:Approval date and document number of the Ministry of Economic Affairs: October 20, 2016 No.10501249380
Note 37:Approval date and document number of the Ministry of Economic Affairs: February 06, 2017 No.10601013630
Note 38:Approval date and document number of the Ministry of Economic Affairs: May 17, 2017 No.10601064510

Note 39: Approval date and document number of the Ministry of Economic Affairs: September 11, 2017 No.10601123820
 Note 40: Approval date and document number of the Ministry of Economic Affairs: December 04, 2017 No.10601163100
 Note 41: Approval date and document number of the Ministry of Economic Affairs: February 27, 2018 No.10701020590
 Note 42: Approval date and document number of the Ministry of Economic Affairs: May 04, 2018 No.10701046410
 Note 43: Approval date and document number of the Ministry of Economic Affairs: July 26, 2018 No.10701092220
 Note 44: Approval date and document number of the Ministry of Economic Affairs: September 06, 2018 No.10701113720
 Note 45: Approval date and document number of the Ministry of Economic Affairs: October 06, 2020 No.10901187380
 Note 46: Approval date and document number of the Ministry of Economic Affairs: October 26, 2021 No.11001197060

C. General declaration system-related information: not applicable.

(2) Shareholder Structure

March 29, 2024

Shareholders Structure Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons and Foreign Institutions & Natural Persons	Personal	Total
Number of Shareholders	1	1	195	42	27,360	27,599
Shareholding (shares)	21	100	72,976,620	5,875,248	50,610,560	129,462,549
Percentage	0.00%	0.00%	57.37%	4.54%	39.09%	100.00%

(3) Shareholding Distribution Status

March 29, 2024 Unit: person; shares

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	Shareholding %
1~999	20,434	1,069,429	0.84%
1,000 ~5,000	5,632	10,114,891	7.81%
5,001 ~10,000	798	5,272,262	4.07%
10,001 ~15,000	317	3,608,425	2.79%
15,001 ~20,000	94	1,610,076	1.24%
20,001 ~30,000	118	2,729,767	2.11%
30,001 ~40,000	45	1,539,326	1.19%
40,001 ~50,000	41	1,816,249	1.40%
50,001 ~100,000	50	3,364,717	2.60%
100,001 ~200,000	20	2,616,241	2.02%
200,001 ~400,000	15	4,493,954	3.47%
400,001 ~600,000	7	3,457,358	2.67%
600,001 ~800,000	3	2,087,251	1.61%
800,001 ~1,000,000	2	1,907,017	1.47%
1,000,001 or over	23	83,775,586	64.71%
Total	27,599	129,462,549	100.00%

(4) List of Major Shareholders

March 29, 2024 Unit: Shares

Shareholding Shareholder's Name	Shares	%
Kaimei Electronics CORP Co., Ltd	23,548,546	18.19%
Han Lin Investment Co., Ltd Representative: Chiang, Huang Bai Lien	8,512,767	6.58%
Hong Pu Investment Co., Ltd	7,428,154	5.74%
Feng Xi Investment Co., Ltd	4,858,485	3.75%
China World Bank Trustees Phillip Securities (Hong Kong) Co., Ltd. investment account	3,883,114	3.00%
Chang Sheng Investment Co., Ltd	3,318,667	2.56%
Hong Lin Investment Co., Ltd	3,182,700	2.46%
Feng Meng Investment Co., Ltd	3,143,069	2.43%
Chiang, Ching-Ying	2,614,127	2.02%
Fu An Investment Co., Ltd	2,305,481	1.78%

(5) Market Price, Net Worth, Earnings, and Dividends per Share

Item		Year	2022	2023	As of April 26, 2024
Market Price per Share (Note 1)	Highest Market Price		47.80	40.25	39.10
	Lowest Market Price		32.75	34.40	34.65
	Average Market Price		38.87	36.58	36.13
Net Worth per Share (Note 2)	Before Distribution		30.74	29.70	Not Applicable
	After Distribution		29.24	28.50	
Earnings per Share	Weighted Average Shares(thousands shares)		129,463	129,463	
	Diluted Earnings Per Share (Note 3)		0.81	0.72	
Dividends per Share	Cash Dividends		1.5	1.20	
	Stock Dividends	Dividends from Retained Earnings	0	0	
		Dividends from Capital Surplus	0	0	
	Accumulated Undistributed Dividends (Note 4)		0	0	
Return on Investment	Price/ Earnings Ratio (Note 5)		47.99	50.81	
	Price/ Dividend Ratio (Note 6)		25.91	30.48	
	Cash Dividend Yield Rate(Note 7)		3.86	3.28	

* In the event of a stock dividend increase through retained earnings or capital surplus, information on the adjusted market price and cash dividend based on the number of shares issued shall be disclosed.

Note 1: The highest and lowest market prices for each year should be listed, and the average market price for each year should be calculated based on the trading volume and value of each year.

Note 2: Please use the number of shares issued at the end of the year and fill in according to the distribution resolution at the shareholders' meeting of the following year.

Note 3: If adjustments are required due to situations such as free stock dividends, the earnings per share before and after adjustments should be listed.

Note 4: If the terms and conditions of equity securities issuance require that dividends not paid in the current year be carried over and paid in years with earnings, unpaid dividends up to the end of the current year should be disclosed separately.

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 Rate= Cash Dividends per Share / Average Market Price

Note 8: The data for earnings per share and net asset value per share should be based on the latest quarterly data audited (reviewed) by the accountant up to the printing date of the annual report. For other fields, the data up to the end of the current year on the printing date of the annual report should be filled in.

(6) Dividend Policy and Implementation Status

A. Dividend Policy

If earnings are available for distribution at the end of the year, 10% of net earnings which is after offsetting any loss from the year and paying all taxes and dues- shall be set aside as legal reserve and appropriated in accordance with the Securities Exchange Law. The remaining net earnings can be distributed along with prior accumulated unappropriated retained earnings. The Board of Directors will consider the above-mentioned factors when making the dividend distribution proposal. Dividends will be distributed in accordance with the resolution approved by the Board of Directors and at the annual shareholders' meeting. If there is still a remaining earnings, the Board of Directors shall propose a profit distribution proposal of not less than 20% of the profit. However, if there is no profit for the year or the Board of Directors considers the profit to be low, the Board of Directors may decide not to distribute. When proposing a profit distribution proposal, the Board of Directors may allocate part of the profit previously undistributed from the previous fiscal year for distribution. When distributing by issuing new shares, it shall be submitted to the shareholders' meeting for resolution.

Our company's dividend policy is in line with current and future development plans, considering various factors such as investment environment and capital requirements.

When distributing dividends to shareholders, it may be in cash or stock, with cash dividends not less than 5% of the total dividend amount. However, if the cash dividend per share is less than one yuan, it may be fully replaced by stock dividends.

According to Article 240 and 241 of the Company Law, the Board of Directors is authorized to distribute dividends and profits or statutory surplus and capital surplus in cash by a resolution passed by two-thirds or more of the directors present and a majority of the attending directors, and report to the shareholders' meeting.

B. Proposed Distribution of Dividend

The proposal for the distribution of 2023 profits was passed at the meeting of the Board of Directors at April 8, 2024. The proposal for a cash dividend of NT\$ 64,731,275 (NT\$0.5 per share) and a stock dividend of NT\$ 90,623,784 (NT\$0.7 per share) will be discussed at the annual shareholders' meeting.

(7) The impact of the proposed stock dividend on the Company's business performance and earnings per share:

As the Company distributed cash dividends in full this year, this does not apply.

(8) Compensation of Employees, Directors and Supervisors

A. The company shall set aside 1% to 5% of the current year's pre-tax profits, after deducting employee and director compensation, for employee compensation, and no more than 3% for director compensation. The decision shall be made by the board of directors with the attendance of two-thirds of the directors and the approval of more than half of the attending directors, and shall be reported to the shareholders' meeting. However, if the company has accumulated losses, an amount shall be reserved in advance for offsetting such losses.

- B. Accounting treatment for differences between the estimated amount of employee, director, and supervisor compensation, the number of shares issued as stock dividends, and the actual amount of compensation distributed:

The amount of employee, director, and supervisor compensation for the period is estimated based on the profitability of the current year, within the range specified in the company's bylaws. If the actual amount of compensation distributed in the future differs from the estimated amount, the accounting treatment shall be adjusted for the change in estimate, and the profit or loss for the year in which the compensation is actually distributed shall be adjusted accordingly.

- C. The remuneration distribution approved by the board of directors is as follows:

- a. On April 8, 2024, the board of directors of this company approved the allocation of NT\$1,650,780 in employee remuneration and NT\$3,301,559 in director remuneration, both to be paid in cash. The amount recognized for employee and director remuneration in the financial report for 2023 was consistent with the board of directors' decision.
- b. The amount of employee remuneration distributed in stocks and the ratio of the total amount of employee remuneration to the after-tax net income of individual or separate financial statements and the total amount of employee remuneration: This is not applicable for this year as the company has distributed all dividends in cash.

- D. The actual distribution of employee and director/supervisor remuneration in the previous year (including the number of shares, amount, and share price) and any differences from the recognized employee, director, and supervisor remuneration should be disclosed, along with the reasons for the differences and the handling of the situation:

In the previous year, the board of directors of this company approved the allocation of NT\$1,662,746 in employee remuneration and NT\$3,325,490 in director remuneration, both to be paid in cash. The amount recognized for employee remuneration in the financial report for 2022 was consistent with the board of directors' decision. However, there was a difference of NT\$1,662,744 for director remuneration. This difference was mainly due to the statutory responsibilities and risks associated with being a director, so 3% was allocated for director remuneration according to the articles of association. The company plans to adjust the income statement for 2023 accordingly.

- (9) Share repurchases by the company: Our company did not repurchase any of its own shares.

2. Status of handling corporate bonds

(1) Status of handling corporate bonds

A. fifth times of unsecured corporate bonds

Corporate Bond Type		fifth times of unsecured corporate bonds
Issue date		July 10, 2018
Denomination		NT\$100,000
Issuing and transaction location		domestic
Issue price		Issue by denomination
Total price		NT\$700,000,000
Coupon rate		0%
Tenor		5years Maturity: July 10, 2023
Guarantee agency		N/A
Consignee		Bank SinoPac
Underwriting Institution		Grand Fortune Securities Co. Ltd.
Certified lawyer		Libra Attorneys-at-Law, Lawyer Kang Rong Zhang
CPA		EVER-FORTUNE CPAs & Co. Accountant LIN, YU-HSUAN and JUAN LU, SHAO WEI
Repayment method		Repayment in lump sum upon maturity
Outstanding principal		NT\$413,500,000
Terms of redemption or advance repayment		detailed issuance procedures
Restrictive clause		detailed issuance procedures
Name of credit rating agency, rating date, rating of corporate bonds		N/A
Other rights attached	As of the printing date of this annual report, the converted amount of (exchanged or subscribed) ordinary shares, GDRs, or other securities	N/A
	Issuance and conversion (exchange or subscription) method	detailed procedures for issuance and conversion.
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		Based on the conversion price of TWD 75 at the time of issuance, the convertible corporate bonds issued this time will only have a small dilution effect of 10.45% on the existing equity
Transfer agent		N/A

(2) Convertible Bonds: The fifth unsecured convertible bond was fully repaid (closed).

3. Way of handling preferred shares: N/A

4. Issuance status of overseas depositary receipts: N/A

5. Manipulating of employee stock certificates: N/A

6. Manipulating new shares with restricted employee rights: N/A

7. Issuance of new shares through merger or acquisition of other companies' shares: N/A

8. Execution of capital utilization plan: The fifth unsecured convertible bond was fully repaid (closed).

V. Operational Highlights

1. Business Activities

(1) Business Scope

A. Major areas of business operations

- a. Manufacturing, processing, purchasing, selling, and importing/exporting of electronic equipment capacitors.
- b. Contracting for the design of various wireless radio engineering services.

B. Revenue distribution:

Major Division	2023	
	Total Sales in Year 2023	(%) of Total Sales
Electrolytic liquid capacitor	2,408,765	75.43%
Electrolytic solid capacitor	784,723	24.57%
Total	3,193,488	100%

C. Major products(service) at present:

Capacitors are basic components in electronic equipment, which are widely used in various industries such as 3C electronic products, home appliances, electric motors, computers, power supplies, lighting systems, and communication equipment. In response to different industry needs, our company has developed various types of solid-state and liquid electrolytic capacitors, including pin-type, L-shaped, screw-type, horn-type, and more.

D. New products(service) development:

- a. Development of solid-liquid aluminium capacitors using V-CHIP (continue)
- b. Development of long-life liquid capacitors with a maximum temperature of 105°C and voltage of 550V. (continue)
- c. Development of high-temperature (130°C) liquid capacitors with a long lifespan and high ripple current tolerance for needle-type medium- to high-voltage applications. (continue)
- d. Development of miniaturized solid DIP capacitors with a voltage range of 50-63V. (continue)
- e. Development of solid and solid-liquid capacitors that meet the specifications for automotive applications. (continue)
- f. Development of long-low voltage capacitors at 150°C

(2) Industry Overview

A. Current Status and Future Development of the Industry

The basic structure of commonly used aluminum electrolytic capacitors is a foil-wound structure, in which the anode is an aluminum foil on which a valve metal oxide film Al_2O_3 is formed on the surface using an electrochemical method, and the cathode is a working electrolyte absorbed by a porous electrolytic paper. This type of wound structure effectively increases the actual electrode area, allowing aluminum electrolytic capacitors to achieve higher capacitance characteristics compared to other capacitors. The global application areas of aluminum electrolytic capacitors are distributed as follows: computers and displays account for about 28%, white goods account for about 23%, cloud and servers account for about 16%, industrial automation accounts for 11%, and gaming machines account for 7%. In addition, aluminum electrolytic capacitors have a wider range of applications in product fields such as communication 5G, automotive industry, new energy, and health and fitness. However, due to the less stability of aluminum electrolyte under extreme conditions compared to other capacitors, their application in the military field is limited.

The rise of solid-state capacitors is mainly aimed at solving the problem of electrolytic capacitors exploding when exposed to high heat, and they offer long service life and are suitable for use in high-frequency environments. In downstream applications such as high-end motherboards, laptops, industrial computers, servers, VGA cards, gaming

consoles, miniaturized transformer, and chargers, the trend of improving performance and quality will gradually replace traditional liquid aluminum electrolytic capacitors with solid-state capacitors.

According to data from the Industrial Economics and Trends Research Center (IEK) of the Industrial Technology Research Institute, the global market size of solid-state capacitors is showing a slow expansion trend. As the price of solid-state capacitors gradually approaches that of traditional aluminum electrolytic capacitors and the penetration rate continues to increase, the future prospects of the solid-state capacitor industry are promising.

The main reason for the design of solid-liquid capacitors is that the electrolyte of solid-state capacitors, conductive polymer, does not have the function of repairing the oxide film compared to liquid electrolytes. Therefore, manufacturers have added more impregnated electrolyte to the solid-state capacitor in the hope of repairing the aluminum oxide film through the electrolyte, improving the problem of poor voltage resistance and relatively high leakage current of solid-state capacitors. The main uses of solid-liquid capacitors are in servers, 4G and 5G communication infrastructure, industrial products, and automotive applications.

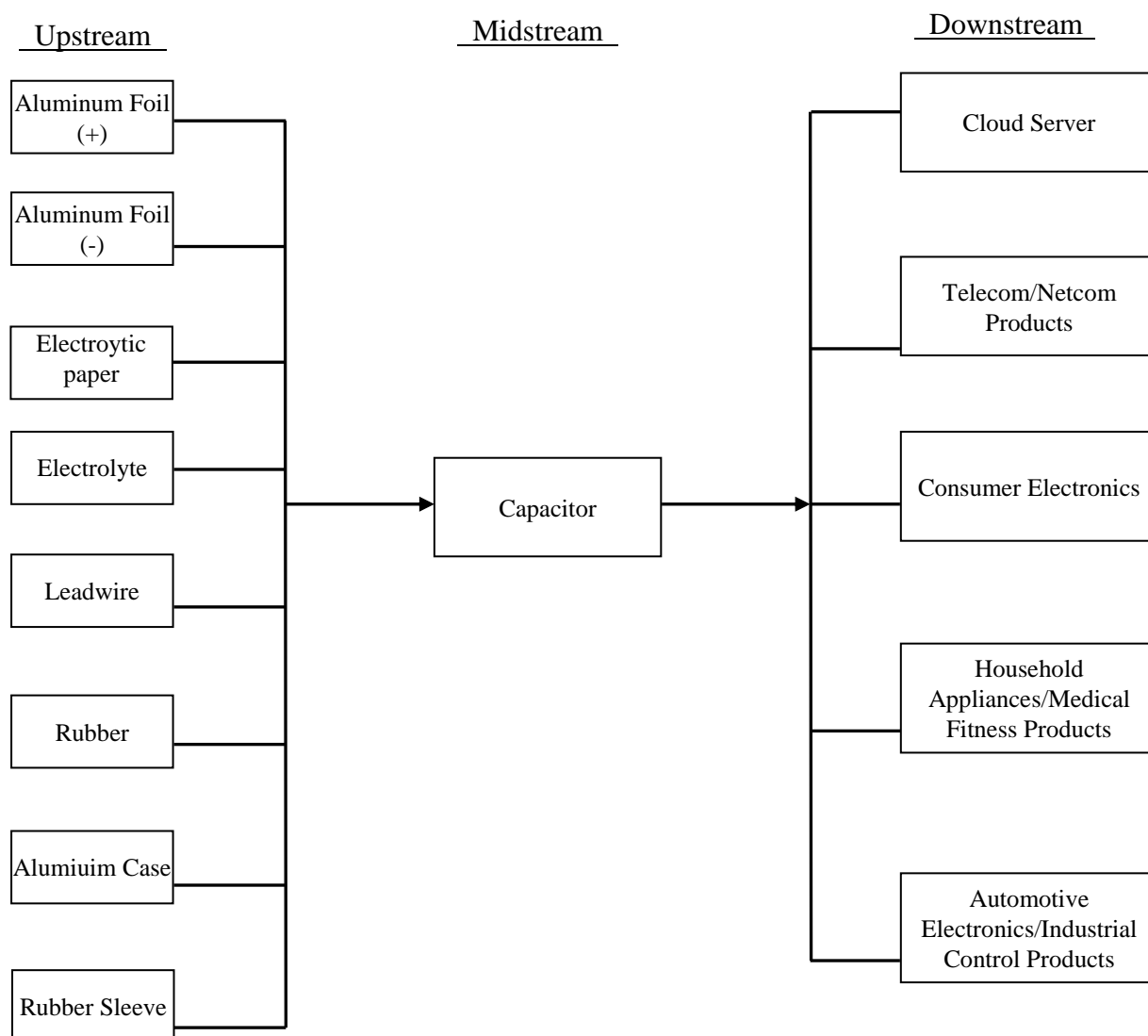
The solid-liquid hybrid capacitor is an improvement over solid-state capacitor technology, so most of its performance is actually biased towards solid-state capacitors. However, due to the introduction of electrolyte, it is naturally different from solid-state capacitors.

Roughly speaking, the performance comparison of hybrid capacitors with solid-state capacitors and liquid capacitors is as follows:

Differentiation	Solid-liquid capacitors	Solid capacitor	Liquid capacitor
Electrolytic	Electrolyte conductive polymer	Conductive polymer	Electrolyte
Capacitors	smaller	smallest	larger
Voltage	lower	lowest	higher
ESR	low	low	high
Leakage Current	low	high	low
Megathermal lifespan	longer	longest	shorter
Invalid mode	Open circuit	Short circuit	Open circuit

B. Relationship with Up-, Middle- and Downstream Companies

The upstream sector of the capacitor industry includes manufacturers of aluminum foils, cathode foils, electrolytic paper, electrolytes, leads, and aluminum cases. The downstream sector of the industry consists of electronic information, communication, and consumer electronic products. The industry interrelationship diagram is shown below:



C. Product Trends

The parties acknowledge that the capacitors industry is subject to continuous evolution, mainly driven by the growing demand for miniaturization, high reliability, low impedance, high ripple current capability, and long operational life of electronic devices, such as smartphones, tablets, digital cameras, and portable media players. Furthermore, the increasing adoption of energy-efficient and environmentally friendly technologies in power electronics, home appliances, and electric vehicles is expected to further drive the demand for high-end capacitors. The parties also recognize the importance of energy efficiency, automation, and cloud computing in modern electronic and telecommunication applications.

D. Product Competition

Aluminum electrolytic capacitors are currently dominated by Japanese companies, but our company has been established over 50 years and is mainly engaged in the production, manufacturing, and sales of aluminum electrolytic capacitors. With years of industry experience and skilled technology, we have obtained technical cooperation from major Japanese companies such as HITACHI AIC, and have been engaged in the R&D and production of high-voltage electrolytic capacitors. Our products have been highly recognized by well-known domestic and foreign companies and have established a good reputation in the industry. Currently, we are ranked among the top two aluminum electrolytic capacitor manufacturers in Taiwan.

(3) Research and Development:

A. The technological level of Research and Development of the business activities:

Since its establishment, our company has been committed to the research and development of electrolytic capacitors and electrolytes. Our technical sources include in-house R&D and technical cooperation with foreign companies, such as Hitachi AIC. Through a subsidiary investment in cooperation with Hitachi AIC, we have acquired key technologies for high-voltage electrolytic capacitors and L-type capacitor technology patents, enabling us to carry out production, manufacturing, and sales.

B. Research and Development Expenses by the Central Research Institute (CRI) in the Past Three Years

Unit: NT\$ thousands

Item	2021	2022	2023
R&D expenses	80,960	77,974	88,938
Net operating income	4,300,713	3,729,360	3,193,488
% of Revenue	1.88%	2.09%	2.78%

C. Research and Development Achievements

Research and Development Achievements of the CRI in the Past Five Years:

Year	Research Reports	Description
2018	Development of high-performance polymer SMD capacitors with general specifications	Suitable for motherboards, servers, high-end power supplies, and LCD TVs.
	Development of high-temperature (125°C) and long-life capacitors	Suitable for servers, high-end power supplies, and industrial power supplies, resistant to high ripple currents.
2019	Development of functional polymer SMD capacitors	Suitable in motherboards, servers, high-end power supplies, and LCD TVs.
	Development of high-voltage (550V) and long-life (85°C) capacitors	Suitable for use in servers, high-end power supplies, and industrial power supplies.
	Development of high-temperature (130°C) and long-life capacitors	Suitable for servers, high-end power supplies, and industrial power supplies.
2020	Development of high-voltage (600V) and long-life (85°C) capacitors	Suitable for servers, high-end power supplies, and industrial computers.
	Development of slim and solid-state capacitors for chargers	ADT with power less than 65W
2021	Development of Ecap-V-CHIP capacitors	It's for consumer products, replacing some existing E-cap DIP products.
	Development of lead-type, long-life capacitors	Suitable for servers, high-end power supplies, and industrial power supplies.
2022	Development of solid-liquid V-CHIP aluminum electrolytic capacitors	Suitable for automotive applications and VGA graphics cards.
	Development of liquid-type (105°C/550V) long-life capacitors	For charging stations and solar inverters.
	Development of high-temperature (130°C), long-life, and high ripple-resistant capacitors	For outdoor network equipment.
	Development of miniaturized DIP (50-63V) solid capacitors	Suitable for motherboards, servers, high-end power supplies, and LCD TVs.
2023	Solid-liquid V-CHIP aluminum electrolytic capacitors partial specification development	Suitable for automotive applications and VGA graphics cards.

Year	Research Reports	Description
	completed	
	Development of liquid-type (105°C/550V) long-life capacitors (continue)	For charging stations and solar inverters.
	Development of high-temperature (130°C), long-life, and high ripple-resistant capacitors (continue)	For outdoor network equipment.
	Development of miniaturized DIP (50-63V) solid capacitors (continue)	Suitable for motherboards, servers, high-end power supplies, and LCD TVs.

(4) Long-term and Short-term Development

Since establishment, the company has been committed to expanding production capacity, improving processes, researching and developing new products, and developing marketing business to meet the market's needs for product quality, cost, and service system. In the face of competition from domestic and foreign industries and rapidly changing markets, our company has developed the following short-term and long-term plans:

A. Shore-term Development:

- Develop products in response to individual needs of major customers to quickly provide customers with the products and quality they require, and consolidate the supply and demand relationship with customers.
- Utilize the advantages of each production site, combine local supplier resources, effectively control costs, and create a price advantage for our products.
- Strategically ally with major raw material suppliers to control the source of critical raw materials.
- Improve equipment and remove major bottlenecks in the manufacturing process to increase production capacity and output.

B. Long-Term Development:

- Expand our global market share, actively market our product brand, and obtain direct business cooperation opportunities from well-known overseas manufacturers
- Establish marketing bases in Europe and America to continue expanding domestic and foreign markets.
- Develop high-value-added products in the long run.
- Develop the OEM market, expand production and purchasing scale, and reduce company production costs

2. Market and Sales Overview

(1) Market Analysis

A. Major products(service) Sales Region:

The company primarily deals in the sales of aluminum electrolytic capacitors, with a strong focus on overseas markets, particularly in Asia.

Unit: NT\$ thousands

Area \ Year	2022		2023	
	Amount	%	Amount	%
Domestic(Taiwan)	71,774	1.92	59,243	1.86
Asia	3,238,282	86.84	2,781,209	87.09
Europe	144,430	3.87	115,014	3.60
America	67,847	1.82	32,292	1.01
Middle East and Near East	207,027	5.55	204,560	6.04
African	0	0	1,170	0.04
Total	3,729,360	100.00	3,193,488	100.00

B. Market Share Analysis

The company and its subsidiaries are primarily engaged in the manufacturing and sales of aluminum electrolytic capacitors. Currently, Japanese manufacturers remain the main suppliers of aluminum electrolytic capacitors in the global market, with the top four manufacturers being Japanese and controlling 70% of the global production. Korean manufacturers such as SamYoung and SAMWHA follow, with Taiwanese manufacturers ranking third and Chinese manufacturers occupying fourth place, such as Hunan Aishi Capacitor Co., Ltd. and Nantong Jianghai Capacitor Co., Ltd. High-end product supply is almost entirely dominated by Japanese manufacturers such as Nippon Chemi-con, Nichicon, Rubycon, and Matsushita, and Nippon Chemi-con, Sanyo, and Matsushita are continuing to increase their production capacity to improve their market share. Other manufacturers still primarily produce mid-to-low-end products. In Taiwan's aluminum electrolytic capacitor industry, liquid capacitors are only second to Lelon Electronics Corp, and solid capacitors are only second to Yageo Corporation.

C. Market Supply Demand and Growth Outlook

In 2024, the domestic corporation released the latest global economic outlook for this year, and believed that in 2024, the Federal Reserve Board will definitely cut interest rates, but only slowly. In the next six months, high interest rates and high inflation will be a continuous coexistence of the operating mode, and in the second half of the year, with the surfacing of the interest rate cuts, the economy can be seen to be more obvious growth, which implies that in the near future, the economy will begin to reverse upward; however, up to the moment, the overall passive component industry continues to face the de-stocking of inventories, but the worst of the inventory adjustments is over, and it is estimated that the market situation can be expected to improve in the second half of the year, and the company will also be prudently optimistic in its attitude toward the future operation and to meet the challenges.

D. Competitive Advantages

a. Entitled Years of Industry Experience and Market Sensitivity

Established in 1970, our company has invested in the development of aluminum electrolytic capacitors for a longer period of time compared to other domestic competitors. In addition, through a technical cooperation with HITACHI AIC in Japan and good customer relationships, we are able to provide comprehensive support services to downstream industries. Over the years, we have gained a full understanding of the capacitor industry and developed a sensitivity to changes in the market, allowing us to provide timely responses to trends and meet the needs of downstream customers.

b. High Quality and High Brand Image

Our company and subsidiaries have always maintained high-quality standards, accumulating years of technical experience and expertise. As a result, we have established a good reputation and brand image. Our overseas production facilities have obtained BSI ISO-9001, 14001, ISO/TS 16949, and OHSAS 18001 certifications and safety approvals from multiple countries. Downstream customers rely on us as the main supplier of special performance capacitors, such as high voltage, low impedance, and high ripple products.

c. Professional Technical Expertise which Improves Product's Quality

Our company and subsidiaries produce a wide range of aluminum electrolytic capacitors. Our R&D team actively develops high-end products and works closely with Japanese capacitor experts to improve the quality of our high-voltage capacitors' electrolytic fluid. We also maintain strict standards and quality control measures in our operations to achieve our goal of becoming a market leader.

E. Favorable and Unfavorable Factors in the Long Term

a. Favorable Factors

(I) The demand for passive components continue rising.

Although the passive component industry has entered a stable growth stage with relatively low annual growth rates, the increasing variety of end applications, such

as automotive electronics and high-end mobile devices, constantly drive the usage of passive components. This results in downstream customers being more eager to place orders, and passive component manufacturers launching updated designs, thinner products, and more heat-resistant components to meet market demand. This helps to extend the order visibility of passive component suppliers.

- (II) Developed electrolyte itself, with independent control of the key raw material for aluminum electrolytic capacitors.

The electrolyte is a critical material for aluminum electrolytic capacitors. In recent years, our company and its subsidiaries have actively invested in the research and development and manufacturing of high-pressure electrolytes and various high-margin capacitive products to master the key raw materials for aluminum electrolytic capacitors, thereby improving the company's competitiveness and expanding market share.

- (III) Wide product coverage with excellent quality, and multiple certifications.

The company and its subsidiaries manufacture and sell a wide range of aluminum electrolytic capacitor products, and have rich professional manufacturing technology experience to improve product quality and stability. We have gained recognition and trust from our customers due to our excellent quality, technology, and R&D capabilities, as well as our certification of BSI ISO 9001 & 14001, ISO/TS 16949, and OHSAS18001. This helps in promoting and assisting market expansion.

- (IV) Understanding industry trends in-depth

The company and its subsidiaries have 50 years of experience in the industry, and have an expertise experienced understanding of the future direction of the industry and customer dynamics. We can grasp the latest information on industry conditions, supplier quotations, and customer market demand, which is essential to our company's continuous growth in the capacitor industry.

- (V) Strong and Favorable financial structure.

As a publicly listed company, we have transparent information disclosure and a strong financial structure, which helps to increase support from sales, suppliers, and banks.

b. Unfavorable Factors

- (I) Market competition is relatively increasing

The capacitor industry has the characteristics of a long life cycle, low unit price, and price decline. Due to the widespread application of products in various electronic products and the similarity of product characteristics, the rise of Mainland China manufacturers has caused product prices to collapse, making market competition even more fierce.

Strategies:

- (i) Strictly control quality, enhance brand image, create differentiation among brands, and make "CHINSHAN ELECTRONIC" the first choice for aluminum electrolytic capacitors in Taiwan
 - (ii) Actively develop capacitors with small size, long life, low impedance, high ripple current resistance, and other high added value. Increase the layout of solid-state capacitors and medium- to high-voltage products, and strive for orders from internationally renowned brands to enhance profit margins.
 - (iii) Strengthen the technology of developing key raw materials such as electrolytes and improve the automation level of production equipment to reduce production costs.
 - (iv) Improve production capacity to drive the expansion of procurement scale, thereby increasing bargaining power and competing for competitive niches such as preferential payments and reduced raw material costs.
- (II) Continuously rising labor costs in major production bases

Our company and subsidiaries' main production bases are in Thailand and China. With the recent increase in wages in China, various personnel costs have also continued to rise, putting pressure on production costs.

Strategies:

Improve processes, increase the level of automation of production equipment, reduce labor demand, increase production efficiency, and enhance production capacity to alleviate the impact of rising labor costs.

- (III) The main upstream raw material, aluminum foil, is vulnerable due to fluctuations in international metal prices

Aluminum foil is the most critical raw material for aluminum electrolytic capacitors, accounting for 50~70% of raw material costs. The performance of aluminum electrolytic capacitors mainly depends on the static capacitance. The larger the electrode foil surface area, the higher the static capacitance. However, there is a lack of independent raw material suppliers in Taiwan, and the raw material sources and technical original foil (required for self-corrosion foil production) are mainly from Mainland China and Japan. Japan mainly controls high-voltage aluminum foil, while Japan and Mainland China mainly control low-voltage aluminum foil, with Taiwan producing only a small part. In 2018, the shortage of aluminum foil led to our company's inability to significantly reduce production costs and even caused the company to face the dilemma of having orders but lacking raw materials to manufacture them. In 2019, raw material prices continued to rise, and prices began to reverse at the end of the year. However, with the epidemic continuing to heat up, raw material prices began to rise again in the second quarter of 2021. In the second quarter of 2022, due to the reversal of the economy, aluminum foil prices also began to decline. Aluminum foil prices are still on a downward trend in 2023, but not by much.

Strategies:

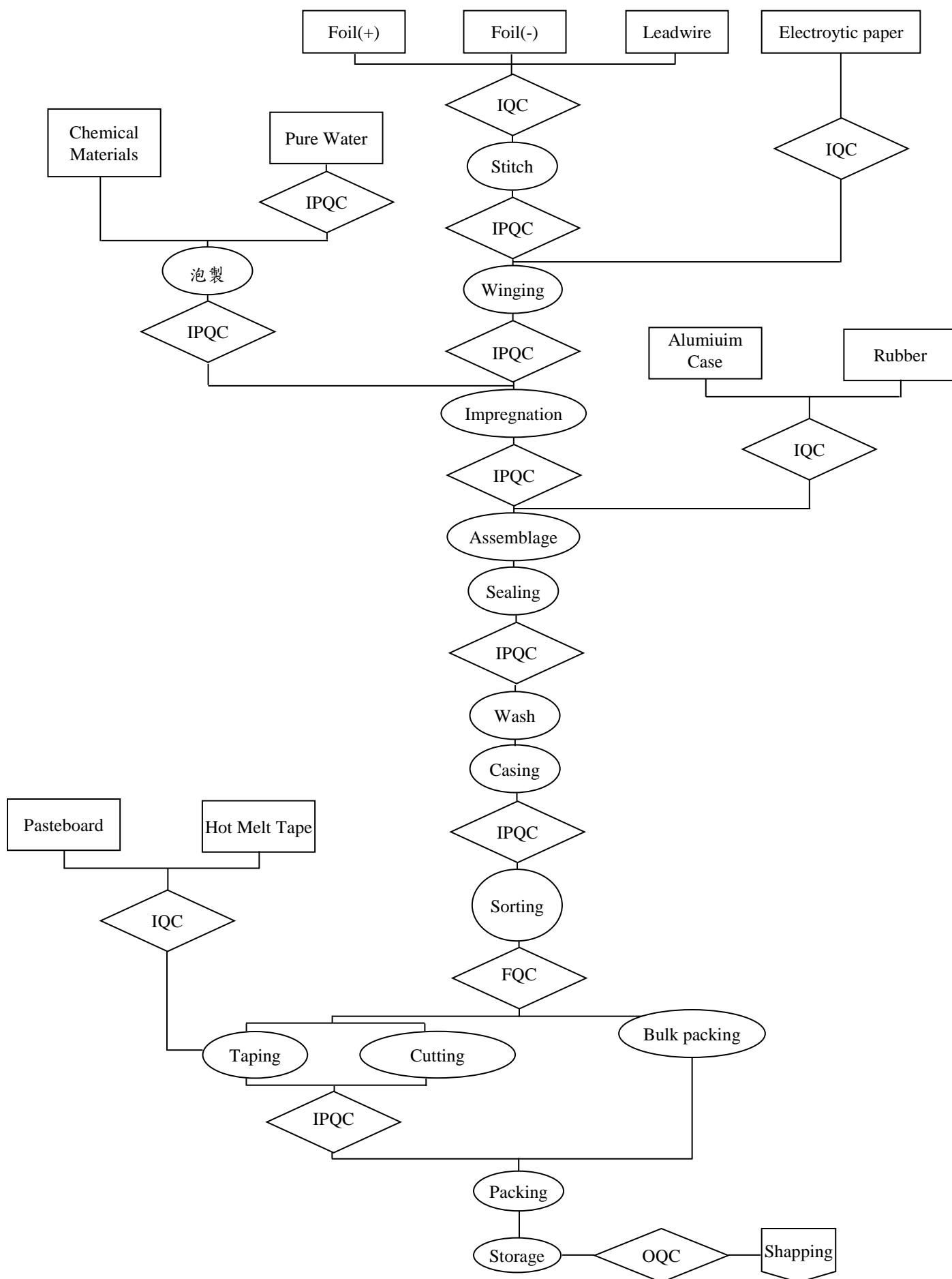
- (i) Directly invest in an aluminum foil factory to obtain a stable source of supply and a reasonable purchase price.
- (ii) Form strategic alliances with aluminum foil factories to strengthen technical exchanges with upstream raw material producers. Actively develop high-quality materials, improve process capabilities, and create a win-win situation for suppliers and the company.
- (iii) Conduct thorough local market research to identify reliable suppliers of high-quality raw materials, and diversify your supply chain to mitigate the risk of material shortages.
- (iv) Scale up production to improve bargaining power in procurement negotiations and reduce overall production costs.

(2) Production Procedures of Main Products

A. Major Products and Their Uses

The company and its subsidiaries primarily produce aluminum electrolytic capacitors (liquid capacitors and solid capacitors). Capacitors are passive components used in electronic circuits, providing functions such as filtering, rectification, coupling, and high-speed charging and discharging. They also have the characteristics of small size and large capacitance, and are widely used in consumer electronics such as black appliances (televisions, audio equipment, etc.), white appliances (refrigerators, washing machines, air conditioners, kitchen appliances, etc.), communication equipment, computer equipment, OA machines, power supplies, energy-saving lamps, IoT devices, industrial control products, optoelectronics, 5G infrastructure equipment, medical and fitness products, among others.

B. The Production Processes



(3) Supply Status of the Major Material

The company and its subsidiaries mainly produce aluminum electrolytic capacitors (liquid capacitors and solid capacitors), which are passive components widely used in electronic circuits for filtering, rectification, coupling, and high-speed charging and discharging. They have the characteristics of small size and large capacitance, and are widely used in black appliances (TVs, audio equipment, etc.), white appliances (refrigerators, washing machines, air conditioners, kitchen appliances, etc.), consumer electronics, communication equipment, computer equipment, OA machines, power supplies, energy-saving lamps, the Internet of Things, industrial control products, optoelectronic products, 5G infrastructure, medical and fitness equipment, and other products.

The main materials used by our company and its subsidiaries include aluminum foil, electrolytic paper, lead pins, aluminum shells, electrolyte (liquid capacitor), and conductive polymer material PEDT (solid capacitor). The supply of main materials varies according to the characteristics of different materials, with sources in Japan, Taiwan, and China. Our procurement policy has always been to maintain at least two or more suppliers for each material, to encourage cooperation, improve quality, and maintain stable and reasonable prices. Currently, our company has a higher inventory of aluminum foil and electrolytic paper, which are more prone to shortages or longer lead times, in order to mitigate the risk of supply disruption.

(4) Major Clients in the Last Two Years

A. Information of Major Clients in Two Years:

Unit:NT\$ thousands

Item	2022				2023			
	Company Name	Amount	Sales (%)	Relation with Clients	Company Name	Amount	Sales (%)	Relation with Clients
1	Liteon	638,538	17.01	N/A	Liteon	515,246	16.13	N/A
2	Chicony	481,041	12.89	N/A	Chicony	460,165	14.40	N/A
	Others	2,613,781	70.10	N/A	Others	2,218,077	69.47	N/A
	Net Revenue	3,729,360	100.00		Net Revenue	3,193,488	100.00	

Note 1: Due to the contractual obligation of non-disclosure of customer names or transactions involving non-related individuals, they shall be referred to by code names.

Reasons in changes of increase and decrease:

The company's main product is aluminum electrolytic capacitors, and our ultimate downstream customers are mainly manufacturers of LCD TVs, displays, notebook computers, power supplies, motherboards, and game consoles. FY2023 revenue decreased by 14.37% from FY2022 due to unfavorable economic conditions. The sales ranking of our main customers remained unchanged and the sales amount of individual customers accounted for a roughly similar percentage of the total sales revenue for the whole year. Under the stable long-term cooperation with existing customers and active development of new products and new customers, the sales ratio of a single customer has not exceeded 20% in the past two years, indicating that the sales targets are still relatively dispersed and there is no risk of concentrated sales. The changes in sales of customers accounting for more than 10% of total sales in the past year were due to the successful development of new products and the resulting increase in customer sales volume. As a result, our customers Lite-On and Walsin remained the customers accounting for more than 10% of our company's sales in 2023 and 2022, and the situation of change was not significantly abnormal.

B. Information of the Major Suppliers in Last Two Years:

Unit:NT\$ thousands

Item	2022				2023			
	Company Name	Amount	Purchase(%)	Relation with Issuer	Company Name	Amount	Purchase(%)	Relation with Issuer
1	Xinjiang Joinworld	506,560	25.63	None	Xinjiang Joinworld	400,157	22.92	None
2	Hilevel Tech	306,469	15.51	None	Hilevel Tech	237,755	13.62	None
	Others	1,163,065	58.86	None	Others	1,108,152	63.46	None
	Net Purchase	1,976,094	100.00		Net Purchase	1,746,064	100.00	

Note 1: Due to the contractual obligation of non-disclosure of suppliers names or transactions involving non-related individuals, they shall be referred to by code names.

Reasons in changes of increase and decrease:

The main business of our company is the production of aluminum electrolytic capacitors and solid capacitors. Our procurement items mainly include aluminum foil, electrolytic paper, resin caps, and chemicals. In considering factors such as product quality, price conditions, delivery coordination, and supply stability, our main suppliers in fiscal years 2022~2023 remain the same, but the amount of purchases have decreased. This was mainly due to the continuous downturn of the economy in 2023 and the decrease in the Company's imports as customers adjusted their inventories to cope with the situation. Moreover, the purchase ratio from any single supplier does not exceed 30%, so there is no risk of concentrated procurement or unstable supply sources.

(5) Production in the Last Two Years:

Unit: thousands PCS; NT\$ thousands

Major Products	Year	2022			2023		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Capacitors		2,150,000	984,948	2,821,822	2,150,000	857,818	2,434,268
Total		2,150,000	984,948	2,821,822	2,150,000	857,818	2,434,268

Note: Multiple product lines share several equipment capacities for versatile production, thus the production capacity among them is interchangeable.

(6) Sales in the Last Two Years:

Unit: Thousands PCS; NT\$ thousands

Major Products	Sales output	Year	2022				2023			
			Local		Export		Local		Export	
			Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Capacitors			19,928	71,774	941,337	3,657,586	12,216	59,243	1,332,740	3,134,245
Total			19,928	71,774	941,337	3,657,586	12,216	59,243	1,332,740	3,134,245

3. Human Resources:

March 31, 2024

Year		2022	2023	As of March 31
Number of Employees	Direct	731	933	885
	Indirect	399	455	406
	Management	209	196	204
	R&D	64	74	73
	Practioners Employees	33	30	29
	Total	1,436	1,688	1,597
Average Age		35.31	34.46	35.63
Average Years of Service		6.42	5.97	6.55
Education ratio	Ph.D.	1	1	1
	Masters	24	25	25
	Bachelor's Degree	360	419	380
	Senior High School	590	604	602
	Below Senior High School	461	639	589

4. Recycling Protection Expenditure: Up to the date of printing of the annual report, there were no losses (including compensation) or disposals due to environmental pollution. There are no future response measures (including improvement measures) or possible expenditures (including estimated amounts of losses, disposals, and compensation that may occur if no response measures are taken. If it is not possible to estimate them reasonably, the fact that they cannot be reasonably estimated should be stated).

5. labor-management relations

(1) The employee's welfare includes, continuing education and training, retirement system, and their execution status, as well as the agreements and measures to protect the rights and interests of employees between labor and management:

A. Employee welfare includes:

- Employee travel
- Birthday and festival gifts
- Regular health checkups
- Wedding and funeral subsidies
- Labor insurance and national health insurance benefits
- Internal and external training
- Employee childcare subsidies
- Employee group insurance and travel safety insurance for overseas business trips
- Directors and supervisors liability insurance with attached manager insurance
- Birthday leaves

B. Training and Development

Our company provides external training and education programs for employees to meet their job requirements. In addition, we offer various internal training courses such as management and general education training programs based on employees' job needs. In 2023, in addition to employees' self-application for external training and professional skill training courses, the group also provides relevant courses internally.

Type of Courses	Total headcount	Total hours	Total expenses (NT\$)
External Training	442	4,120	476,672
Internal Training	13,945	32,183	0
Total	14,387	36,303	476,672

- C. The situation of relevant licenses obtained by the personnel related to financial and information transparency designated by the competent authority in our company is as follows:

Accounting related educating courses such as accounting supervisors, accountant, etc.:3 from the finance department.

Audit personnel professional training courses: 2 from the audit department and 1 other departments.

- D. Status of the retirement system and its execution.

The company has established a retirement system and a Labor Retirement Reserve Fund Supervisory Committee, which was approved by the Taipei County Government in a letter with reference number 76 Bei Fu She Si Zi No. 62640 on April 11, 1987. The committee sets aside 2.5% of the total salary amount monthly as a labor retirement reserve. Starting from December 31, 1999, based on the Financial Accounting Standards Bulletin No. 18 "Accounting Treatment of Retirement Benefits" and actuarial assessment reports, the company changed the contribution rate to 2% and established a labor retirement reserve fund account with the Central Trust of China. In addition, since July 1, 2005, the company has implemented a new retirement pension system and sets aside 6% of the total salary amount for new employees who choose the new system to be stored in their employee retirement pension account.

- E. The agreements between labor and management that measures to protect employee rights
Since its establishment, our company has established an interactive communication and complaint channel with employees, fully complying with labor laws and strengthening welfare measures. Therefore, the relationship between labor and management has been harmonious, and there have been no labor disputes. The company also handles communication and coordination through labor-management meetings to ensure that both sides can achieve a common understanding and promote the smooth development of various tasks.

- F. Employee's code of ethics

The company has established various codes of conduct and internal regulations, such as "Integrity Operating Procedures and Behavioral Guidelines," "Code of Ethics," "Employee Management Regulations," "Employee Reward and Punishment Measures," and "Confidentiality Agreement," as a basis for employees' daily work and behavior. These regulations aim to regulate employees' moral behavior and ensure that all employees strictly comply with the company's relevant regulations and maintain the company's reputation while engaging in daily work and business activities.

- G. The methods protecting the work environment and employee's personal safety

The current execution status of measures related to the working environment and employee safety in our company is as follows:

Item	Details
Maintenance and Inspection of Equipment	Various electrical and voltage equipment, elevators, air conditioning systems, official vehicles, fire extinguishers, and other important facilities are inspected and maintained regularly and irregularly by external professionals or institutions. The factory has a team of organic maintenance personnel who perform regular maintenance and upkeep on the equipment. The equipment design has taken into account measures for ensuring personal safety.
Security of the access control	It has security personnel and access control systems in place, and also signed a contract with a security company to install a monitoring security system to maintain safety and access control during nights and holidays.
Medical Insurance	In addition to enroll all employees in labor insurance and health insurance in accordance with the law, the company also provides employees with group insurance for accidents and medical care. The company also regularly organizes employee health check-ups.
Environmental Signage Warning	Signage warnings are posted in various work environments to remind employees to pay attention to safety and security, in order to maintain a safe workplace.
Internal Announcement	For various tasks or projects, the company will inform all employees of the precautions and preventive measures through e-mails or postings on bulletin

Item	Details
	boards (including electronic bulletin boards).
Equipped AED device	An AED device has been installed in the security guard room to facilitate emergency rescue needs.

- (2) The latest annual report up until the date of printing, the company has disclosed any losses incurred due to labor disputes and has provided an estimate of the current and potential future losses along with measures taken to address the issue. If an estimate cannot be reasonably determined, the report should explain the reasons for the inability to provide an estimate: N/A

6. Information Security Management

To strengthen the risk management of Information and communication technology (ICT) security, we have established an ICT security execution team, an ICT security risk management framework, formulated ICT security policies and specific management plans, and invested resources in ICT security management. We also regularly review ICT security policies to ensure ICT security.

(1) Structure of ICT Security Risk Management:

The ICT security execution team regularly reviews ICT security management policies and related measures. All members of each unit are required to implement them in accordance with relevant measures. During daily operations, we regularly check firewalls, network equipment, servers and other equipment to detect problems in a timely manner. We conduct ICT security risk assessments and coordinate with audit units to ensure the correctness and effectiveness of operations. If errors, vulnerabilities, or risks are identified, we immediately implement improvements to establish a continuous improvement management cycle for ICT security.

(2) Information Security Policy

A. Purpose

To enhance the risk management of information security, ensure the security of data, systems, equipment, and networks, and establish this policy.

B. Information Security Objectives

To ensure the correctness, availability, integrity, and confidentiality of the information operations of the company, and to avoid threats from internal and external information security incidents. In the event of an accident, the company should be able to respond quickly, restore normal operations within the shortest time possible, and reduce the damage caused by the accident

C. Information Security Management Measures

Establish an information security execution team to formulate information security policies and specific management plans, and implement the information security operation cycle to ensure information security.

a. Implement Information Security to Enhance the Service Quality

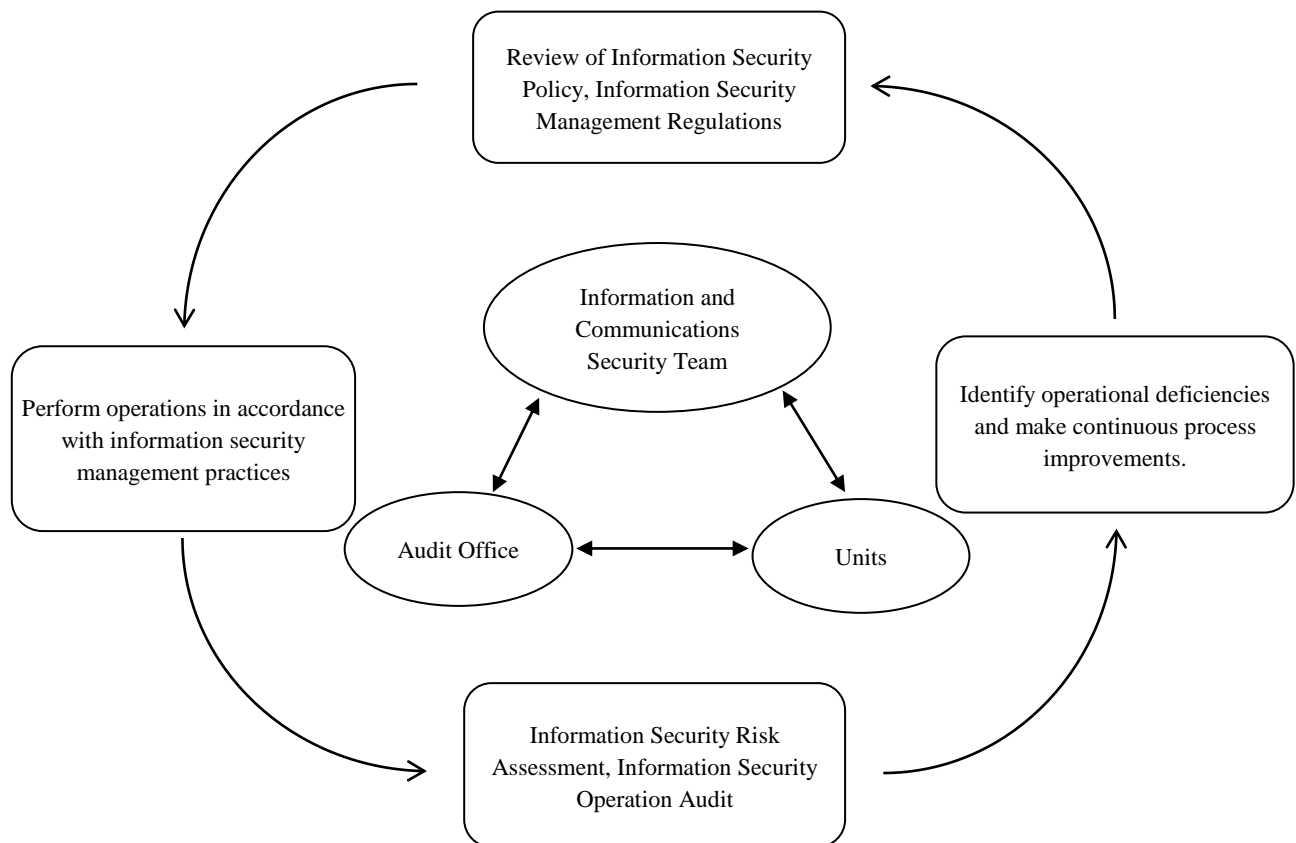
All employees should implement ISMS to ensure the confidentiality, integrity, and availability of business data, and prevent the risk of leakage, destruction, or loss due to external threats or improper internal management. Choose appropriate protection measures to continuously monitor, review, and audit the information security system to strengthen service quality and improve service levels.

b. Strengthen Information Security Training to Ensure Sustainable Operations

Supervise all employees to implement information security management work and conduct appropriate information security education and training every year, and promote the concept of "information security is everyone's responsibility" to make employees understand the

c. Real-time Emergency Response and Rapid Disaster Recovery

Establish emergency response and disaster recovery plans for important information assets and critical business operations, and regularly conduct drills for various emergency response procedures to ensure that the information system can be quickly restored in the event of system failure or major disasters. This will ensure the continuous operation of critical business functions and minimize losses.



D. Review and Revision

This policy shall be implemented upon approval by the Group CEO, and shall be subject to periodic review and revision as necessary.

(3) Specific Management Plan

- A. Considering that cybersecurity insurance is still a relatively new type of insurance, our company's current cybersecurity risk management plan is effective in protecting information security. Therefore, after evaluation by the Information Security Execution Team, our company has decided not to purchase cybersecurity insurance at this time.
- B. Our company's specific management plan for information security is divided into three stages based on the time of occurrence of cybersecurity incidents: prevention, daily operation and maintenance, and incident handling. The specific contents of the management plan are as follows:

Type	Description	Contents
Prevent External Invading	Install firewall and antivirus software	Set up network firewalls Install antivirus software on servers and computer hosts with automatic virus code updates Perform weekly antivirus software computer scans
Prevent Information Leakage	Permissions Restrictions Management	Audit and manage personnel account and permissions Regularly check system permission settings
Maintain Daily operations	Data backup and verifications	Back up data according to data type, with heterogeneous backups and off-site storage, and regularly test data restoration Conduct daily server host checks and system tests Conduct regular computer checks
Management of Information Security Incidents	Disaster restore plan	Establish a disaster recovery plan Regularly simulate drills in the absence of an event Write a post-event disaster recovery plan execution report for review and improvement.

(4) Resources invested during Information Security Management

- A. The subscription for firewall protection has expired and has been renewed before expiration.
- B. The subscription for endpoint antivirus system has expired and has been renewed before expiration.
- C. "Periodic Inspection of Operational System Authorization Settings" has been completed.
- D. Completed "Computer Inspection"
- E. Information security promotion sessions have been promoted twice.

7. Important Contract:

Agreement	Counterparty	Periods	Major Content	Restrictions
Mid-long term debt payable	Bank SinoPac	2023/12-2025/12	Mid-long term Working Capital	According to the acceptance in the contracts
Mid-long term debt payable	Hua Nan Bank	2023/09-2025/09	Mid-long term Working Capital	According to the acceptance in the contracts
Mid-long term debt payable	Fubon Bank	2023/06-2025/05	Mid-long term Working Capital	According to the acceptance in the contracts
Mid-long term debt payable	Entie Bank	2023/09-2025/09	Mid-long term Working Capital	According to the acceptance in the contracts
Mid-long term debt payable	KGI Bank	2024/02-2026/02	Mid-long term Working Capital	According to the acceptance in the contracts

VI. Financial Analysis

1. Five-Year Financial Summary

(1) Condensed Balance Sheet - Based on IFRS

A. Consolidated Condensed Balance Sheet

Unit: NT\$ thousands

Item \ Year		Financial Summary for The Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		4,378,758	4,534,207	4,747,317	4,728,233	4,586,669
Property, Plant and Equipment		1,685,922	1,662,940	1,700,823	1,901,141	2,149,940
Intangible Assets		0	4,527	80,334	73,301	71,613
Other Assets		1,561,172	1,349,416	1,439,913	1,424,607	1,281,541
Total Assets		7,625,852	7,551,090	7,968,387	8,127,282	8,089,763
Current Liabilities	Before Distribution	2,444,137	2,503,796	2,230,382	2,574,643	2,736,439
	After distribution	2,444,137	2,591,780	2,359,844	2,678,213	2,801,170 (Note 2)
Non-current liabilities		1,225,850	1,214,828	2,000,957	1,506,298	1,445,374
Total liabilities	Before distribution	3,669,987	3,718,624	4,231,339	4,080,941	4,181,813
	After distribution	3,669,987	3,806,608	4,360,801	4,184,511	4,246,544 (Note 2)
Equity attributable to shareholders of the parent		3,896,505	3,773,083	3,675,217	3,979,725	3,845,381
Capital stock		1,220,309	1,256,918	1,294,625	1,294,625	1,294,625
Capital Surplus		1,485,097	1,459,178	1,412,607	1,412,631	1,321,309
Retained Earnings	Before distribution	1,534,295	1,520,145	1,588,842	1,566,830	1,550,765
	After distribution	1,534,295	1,432,161	1,459,380	1,463,260	1,486,034 (Note 2)
Other equity interest		(343,196)	(463,158)	(620,857)	(294,361)	(321,318)
Treasury stock		0	0	0	0	0
Non-controlling interest		59,360	59,383	61,831	66,616	62,569
Total equity	Before distribution	3,955,865	3,832,466	3,737,048	4,046,341	3,907,950
	After distribution	3,955,865	3,744,482	3,607,586	3,852,147	3,752,595 (Note 2)

Note 1: The financial information for every year has been audited and certified by a certified public accountant.

Note 2: 2023 Surplus Distribution Approved by the Board of Directors on 2024/04/08.

B. Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating Revenue	3,727,911	3,746,016	4,300,713	3,729,360	3,193,488
Gross profit	510,801	596,063	687,981	665,767	553,558
P&L from operations	62,816	189,005	197,256	184,851	44,396
Non-operating income& expenses	(13,639)	(127,442)	13,437	(55,015)	88,034
Income before tax	49,177	61,563	210,693	129,836	132,430
Income from operations of continued segments Net income (Loss)	6,096	7,568	163,587	107,024	91,221
Loss of discontinued operations	0	0	0	0	0
Net income (Loss)	6,096	7,568	163,587	107,024	91,221
Other comprehensive income (Income after tax)	(100,544)	(124,947)	(167,845)	331,707	(26,211)
Total comprehensive income	(94,448)	(117,379)	(4,258)	438,731	65,010
Net income attributable to shareholders of the parent	3,632	10,717	161,131	104,614	92,670
Net income attributable to non-controlling interest	2,464	(3,149)	2,456	2,410	(1,449)
Comprehensive income attributable to Shareholders of the parent	(97,100)	(112,238)	(1,018)	433,946	66,126
Comprehensive income attributable to non-controlling interest	2,652	(5,141)	(3,240)	4,785	(1,116)
Earnings per share	0.03	0.08	1.24	0.81	0.72

Note 1: The financial information for every year has been audited and signed by certified public accountants.

C. Condensed Balance Sheet-Individual

Unit: NT\$ thousands

Item \ Year		Financial Summary for The Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		2,167,886	2,199,315	2,198,366	2,619,681	2,632,751
Property, Plant and Equipment		71,071	68,974	66,823	67,198	67,453
Intangible assets		0	0	0	0	0
Other assets		5,905,357	5,717,039	5,888,233	6,324,074	6,214,818
Total assets		8,144,314	7,985,328	8,153,422	9,010,953	8,915,022
Current Liabilities	Before distribution	3,055,170	3,038,676	2,509,152	3,610,918	3,791,026
	After distribution	3,055,170	3,126,660	2,638,614	3,714,488	3,855,757 (Note 2)
Non-current liabilities		1,192,639	1,173,569	1,969,053	1,420,310	5,069,641
Total liabilities	Before distribution	4,247,809	4,212,245	4,478,205	5,031,228	5,031,228
	After distribution	4,247,809	4,300,229	4,607,667	5,134,798	5,134,372 (Note 2)
Equity attributable to shareholders of the parent		3,896,505	3,773,083	3,675,217	3,979,725	3,845,381
Capital stock		1,220,309	1,256,918	1,294,625	1,294,625	1,294,625
Capital surplus		1,485,097	1,459,178	1,412,607	1,412,631	1,321,309
Retained Earnings	Before distribution	1,534,295	1,520,145	1,588,842	1,566,830	1,550,765
	After distribution	1,534,295	1,432,161	1,459,380	1,463,260	1,486,034 (Note 2)
Other equity interest		(343,196)	(463,158)	(620,857)	(294,361)	(321,318)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	3,896,505	3,773,083	3,675,217	3,979,725	3,845,381
	After distribution	3,896,505	3,685,099	3,545,755	3,785,531	3,690,026 (Note 2)

Note 1: The financial data for each year has been audited and certified by a certified public accountant.

Note 2: 2023 Surplus Distribution Approved by the Board of Directors on 2024/04/08.

D. Consolidated Condensed Statement of Income- Individual

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	2,593,668	2,488,874	3,014,599	2,750,870	2,364,416
Gross profit	132,066	156,616	252,868	123,880	141,845
Income from operations	38,783	64,544	142,411	9,344	17,268
Non-operating income and expenses	(28,570)	(45,795)	41,818	98,180	87,832
Income before tax	10,213	18,749	184,229	107,524	105,100
Income from operations of continued segments - after tax	3,632	10,717	161,131	104,614	92,670
Income from discontinued operations	0	0	0	0	0
Extraordinary gain or loss	3,632	10,717	161,131	104,614	92,670
Other comprehensive income (Income after tax)	(100,732)	(122,955)	(122,955)	329,332	(26,544)
Total comprehensive Income	(97,100)	(112,238)	(1,018)	433,946	66,126
Net income attributable to shareholders of the parent	3,632	10,717	161,131	104,614	92,670
Net income attributable to non-controlling interest	0	0	0	0	0
Comprehensive income attributable to Shareholders of the parent	(97,100)	(112,238)	(1,018)	433,946	66,126
Comprehensive income attributable to non-controlling interest	0	0	0	0	0
Earnings per share	0.03	0.08	1.24	0.81	0.72

Note 1: The financial data for each year has been audited and certified by a certified public accountant.

(2) Auditors' Informations and Opinions for the Last Five Years

Year	Auditor's Name	Accounting Firm	Audit Opinion
2019	Lin Yu-Hsuan, Juan Lu Shao-Wei	Ever Fortune CPA	Unqualified Opinion
2020	Lin Yu-Hsuan, Juan Lu Shao-Wei	Ever Fortune CPA	Unqualified Opinion
2021	Lin Yu-Hsuan, Juan Lu Shao-Wei	Ever Fortune CPA	Unqualified Opinion
2022	Lin Yu-Hsuan, Juan Lu Shao-Wei	Ever Fortune CPA	Unqualified Opinion
2023	Lin Yu-Hsuan, Juan Lu Shao-Wei	Ever Fortune CPA	Unqualified Opinion

2. Financial Analysis for the Last 5 Years

(1) Consolidated Financial Analysis - Based on IFRS

Evaluation Item (Note 3)		Year	Financial Information for the Most Recent 5 Years (Note 1)				
			2019	2020	2021	2022	2023
Financial Structure (%)	Debt to assets ratio		48.50	49.24	53.10	50.21	51.70
	Ratio of long-term capital to property, plant and equipment		307.35	303.52	337.37	292.07	249.00
Solvency (%)	Current ratio		179.15	181.09	212.85	183.65	167.61
	Quick ratio		124.21	133.29	147.62	137.95	128.49
	Times interest earned		259.23	287.79	791.20	423.69	357.70
Operating performance	Accounts receivable turnover (times)		2.50	2.37	2.63	2.50	2.56
	Average collection days		146.00	154	138.78	146.00	142.57
	Inventory turnover (times)		2.47	2.48	2.72	2.33	2.35
	Average payable turnover (times)		4.69	3.75	3.54	3.57	3.54
	Average inventory turnover (days)		147.77	147.17	134.19	156.65	155.31
	Property, plant and equipment turnover (times)		2.20	2.24	2.56	2.07	1.58
	Total asset turnover (times)		0.49	0.49	0.55	0.48	0.41
Profitability %	Return on total assets (%)		0.37	0.49	2.39	1.74	1.71
	Return on equity (%)		0.09	0.28	4.26	2.75	2.29
	Ratio to paid-in capital (%)		4.03	4.90	16.27	10.03	10.23
	Net profit margin (%)		0.10	0.29	3.74	2.87	2.86
	Earnings per share (NT\$)		0.03	0.09	1.24	0.81	0.72
Cash flow %	Cash flow ratio (%)		5.12	30.52	11.45	26.70	25.60
	Cash flow adequacy ratio (%)		38.59	66.34	56.49	80.50	135.32
	Cash reinvestment ratio (%)		(2.6)	16.89	3.35	8.11	7.35
Leverage %	Operating leverage		820.85	354.48	310.73	334.03	1112.10
	Financial leverage		196.72	120.98	118.28	127.71	(634.77)
Please explain the reasons for the changes in various financial ratios over the past two years. (Analysis may be waived if the changes do not exceed 20%)							
1. Property, plant and equipment turnover (times): Mainly due to the decrease in operating revenue and increase in property, plant and equipment in the current period compared to the previous period.							
2. Cash flow adequacy ratio (%): Mainly due to the increase in net cash flow from operating activities over the past five years compared to the previous period.							
3. Operating leverage (%): Mainly due to the decrease in operating profit in the current period compared to the previous period.							
4. Financial leverage (%): Mainly due to the decrease in operating profit and increase in interest expense in the current period compared to the previous period.							

(2) Individual Financial Analysis - Based on IFRS

Evaluation Item(Note 3)		Financial Information for the Most Recent 5 Years (Note 1)				
		2019	2020	2021	2022	2023
Financial Structure (%)	Debt to assets ratio	52.16	52.75	54.92	55.82	56.86
	Ratio of long-term capital to property, plant and equipment	7160.65	7171.76	8446.60	8036.01	7596.39
Solvency (%)	Current ratio	70.96	72.38	87.61	72.55	69.45
	Quick ratio	62.78	63.62	75.76	66.14	62.96
	Times interest earned	259.23	161.92	600.57	372.02	260.90
Operating performance	Accounts receivable turnover (times)	4.10	2.54	2.75	2.54	2.47
	Average collection days	89.02	143.70	132.72	143.70	147.77
	Inventory turnover (times)	12.86	9.04	9.80	9.93	9.32
	Average payable turnover (times)	2.42	1.51	1.78	1.58	1.14
	Average inventory turnover (days)	28.38	40.38	37.24	36.75	39.16
	Property, plant and equipment turnover (times)	51.56	35.54	44.40	41.05	35.12
	Total asset turnover (times)	0.49	0.31	0.37	0.32	0.26
Profitability	Return on total assets (%)	0.37	0.43	2.28	1.57	1.48
	Return on equity (%)	0.09	0.28	4.33	2.73	2.37
	Ratio to paid-in capital (%)	4.03	1.49	14.23	8.31	8.12
	Net profit margin (%)	0.10	0.42	3.74	3.77	3.52
	Earnings per share (NT\$)	0.03	0.09	1.24	0.81	0.72
Cash flow	Cash flow ratio (%)	4.10	4.18	(6.95)	16.93	16.13
	Cash flow adequacy ratio (%)	38.59	14.37	(48.40)	11.11	155.81
	Cash reinvestment ratio (%)	(2.43)	18.73	(1.64)	9.36	2.20
Leverage	Operating leverage	221.13	172.51	137.28	793.71	471.43
	Financial leverage	350.72	188.38	124.55	(33.32)	(52.97)

Please explain the reasons for the changes in each financial ratio in the past two years. (Analysis may be exempted if the changes do not exceed 20%)

1. Interest coverage ratio (%): Mainly due to the increase in interest expense in the current period compared to the previous period.
2. Average payable turnover (times): Mainly due to the increase in accounts payable in the current period compared to the previous period.
3. Cash flow adequacy ratio (%): Mainly due to the increase in net cash flow from operating activities in the last five years compared to the previous period.
4. Cash reinvestment ratio (%): Mainly due to the decrease in net cash inflow from operating activities in the current period compared to the previous period.
5. Operating leverage (%): Mainly due to the increase in operating profit in the current period compared to the previous period.
6. Financial leverage (%): Mainly due to the increase in interest expense in the current period compared to the previous period.

Note 1: The financial data for each fiscal year have all been audited and signed off by a certified public accountant.

Note 2: The calculation formulas for the following should be listed at the end of this annual report:

1. Financial Structure

(1) Debt-to-Asset Ratio = Total Liabilities / Total Assets

(2) Long-Term Funds to Property, Plant and Equipment Ratio = (Total Equity + Non-Current Liabilities) / Net Property, Plant and Equipment

2. Debt Servicing Capacity

(1) Current Ratio = Current Assets / Current Liabilities

(2) Quick Ratio = (Current Assets - Inventory - Prepaid Expenses) / Current Liabilities

(3) Interest Coverage Ratio = Earnings Before Income Tax and Interest / Interest Expense for the Period

3. Operating Performance

(1) Accounts Receivable Turnover (including accounts receivable and bills receivable generated from operations) = Net Sales / Average Accounts Receivable Balance (including accounts receivable and bills receivable generated from operations) for the Period

(2) Average Collection Period = 365 / Accounts Receivable Turnover

(3) Inventory Turnover = Cost of Goods Sold / Average Inventory Balance

(4) Accounts Payable Turnover (including accounts payable and bills payable generated from operations) = Cost of Goods Sold / Average Accounts Payable Balance (including accounts payable and bills payable generated from operations) for the Period

(5) Average Sales Period = 365 / Inventory Turnover

(6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment

(7) Total Asset Turnover = Net Sales / Average Total Assets

4. Profitability

(1) Return on Assets (ROA) = (Net Income + Interest Expense x (1 - Tax Rate)) / Average Total Assets

(2) Return on Equity (ROE) = Net Income / Average Total Equity

(3) Net Profit Margin = Net Income / Net Sales

(4) Earnings Per Share (EPS) = (Net Income Attributable to Shareholders - Preferred Stock Dividends) / Weighted Average Number of Common Shares Outstanding

5. Cash Flow

(1) Cash Flow Ratio = Operating Cash Flow / Current Liabilities

(2) Cash Flow Adequacy Ratio = Operating Cash Flow in the Past Five Years / (Capital Expenditures + Increase in Inventory + Cash Dividends Paid) in the Past Five Years

(3) Cash Reinvestment Ratio = (Operating Cash Flow - Cash Dividends Paid) / (Gross Fixed Assets + Long-Term Investments + Other Non-Current Assets + Working Capital)

6. Leverage

(1) Operating Leverage = (Net Sales - Variable Operating Costs and Expenses) / Operating Income

(2) Financial Leverage = Operating Income / (Operating Income - Interest Expense)

Note 3: When calculating earnings per share, the following should be noted:

1. The weighted average number of ordinary shares should be used, rather than the year-end issued share capital.
2. In the case of cash capital increases or treasury stock transactions, the weighted average number of shares should be calculated taking into account their circulation period.
3. In the case of earnings transferred to capital increases or capital surplus, the earnings per share for previous years and semi-annual periods should be retrospectively adjusted according to the increase ratio, without considering the period of issuance of the increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the current year (whether paid or not) should be deducted from or added to the net profit after tax. If the preferred shares are non-cumulative, and there is net profit after tax, the dividends should be deducted from the net profit after tax. If there is a loss, no adjustment is necessary.

Note 4: The following should be noted when evaluating cash flow analysis:

1. Operating cash flow is the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refer to the annual cash outflow of capital investments.
3. Inventory increases are only included when the ending balance is greater than the beginning balance. If the inventory decreases at year-end, it is calculated as zero.
4. Cash dividends include dividends for both common and preferred shares.
5. The gross amount of property, plant, and equipment refers to the total amount before accumulated depreciation.

Note 5: The issuer should distinguish between fixed and variable operating costs and expenses by nature, and if estimates or subjective judgments are involved, attention should be paid to their reasonableness and consistency.

Note 6: In the case of stocks without a par value or a per-share par value that is not NT\$10, the calculation of the ratio of capital to actual capital shall be based on the equity attributable to the parent company's owner in the balance sheet.

3. The review report of the audit committee on the financial statements for the most recent year:
Please refer page 98~99

4. The most recent annual financial report, including the auditor's report, the balance sheets, income statements, statements of changes in equity, cash flow statements, and notes or schedules for two years: Please refer Appendix 1

5. The individual financial statements of the company for the most recent fiscal year, which have been audited and signed by the auditor: Please refer page Appendix 2

6. If there have been any financial difficulties affecting the financial status of the company and its related entities in the most recent year or up to the printing date of the annual report, such information shall be disclosed: Not Applicable.

Taiwan Chinsan Electronic Industrial Co., Ltd.

Audit Committee Audit Report

The board of directors has prepared the company's 2023 consolidated financial reports and individual financial reports, which were audited by CPA LIN, YU-HSUAN and JUAN LU, SHAO WEI from Ever-Fortune CPAs & Co., and an audit report was issued. The above-mentioned together with 2023 business report have been reviewed by the Audit Committee and found to be consistent. The report as above is in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review

Sincerely,

Taiwan Chinsan Electronic Industrial Co., Ltd. 2024 Annual General Meeting of Shareholders

Convenor of the Audit Committee: TSAI, CHIH-WEI

March 26, 2024

Taiwan Chinsan Electronic Industrial Co., Ltd.

Audit Committee Audit Report

The board of directors has prepared the 2023 surplus earnings distribution proposal has been reviewed by the Audit Committee and found to be consistent. The report as above is in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review

Sincerely,

Taiwan Chinsan Electronic Industrial Co., Ltd. 2024 Annual General Meeting of Shareholders

Convenor of the Audit Committee: TSAI, CHIH-WEI

April 8, 2024

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

1. Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2023	2022	Amount Difference	Difference %
Current Assets	4,586,669	4,728,233	(141,564)	(2.99)
Fixed Assets	3,503,094	3,399,049	104,045	3.06
Total Assets	8,089,763	8,127,282	(37,519)	(0.46)
Current Liabilities	2,736,439	2,574,643	161,796	6.28
Long-term liabilities	1,445,374	1,506,298	(60,924)	(4.04)
Total Liabilities	4,181,813	4,080,941	100,872	2.47
Capital Stock	1,294,625	1,294,625	0	0
Additional Paid-In Capital	1,321,309	1,412,631	(91,322)	(6.46)
Retained Earnings	1,550,765	1,566,830	(16,065)	(1.03)
Other Adjustments	(321,318)	(294,361)	(26,957)	9.16
Non-controlling interest	62,569	66,616	(4,047)	(6.08)
Total Stockholders' Equity	3,907,950	4,046,341	(138,391)	(3.42)
<p>(1) Major Reasons on the effect of changes on the company's financial condition (a decreases of ratio over 20% with a difference of NT\$10 million):</p> <p style="padding-left: 20px;">A. No significant changes occurred</p> <p>(2) Future response actions:</p> <p style="padding-left: 20px;">As there have been no significant anomalies in the overall performance of the company, there is currently no need to devise a specific plan for addressing the significant changes.</p>				

2. Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2023	2022	Amount Difference	Difference %
Net Sales	3,193,488	3,729,360	(535,872)	(14.37)
Cost of Sales	2,639,930	3,063,593	(423,663)	(13.83)
Gross Profit	553,558	665,767	(112,209)	(16.85)
Operating Expenses	509,162	480,916	28,246	5.87
Operating Income	44,396	184,851	(140,455)	(75.98)
Non-operating Income and expenses	88,034	(55,015)	143,049	(260.02)
Profit Before Tax	132,430	129,836	2,594	2.00
Income Tax Expenses	41,209	22,812	18,397	80.65
Net profit after Tax	91,221	107,024	(15,803)	(14.77)
Other comprehensive income (OCI)	(26,211)	331,707	(357,918)	(107.90)
Total comprehensive income	65,010	438,731	(373,721)	(85.18)

- (1) Major reasons on the significant changes in the Operating Revenue and Operating Profit in the past two years (the significant changes are more than 10% and exceeding 1% of the total assets for the current year):
- A. Operating revenue and cost of goods sold: The decrease in revenue and cost of goods sold compared to the same period last year is due to the decreasing global demand for electronic products.
 - B. Gross Profit: The decrease in gross profit compared to the same period last year is due to the decrease in revenue.
 - C. Non-operating Income and expenses: The main reason was that the gain on financial assets at fair value through profit or loss increased compared to the same period last year and the impairment loss decreased compared to the same period last year.
 - D. Other Comprehensive Income(OCI): The decrease of NT\$344,226 thousands in the exchange difference of financial statements for overseas operating entities compared to the same period last year is the major reasons.
 - E. The Comprehensive Income: The decrease of NT\$344,226 thousands in the exchange difference of financial statements for overseas operating entities compared to the same period last year is the main reason for the changes.
- (2) Response action for the forecasted sales volume that has potential impact on the company's future operations:
The forecasted financial has not been publicly disclosed by the company, therefore, the forecasted sales volume is not applicable.

3. Analysis of Cash Flow

(1) Cash Flow Analysis for the Current Year(2023)

Unit: NT\$ thousands

Item	2023	2022	Surplus(Deficit)
Net Cash Flow from Operating Activities	700,657	687,385	13,272
Net Cash Flow from Investing Activities	(449,923)	(380,417)	(69,506)
Net Cash Flow from Financing Activities	(274,766)	75,706	(350,472)

Explanation of changes in increase and decrease analysis:

- (1) Operating Activities: Mainly due to increased interest received
- (2) Investing Activities: Mainly due to increase in financial assets at fair value through profit or loss.
- (3) Financing Activities: Mainly due to the increase in the amount of bond redemption.

(2) Remedy for Cash Deficit and Liquidity Analysis: Not applicable.

(3) Cash Flow Analysis for 2024

Unit: NT\$ thousands

Estimated Cash Equivalents at the Beginning of the year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (3)	Cash Surplus(Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
1,093,322	301,672	625,355	1,069,639	—	—
<p>(1) Analysis of changes in Cash Flow for the next year:</p> <p>A. Operating Activities: Expected Cash Inflows from operating activities and deducting the relevant operating expenses, are projected to result in a net cash inflow of NT\$301,672 thousand from operating activities for the entire year.</p> <p>B. Investment Activities: The main factors were the purchase of property, plant and equipment of \$50,000 thousand and the capital increase of \$300,000 thousand in Thailand through a foreign company, and the expected return of \$180,000 thousand from the capital reduction of Hong Kong Company.</p> <p>C. Financing Activities: Cash dividends of \$64,731 thousand from earnings and cash dividends of \$90,624 thousand from capital surplus were distributed.</p> <p>(2) Remedial measures of liquidity analysis for the expected cash shortfall: Not Applicable.</p>					

4. 2023 Major Impacts on the Capital Expenditures Items:

In 2023, the company's significant capital expenditures of \$357,908 thousand were mainly for the purchase of land and equipment. This investment project emphasizes future return on investment and is not expected to have a significant impact on our financial operations.

5. Recent Investment Policy, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year:

Unit: NT \$ thousands

Item	Remarks	Recognition of gains from investment transfers for the year 2023	Core Business Operation	Reasons for Gain or Loss	Action Plan	Investment Plan in the Coming Year
CHINSAN (CAYMAN) ENTERPRISE CO., LTD.		16,240	General Investment	Primarily due to the current period's gains or losses from recognizing investment transfers to affiliated companies.	N/A	Increase capital in Thailand Company
ROYAL CHENG INVESTMENT CO., LTD.		7	General Investment	Mainly due to recognition of interest income	N/A	N/A
SUSTAINABLE ENTERPRISE CO., LTD		(26,925)	Environment friendly industries	Currently in the stage of trial operation	N/A	N/A

6. Analysis of Risk Management:

(1) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

Unit: NT\$ thousands; %

Item	2023
Net interest income (expense)	6,860
Net gain (loss) from foreign exchange	3,677
Ratio of net interest income (expense) to net revenue	0.21%
Ratio of net interest income (expense) to pre-tax income	5.18%
Ratio of net gain (loss) through foreign exchange to net revenue	0.12%
Ratio of net gain (loss) from foreign exchange to pre-tax income	2.78%

A. Impact of Interest Changes:

- a. Interest rate risk refers to the risk of fluctuations in the fair value of financial instruments due to changes in market interest rates. The Group's interest rate risk mainly comes from floating and fixed-rate borrowings, which can cause fluctuations in future cash flows.

Sensitivity Analysis: In December 31, 2023 and 2022. The company borrowed totaled NT\$2,866,485 and NT\$2,425,313 thousand of long term and short term, one basis point increase in market interest rates will result in an annual increase of NT\$28,665 thousand and NT\$24,253 thousand in the Group's interest expenses, respectively.

- b. Future Response Measures:

In 2023, the Group's net interest expense was NT\$51,390 thousand, accounting for 1.61% of the net revenue. This has no significant impact on the Company's financial results.

B. Foreign exchange rates:

- a. The exchange rate risk is primarily related to its operating activities and net investments in foreign operations using currencies other than the functional currency. As a company mainly engaged in exports, it holds a significant amount of foreign currency assets, which makes it susceptible to any significant adverse international exchange rate fluctuations. As of December 31, 2023, the financial assets subject to exchange rate risk amounted to USD 94,536 thousand, JPY 257,179 thousand, CNY 15,312 thousand and EUR 1,997 thousand, and the financial liabilities amounted to USD 77,113 thousand. A 5% fluctuation in the aforesaid currencies exchange rates would impact the group's income by approximately NT\$38,973 thousand.

- b. Future Response Measures:

(i) Our company operates as the electronic components industry, with USD and CNY being the main currencies used for pricing of products and raw materials. We do not typically engage in currency exchange operations unless there is significant volatility in exchange rates. Our adjustment process involves reviewing bank-provided exchange rate trend information and assessing foreign currency positions to make necessary adjustments. Additionally, we advise our sales team to consider the impact of exchange rate fluctuations on pricing when quoting long-term contracts denominated in USD.

(ii) Due to the strategic nature of the net investment in foreign operations, the company has not professionally hedged against it.

- C. Impact on Inflation:
- a. Impact on the company's P&L: Our company's main sources of procurement are Taiwan and China. In recent years, Taiwan's inflation rate has been around 2~3%. According to statistics from the Directorate-General of Budget, Accounting and Statistics, the year-on-year increase in the Consumer Price Index in Taiwan for 2024 is estimated to be 2%, while it was only 2.49% in 2023. Therefore, the impact of inflation risk on our company's income is limited.
 - b. Future Response Measures:
In addition to monitor the price fluctuations of upstream raw materials, we will maintain a high level of attention to cost control and pricing, in order to adjust product prices and raw material inventory levels in a timely manner, and thereby mitigate the impact of inflation on rising raw material costs.
- (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:
- A. The Company did not engage in any high-risk or high-leveraged investments. The transactions and procedures related to lending and endorsement are based on the Company's "Procedures for Lending" and "Procedures for Endorsement Guarantee".
 - B. This year, our company's capital loans to others and endorsements have been directed to our subsidiary companies for reinvestment. We have strictly followed the operating procedures for "Leading Funds to Other Parties" and "Endorsement Guarantee" as stipulated by our group.
 - C. The Group did not engage in forward foreign exchange transactions during the year.
- (3) Future Research & Development Projects and Corresponding Budget.
- A. Future Research & Development:
 - a. The develop of E-CAP V-CHIP Aluminium Capacitors
 - b. Development of Solid and Liquid Aluminum Electrolytic Capacitors
 - c. E-Cap Hyperthermal(150°C) Product
 - B. Expected Research Expenditure :
The company expects to invest NT\$50~70 million in research & development.
- (4) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:
We consistently pay close attention to any changes in local and foreign policies and makes appropriate amendments to our systems when necessary. During 2023 and as of the date of publication of this annual report, changes in related laws have not had a significant impact on our operations.
- (5) Effects of and Response to Changes in Technology(including communications security risk) and the Industry Relating to Corporate Finance and Sales:
- A. Due to rapid technological changes and industry transformations, the company faces competition from peers in terms of pricing, ever-changing product requirements, and customers' demand for timely delivery. In response to these factors, the company will actively develop high value-added products to reduce sales of low-margin products, control costs to lower inventory, and provide customers with satisfactory services to increase company profits.
 - B. In addition to its own key technology development, CHINSHAN actively introduces new technologies and materials. All new product development is properly verified according to the product development process, ensuring that product safety and characteristics meet design requirements before being officially launched.
 - C. Combining the concept of AI to improve production automation.
 - D. The Company has been constantly investing in advanced information security equipment and setting up a comprehensive information security and data protection mechanism to ensure that the Company's data is properly preserved against cyber attacks and theft.

- (6) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures:
Since its inception, the Company has consistently maintained an ethical business philosophy with "Fairness, Honesty, Trustworthy, and Transparency" there have been no significant changes that could cause a management crisis in the company.
- (7) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans:
The Company has no ongoing merger and acquisition activities hence it's not applicable.
- (8) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans:
Although the expansion of the plant has risks such as fundraising, technology acquisition, talent cultivation and market changes, the expansion of the Company's plant has undergone the evaluation process of complete, prudent and dedicated units, and has fully considered the investment recovery benefits and possible risks.
- (9) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration: Our company has achieved a high degree of diversification in both procurement and sales; thus, we do not face the risks associated with concentrated purchasing or sales.
- (10) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%:
N/A
- (11) Effects of, Risks Relating to and Response to the Changes in Management Rights :As of the date of this Annual Report, such risks were not identified by the Company.
- (12) Litigation or Non-litigation Matters : N/A
- (13) Other Major Risks : N/A

7. Other Special Disclosure: N/A

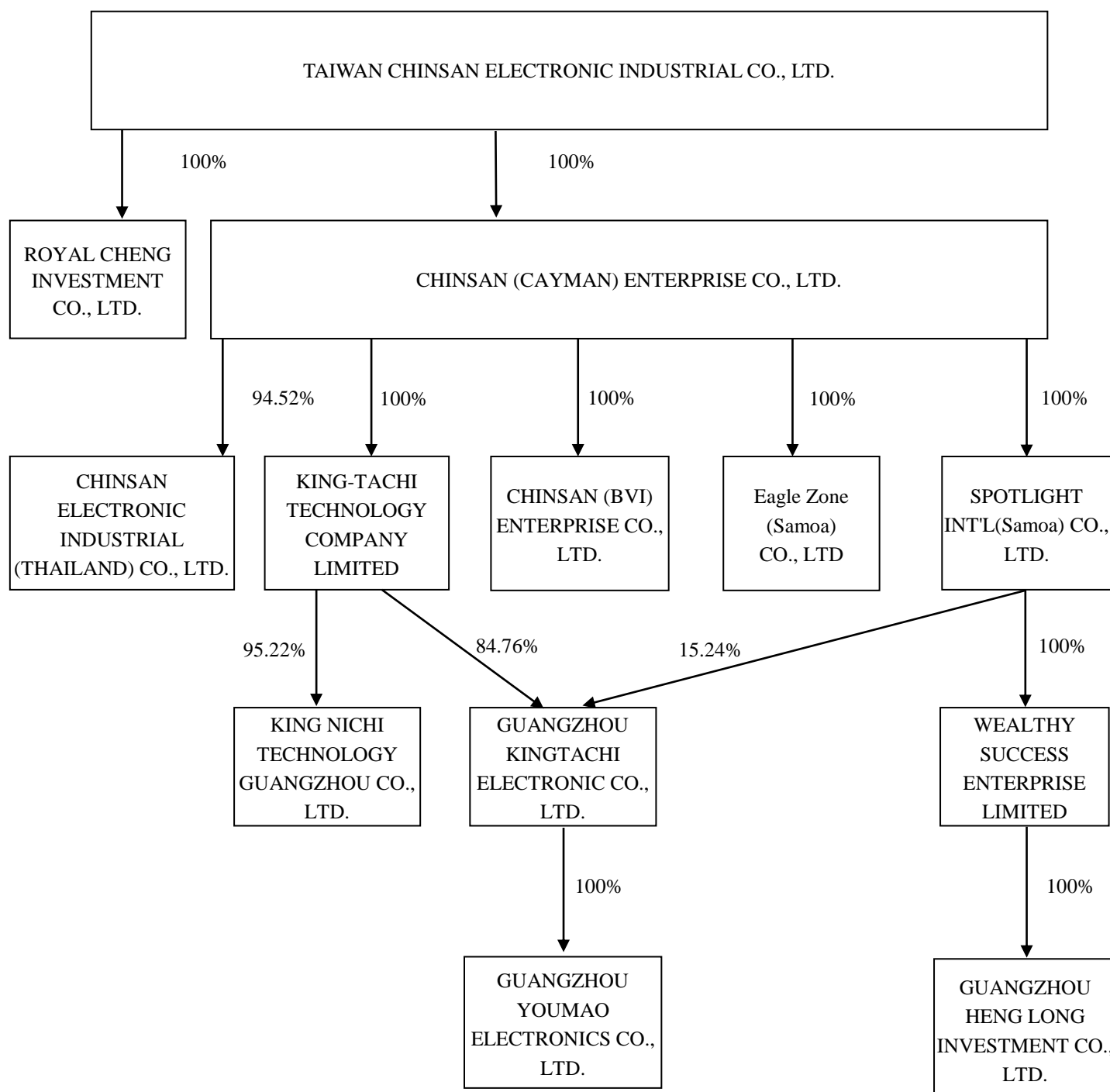
VIII. Special Disclosure

1. Affiliated Companies Information

(1) Consolidated Financial Statements of Related Companies

A. Overview of Affiliated Companies

a. Organizational Chart



b. Basic Information of the Affiliated Companies

Unit: Foreign Currencies (thousands)

Company Name	Date of Incorporation	Address	Paid-In Capital	Major Business Operation Items
CHINSAN (CAYMAN) ENTERPRISE CO., LTD.	2000.09.27	Cayman Islands	USD 9,797	General Investment Business
KING-TACHI TECHNOLOGY COMPANY LIMITED	1993.08.17	Hong Kong	HKD 62,000	General Investment Business
CHINSAN ELECTRONIC INDUSTRIAL (THAILAND) CO., LTD.	1989.10.26	Bangkok, Thailand	THB 535,000	The manufacturing and trading of aluminum electrolytic capacitors.
CHINSAN (BVI) ENTERPRISE CO., LTD.	2000.12.15	British Virgin Islands	USD 2,500	The trading of aluminum electrolytic capacitors.
KING NICHU TECHNOLOGY GUANGZHOU CO., LTD.	1994.03.15	Guangzhou	USD10,500	The manufacturing and trading of aluminum electrolytic capacitors.
Eagle Zone(SAMOA) CO., LTD	2007.01.03	SAMOA	USD 1,000	The manufacturing and trading of aluminum electrolytic capacitors.
ROYAL CHENG INVESTMENT CO., LTD.	2008.07.21	Taiwan	TWD 14,000	General Investment Business
GUANGZHOU KINGTACHI ELECTRONIC CO., LTD.	2010.04.16	Guangzhou	USD 58,400	The manufacturing and trading of aluminum electrolytic capacitors.
SPOTLIGHT INT'L(SAMOA) CO., LTD.	2018.01.03	SAMOA	USD 12,610	General Investment Business
WEALTHY SUCCESS ENTERPRISE LIMITED	2018.01.02	Hong Kong	HKD 29,136	General Investment Business
GUANGZHOU HENG LONG INVESTMENT CO., LTD.	2018.06.28	Guangzhou	CNY 24,000	General Investment Business
GUANGZHOU YOU MAO ELECTRONICS CO., LTD.	2020.08.12	Guangzhou	CNY 5,000	The manufacturing and trading of aluminum electrolytic capacitors.

Note:1. CHINSAN (CAYMAN) has not completed the registration of share capital changes for its cumulative cash increase, and the amount of prepaid capital is NT\$309,591 thousands.

2. CHINSAN (BVI) has not completed the registration of share capital changes for its cumulative cash increase, and the amount of prepaid capital is USD1,700 thousands.

3. EAGLE ZONE has not completed the registration of share capital changes for its cumulative cash increase, and the amount of prepaid capital is USD9,000 thousands.

4. KING-TACHI has not completed the registration of share capital changes for its cumulative cash increase, and the amount of prepaid capital is HKD404,936 thousands.

c. Subordinate relationship under Article 369-3 of the Company Act.: N/A

d. Industries covered by the affiliated business of related parties:

The main business of our company and related parties is the manufacturing and processing of aluminum electrolytic capacitor parts and materials. A small portion of related parties are also engaged in investment activities. Overall, our company and related parties achieve mutual benefits through mutual support in technology, manufacturing, marketing, and services, creating the maximum profit for the group.

e. Directors, Supervisors and General Manager of the affiliated companies:

Enterprise Name	Position	Name	Current Shareholding	
			Shares	%
CHINSAN (CAYMAN) ENTERPRISE CO., LTD.	Chairman	TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD. Representative: CHIANG, SHIH-HSIN	9,797,002	100.00%
KING-TACHI TECHNOLOGY COMPANY LIMITED	Director Director	CHINSAN (CAYMAN) appointer: DAVID CHIANG CHINSAN (CAYMAN) appointer: TSAI SHU QIN	6,200,000	100.00%
CHINSAN ELECTRONIC INDUSTRIAL (THAILAND) CO., LTD.	Chairman	CHINSAN (CAYMAN) ENTERPRISE CO., LTD. SHIH-HSIN CHIANG	5,056,978	94.52%
	(General Manager)		13,455	0.25%
	Director	HUANG PAI LIEN CHIANG	7,386	0.14%
	Director	SOMJIN LEELAKET	49,515	0.93%
	Director	AUCHALEE LEELAKET	49,515	0.93%
	Director	WALEEPONG INTRANATE	49,515	0.93%
	Director	ROGER CHIANG	12,285	0.23%
	Director	DAVID CHIANG	12,285	0.23%
	Director	SUCHADA LEELAKET	49,551	0.93%
		VILAIRAT LEELAKET	49,515	0.93%
CHINSAN (BVI) ENTERPRISE CO., LTD.	Chairman	CHINSAN (CAYMAN) ENTERPRISE CO., LTD. Representative: CHIANG, SHIH-HSIN	2,500,000	100.00%
KING NICH I TECHNOLOGY GUANGZHOU CO., LTD.	Chairman	KING NICH I appointer: JACK CHIANG	Not Applicable	95.22%
	Director	KING NICH I appointer: TSAI SHU QIN		
	Supervisor	KING NICH I appointer: CHIU WEI SHENG		
	Director	AIC TECH INC. appointer: CHI CHING CHIH CHIH		4.78%
Eagle Zone(SAMOA) CO., LTD	Chairman	CHINSAN (CAYMAN) Representative: CHIANG, SHIH-HSIN	1,000,000	100.00%
ROYAL CHENG INVESTMENT CO., LTD.	Chairman	TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD. Representative: CHIANG, SHIH-HSIN	Not Applicable	100.00%
GUANGZHOU KING-TACHI ELECTRONIC CO., LTD.	Chairman	KINGTACHI appointer: JACK CHIANG	Not Applicable	100.00%
	Vice Chairman	KINGTACHI appointer: TSAI SHU QIN		
	Director	KINGTACHI appointer: STEVEN CHIANG		
	Supervisor	KINGTACHI appointer: CHIU WEI SHENG		
SPOTLIGHT INT'L CO., LTD.	Chairman	CHINSAN (CAYMAN) Representative: CHIANG, SHIH-HSIN	12,610,000	100.00%
WEALTHY SUCCESS ENTERPRISE LIMITED	Chairman	WEALTHY SUCCESS ENTERPRISE appointer: CHIANG, SHIH-HSIN	29,135,650	100.00%
GUANGZHOU YU MAO ELECTRONICS CO., LTD.	Chairman	GUANGZHOU KING-TACHI appointer: JACK CHIANG	Not Applicable	100.00%
	Vice Chairman	GUANGZHOU KING-TACHI appointer: TSAI SHU QIN		
	Director	GUANGZHOU KING-TACHI appointer: STEVEN CHIANG		
	Supervisor	GUANGZHOU KING-TACHI appointer: PENG KHUN		
GUANGZHOU HENG LONG INVESTMENT CO., LTD.	Director Supervisor	TSAI SHU QIN PENG KHUN	Not Applicable	100.00%

B. Operation Overview of Affiliated companies

The financial status and operating results of each affiliated enterprise:

Unit: NT\$ thousands

Company Name	Capital	Total Assets	Total Liability	Net Value	Operating Income	Operating Profit(Loss)	P&L for the period (after tax)	Earnings per share (NT\$)
CHINSAN (CAYMAN) ENTERPRISE CO., LTD.	745,751	5,368,244	0	5,368,244	0	(221)	15,185	1.55
ROYAL CHENG INVESTMENT CO., LTD.	14,000	11,245	0	11,245	0	0	7	0.00
CHINSAN ELECTRONIC INDUSTRIAL (THAILAND) CO., LTD.	479,271	1,265,124	498,261	766,863	639,542	(7,664)	(35,391)	(7.35)
CHINSAN (BVI) ENTERPRISE CO., LTD.	134,862	1,701,497	572,289	1,129,208	1,640,210	(78,351)	(73,585)	(29.43)
EAGLE ZONE (SAMOA) CO., LTD.	297,199	806,089	45,542	760,547	771,487	(12,702)	(12,069)	(12.07)
KING-TACHI TECHNOLOGY COMPANY LIMITED	1,883,822	2,343,061	118	2,342,943	0	(352)	84,985	13.71
SPOTLIGHT (SAMOA) INT'L CO., LTD.	386,537	390,610	0	390,610	0	(73)	16,314	1.29
WEALTHY SUCCESS ENTERPRISE LIMITED	114,048	145,134	41	145,093	0	(87)	6,966	0.24
KING NICHİ TECHNOLOGY GUANGZHOU CO., LTD. (Note)	322,403	538,675	109,610	429,065	633,304	11,007	10,273	0.00
GUANGZHOU KINGTACHI ELECTRONIC CO., LTD. (Note)	1,793,172	2,865,428	1,314,709	1,550,719	3,016,753	(21,585)	78,951	0.00
GUANGZHOU HENG LONG INVESTMENT CO., LTD.(Note)	103,848	139,210	23	139,187	0	(2)	6,961	0.00
GUANGZHOU YOUMAO ELECTRONICS CO., LTD.(Note)	21,635	65,331	47,013	18,318	323,715	7,962	9,524	0.00

Note: GUANGZHOU KING NICHİ, GUANGZHOU KINGTACHI, GUANGZHOU HENG LONG and GUANGZHOU YOUMAO. These four companies are non-joint stock companies in China.

(2) Consolidated Financial Statements of Affiliated Enterprise

Our company's financial statements for 2023 (from January 1, 2023 to December 31, 2023) are in accordance with the "Guidelines for the Preparation of Financial Statements for Consolidated Enterprises, Consolidated Financial Statements, and Reports of Related Enterprises," which require the inclusion of companies that should be included in the preparation of consolidated financial statements for related enterprises and companies that should be included in the preparation of consolidated financial statements for parent and subsidiary companies in accordance with International Accounting Standard No. 27. The relevant information that should be disclosed in the financial statements for related enterprises has already been disclosed in the financial statements for parent and subsidiary companies, so it is not necessary to prepare separate financial statements for related enterprises.

(3) Related Party Disclosures

Since the other companies specified in our company's non-corporate law-related enterprise chapter are not subsidiaries of our company, there is no requirement to prepare a related party disclosure report for the relationships between our controlling company and these companies.

2. The private placement of securities in current year and up to the date of printing the annual report, the information on the date and amount approved by the shareholder's meeting and board of directors, the basis and rationale for setting the price, the method of selection of specific persons, and the necessary reasons for the private placement should be disclosed. : N/A
3. Information on subsidiaries holding or disposing of the company's stocks up to the end of the most recent fiscal year and the date of printing the annual report : N/A
4. Other necessary supplementary information: N/A
5. Information on any matters that have a significant impact on shareholder's equity or securities prices as defined in Article 36, paragraph 3, clause 2 of the Securities and Exchange Act that occurred in current year up to the date of printing the annual report (including matters that meet the requirements of major information disclosure for OTC listed companies under the Article 11, Clause 1 of the Procedures for Verification and Public Disclosure of Major Information): N/A



吳興聯合會計師事務所

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Chinsan Electronic Industrial Co., Ltd. And its subsidiaries (hereinafter referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, as well as the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows for the 2023 and 2022 then ended, and the notes to consolidated financial statements including a summary of significant accounting policies.

In our opinion, based on the auditing of the visa accountants and the checking reports of other accountants (referred to "Other Business Items"), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the 2023 and 2022 then ended, according with the Regulations Governing the Preparation of Financial Reports by Security Issuers and the International Financial Reporting Standard (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 Certificated Public Accountants and the Standards on Auditing of the Republic of China. We are independent of the Group in accordance with The Norm of Professional Ethics for Certificated Public Accountant of the Republic of China, and we have fulfilled other ethical responsibilities according to the requirements of the Norm. Based on the auditing of the visa accountants and the checking reports of other accountants, we believe that the audit evidence we have acquired is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters mean the following matters that were of most significance in our audit of the consolidated financial statements of the Group for the 2023 ended December 31, in our professional judgment. These matters addressed in the context of our audit of the consolidated financial statements as a whole, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the consolidated financial statements of the Group for the 2023 ended 31st December is stated as follows:

Provision for loss of accounts receivable

The amount of provision for loss of accounts receivable depends on the managing-level's subjective judgment on the recoverable amount of overdue and credit-risky accounts. The provision amount for the predicted credit impairment loss is a result of the managing-level's estimation upon customer credit quality. As this provision for loss involves significant estimation and judgment, we focused on the subjects occurring significant accounts receivable balances and payment delays, as well as the rationality of the provision for the predicted credit loss issued by the management.

Accounting policies are described in Note 4(10) and (11) of the consolidated financial statements. The carrying amounts of the accounts receivable and the provision for loss are disclosed in Note 6, 4 of the consolidated financial statements. The audit procedures which we adopted include considerate valuation upon the rationality of recoverability and provision rate assessed by management for the significant overdue or doubtful receivables via executing the valuation of the provisioning policy and the testing of the aging accuracy for the accounts receivables, as well as collectability valuation of the outstanding receivables through subsequent collection confirmations to consider the necessity of additional provision for loss.

The point at which depreciation starts for property, plant and equipment

the Group has kept in building factories and purchasing machinery and equipment in recent years via continuing capital expenditure, mainly for development persistence and production capacity fitted with advanced process technology meeting customer requirement. Information disclosure and relevant accounting policies and related to property, plant and equipment depreciation please refer to Note 4 (15) to the Consolidated Financial Statements. Depreciation should be issued when these aforementioned assets are ready for use according to International Accounting Standard No. 16. As the capital expenditures of the Group kept to be enormous, whether the timing of depreciation issuing is appropriate will deliver a significant impact on its financial performance. Therefore, the timing of depreciation for property, plant and equipment in this fiscal year is listed as one of the significant items to be audited.

The audit procedures performed by us the auditors are as follows:

1. Understanding and testing the effectiveness of the main internal control design and its implementation regarding the timing of depreciation issued for property, plant and equipment.
2. Understand the conditions and related accounting treatment of the assets expected by the management when they are available for use.
3. Sampling checks to verify whether the assets when they are available for use and whether the depreciation is issued appropriately for the current year.
4. Sampling and checking the rationality and completeness of the depreciation timing for equipment awaiting inspection and unfinished projects that reach the usable state after the reporting period.
5. Sampling and checking the reasons why equipment awaiting inspection and unfinished projects have not yet reached the usable state.

Other Business Items regarding the checks of other accountants

The financial statements of a part of the investee companies, which are disclosed as the investment in accordance with equity method in Note 12 of the consolidated financial statements, of the Group have not been reviewed by our auditor but by our other accountants. Therefore, the opinions expressed by our auditor regarding the amounts disclosed in the financial statements of such investee companies by equity method and the relevant information disclosed in Note 12. of the above the Group statements are based on the audit reports of our other accountants.

As of December 31, 2023 and 2022, the balance of investment accounted for using equity method in the aforementioned companies was NT\$53,675 thousand and NT\$86,471 thousand respectively, which account for 0.66% and 1.06% of the consolidated asset totals. As of the all-year run from 1st

January to December 31, of 2023 and 2022, the comprehensive income using equity method for the aforementioned companies was (NT\$26,925) thousand and (NT\$16,501) thousand respectively, accounting for (41.61%) and (3.76%) of the consolidated comprehensive income totals.

Other Business Items regarding the consolidated financial statements

Taiwan Chinsan Electronic Industrial Co., Ltd. has prepared its consolidated financial statements for the years 2023 and 2022, and our auditor has issued an unqualified opinion with a paragraph of other matters in the auditor's report, which is on file for reference.

Responsibilities of Management and Governance Units for the Consolidated Financial Statements

Management unit 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", IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, as well as the maintenance for necessary internal controls relevant to the consolidated financial statements that ensure to be free from material misstatement whether due to fraud or error.

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

Governance unit of the Group (also including members of the Audit Committee) is responsible for overseeing the financial reporting process.

Responsibilities of Auditors for the Audit of the Consolidated Financial Statements

The auditors' objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole being free from material misstatement whether due to fraud or error, and to issue the corresponding auditors' report. Reasonable assurance means a high level of assurance, but it comprises no guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and misstatements can be considered material if, in individual or aggregative amounts, they could reasonably be expected to impact on the economic decisions of users taken on the basis of these consolidated financial statements.

As auditing in accordance with the Standards on Auditing of the Republic of China, we the auditors exercise professional judgment and maintain professional skepticism throughout the audit. We also perform as follows:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and executive audit procedures responsive to those mentioned 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 overrides of internal control.
2. Obtain a necessary understanding of internal control relevant to the audit in order to design appropriate audit procedures in the corresponding circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies and the rationality of accounting estimates and relevant disclosures which adopted and made by the Group management.
4. Conclude on the appropriateness of management's adoption of the going concern basis of accounting and the reveal of whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to operate as a going concern, based on the audit evidence obtained. We the auditors are required to draw attention in the auditor's report to the relevant disclosures in the consolidated financial statements if we conclude that a material

uncertainty exists, or we the auditors modify the audit opinion if such disclosures inadequate. Our conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the Group to cease operation as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements also including the notes, 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 the entities within the Group to express an opinion on the consolidated financial statements. We the auditors are responsible for the guidance, supervision and execution of this Group audit, and we perform the audit opinion upon the consolidated financial statements.

We the auditors communicate the matters with governance unit, which comprise the planned scope and timing of the audit, and the significant audit findings including any significant deficiencies in internal control identified during the audit process.

We also provide the governance unit with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with governance unit all relationships and other matters that may reasonably be recognized to bear on our independence, as well as related safeguard measures.

From the matters communicated with governance unit, we the auditors determine the key audit matters that were of most significance in the audit of the Group consolidated financial statements for the year ended December 31, 2023 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 cases, we determine that a matter should not be revealed in auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication matter.

The engagement partners on the audits resulting this independent auditors' report

Visa accountant
LIN, YU-HSUAN
EVER-FORTUNE CPAs & Co.
New Taipei City, Taiwan, ROC

Visa accountant
JUAN LU, SHAO WEI
EVER-FORTUNE CPAs & Co.
New Taipei City, Taiwan, ROC

Approved-certified No.:
FSC Approval No. 106001453

Approved-certified No.:
FSC Approval No. 106001453

Issued in 26st-March-2024

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.

Taiwan Chinsan Electronic Industrial Co., Ltd. & Subsidiaries
CONSOLIDATED BALANCE SHEETS
The Years Ended December 31, 2023 and 2022

		(In Thousands of New Taiwan Dollars)			
CODE	ASSET	December 31 2023		December 31 2022	
		AMOUNT	%	AMOUNT	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 and 6.1)	\$ 1,725,355	21.33	\$ 1,753,538	21.58
1110	Financial assets at fair value through profit or loss, Current (Note 4, 6.2 and 6.23)	340,351	4.21	153,120	1.88
1136	Financial assets measured at amortized cost (Note 4 and 8)	182,972	2.26	212,414	2.61
1150	Notes receivable, net (Note 4 and 6.4)	1,132	0.01	18,067	0.22
1170	Accounts receivable, net (Note 4 and 6.4)	1,158,732	14.32	1,314,721	16.18
1200	Other receivables	31,784	0.39	29,912	0.37
1220	Current tax asset (Note 4 and 6.18)	6,702	0.08	9,999	0.12
130x	Inventories (Note 4 and 6.5)	1,070,510	13.23	1,176,536	14.48
1470	Other current assets	69,131	0.85	59,926	0.74
11xx	Total current assets	<u>4,586,669</u>	<u>56.68</u>	<u>4,728,233</u>	<u>58.18</u>
	NONCURRENT ASSETS				
1510	Financial assets at fair value through profit or loss, noncurrent (Note 4, 6.2, and 6.23)	532,305	6.58	548,782	6.75
1517	Financial assets at fair value through other comprehensive income, noncurrent (Note 4, 6.3 and 6.23)	156,200	1.93	157,330	1.94
1550	Investments accounted for using equity method (Note 4 and 6.6)	53,675	0.66	86,471	1.06
1600	Property, plant and equipment (Notes 4 and 6.7)	2,149,940	26.58	1,901,141	23.39
1755	Right-of-use assets (Notes 4 and 6.8)	364,792	4.51	376,179	4.63
1760	Investment property (Note 4 and 6.9)	76,223	0.94	79,485	0.98
1780	Intangible assets (Note 4)	71,613	0.90	73,301	0.90
1840	Deferred income tax assets (Notes 4 and 6.18)	1,739	0.02	5,057	0.06
1900	Other noncurrent assets	20,777	0.26	35,818	0.44
1915	Prepayments for business facilities	75,830	0.94	135,485	1.67
15xx	Total noncurrent assets	<u>3,503,094</u>	<u>43.32</u>	<u>3,399,049</u>	<u>41.82</u>
1xxx	TOTAL ASSETS	<u>\$ 8,089,763</u>	<u>100.00</u>	<u>\$ 8,127,282</u>	<u>100.00</u>

(Continued to the next page)

Chairman CHIANG, SHIH-HSIN

General Manager CHIANG, CHING-SHIN

Financial Manager TSAI, MAO-SUNG

Taiwan Chinsan Electronic Industrial Co., Ltd. & Subsidiaries
CONSOLIDATED BALANCE SHEETS (continued from previous page)
The Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

CODE	LIABILITIES AND EQUITY	December 31 2023		December 31 2022	
		AMOUNT	%	AMOUNT	%
	CURRENT LIABILITIES				
2100	Short-term loans (Notes 4 and 6.10)	\$ 1,715,000	21.20	\$ 1,235,000	15.20
2110	Short-term notes and bills payable (Note 4 and 6.11)	-	-	80,000	0.99
2150	Notes payable (Note 4)	372,956	4.61	312,320	3.84
2170	Accounts payable (Note 4)	463,261	5.73	341,219	4.20
2200	Other payables	140,551	1.74	157,117	1.93
2230	Current tax liabilities (Note 4 and 6.18)	7,180	0.09	7,607	0.09
2280	Lease liabilities, current (Notes 4)	6,191	0.08	5,967	0.07
2300	Other current liabilities	16,260	0.20	11,615	0.14
2320	Long-term liabilities - current portion (Notes 4 and 6.12)	15,040	0.19	423,798	5.21
21xx	Total current liabilities	<u>2,736,439</u>	<u>33.84</u>	<u>2,574,643</u>	<u>31.67</u>
	NONCURRENT LIABILITIES				
2540	Long-term loans (Note 4 and 6.13)	1,136,445	14.05	1,190,313	14.65
2570	Deferred tax liabilities (Note 4 and 6.18)	2,006	0.02	1,164	0.01
2580	Lease liabilities, noncurrent (Notes 4)	300,866	3.72	307,621	3.79
2640	Net defined benefit liability (Note 4 and 6.13)	5,429	0.07	5,642	0.07
2670	Other liabilities, noncurrent	628	-	1,558	0.02
25xx	Total noncurrent liabilities	<u>1,445,374</u>	<u>17.86</u>	<u>1,506,298</u>	<u>18.54</u>
2xxx	Total liabilities	<u>4,181,813</u>	<u>51.70</u>	<u>4,080,941</u>	<u>50.21</u>
	EQUITY (Note 6.15)				
3100	Capital stock (Note 4)	1,294,625	16.00	1,294,625	15.93
3200	Capital surplus	1,321,309	16.33	1,412,631	17.38
	Retained earnings				
3310	Appropriated as legal capital reserve	557,219	6.89	546,474	6.72
3320	Appropriated as special capital reserve	303,982	3.76	630,478	7.76
3350	Unappropriated earnings	689,564	8.52	389,878	4.80
3400	Other Equity				
3410	Exchange differences on translation of foreign financial statements	(303,770)	(3.75)	(275,557)	(3.39)
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(17,548)	(0.22)	(18,804)	(0.23)
31xx	Interests attributable to parent company owner	<u>3,845,381</u>	<u>47.53</u>	<u>3,979,725</u>	<u>48.97</u>
36xx	Non-controlling interests	<u>62,569</u>	<u>0.77</u>	<u>66,616</u>	<u>0.82</u>
3xxx	Total equity	<u>3,907,950</u>	<u>48.30</u>	<u>4,046,341</u>	<u>49.79</u>
2xxx-3xxx	TOTALs of LIABILITIES & EQUITY	<u>\$ 8,089,763</u>	<u>100.00</u>	<u>\$ 8,127,282</u>	<u>100.00</u>

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

Chairman CHIANG, SHIH-HSIN

General Manager CHIANG, CHING-SHIN

Financial Manager TSAI, MAO-SUNG

Taiwan Chinsan Electronic Industrial Co., Ltd. & Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
The Years Ended December 31, 2023 and 2022

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

CODE	SUBJECT	2023		2022	
		AMOUNT	%	AMOUNT	%
4000	NET REVENUE(Note 4)	\$ 3,193,488	100.00	\$ 3,729,360	100.00
5000	COST OF REVENUE (Notes 6.5 and 6.17)	(2,639,930)	(82.67)	(3,063,593)	(82.15)
5900	GROSS PROFIT	553,558	17.33	665,767	17.85
	OPERATING EXPENSES (Notes 6.8, 6.14 and 6.17)				
6100	Marketing	(201,309)	(6.30)	(190,368)	(5.10)
6200	General and administrative	(219,388)	(6.87)	(213,904)	(5.74)
6300	Research and development	(88,938)	(2.78)	(77,974)	(2.09)
6450	The expected credit loss (Note 6.4)	473	0.01	1,330	0.04
6000	Total od operating expenses	(509,162)	(15.94)	(480,916)	(12.89)
6900	INCOME FROM OPERATIONS	44,396	1.39	184,851	4.96
	NON-OPERATING INCOME AND EXPENSES				
7050	Finance costs (Note 6.8 and 6.16)	(51,390)	(1.61)	(40,111)	(1.08)
7060	Share of profits of associates (Note 6.6)	(26,925)	(0.84)	(16,501)	(0.44)
7100	Interest income	58,250	1.82	15,938	0.43
7110	Rent income (Note 6.9)	2,939	0.09	2,565	0.07
7130	Dividend revenue	19,650	0.62	11,215	0.30
7190	Other revenue (Note 4)	14,667	0.46	15,409	0.41
7210	Gains on disposals of property, plant and equipment	48	-	126	-
	Foreign exchange gains	3,677	0.12	55,105	1.48
7235	Financial assets measured at fair value through profit (Note 6.2)	90,933	2.85	-	-
7590	Miscellaneous expenses	(23,815)	(0.75)	(7,196)	(0.19)
7635	Financial assets measured at fair value through loss (Note 6.2)	-	-	(8,593)	(0.23)
7670	Impairment loss (Note 6.6)	-	-	(82,972)	(2.23)
7000	NON-OPERATING INCOME AND EXPENSES	88,034	2.76	(55,015)	(1.48)
7900	INCOME BEFORE INCOME TAX	132,430	4.15	129,836	3.48
7950	INCOME TAX EXPENSE (Notes 4 and 6.18)	(41,209)	(1.29)	(22,812)	(0.61)
8200	NET INCOME	\$ 91,221	2.86	\$ 107,024	2.87
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit obligation (Note 4 and 6.14)	136	-	3,209	0.09
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 6.3)	1,560	0.05	12,485	0.33
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently (Note 4 and 6.18)	(27)	-	(373)	(0.01)
8310	Total of items that will not be reclassified subsequently to profit or loss	1,669	0.05	15,321	0.41
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign operations	(27,880)	(0.87)	316,386	8.48
8360	Total od items that may be reclassified subsequently to profit or loss	(27,880)	(0.87)	316,386	8.48
8300	Other comprehensive income (loss), net of income tax	(26,211)	(0.82)	331,707	8.89
8500	TOTAL COMPREHENSIVE INCOME	65,010	2.04	438,731	11.76
8600	NET INCOME ATTRIBUTABLE TO:				
8610	Shareholders of the parent	92,670	2.90	104,614	2.81
8620	Non-controlling interests	(1,449)	(0.04)	2,410	0.06
	NET INCOME	\$ 91,221	2.86	\$ 107,024	2.87
8700	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Shareholders of the parent	66,126	2.07	433,946	11.63
8720	Non-controlling interests	(1,116)	(0.03)	4,785	0.13
	TOTAL COMPREHENSIVE INCOME	\$ 65,010	2.04	\$ 438,731	11.76
	Earnings per share (Note 4 and 6.19)				
9750	Basic earnings per share	\$ 0.72		\$ 0.81	
9850	Diluted earnings per share	\$ 0.72		\$ 0.80	

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

Chairman CHIANG, SHIH-HSIN

General Manager CHIANG, CHING-SHIN

Financial Manager TSAI, MAO-SUNG

Taiwan Chinsan Electronic Industrial Co., Ltd. & Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
The Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

SUBJECT	Equity Attributable to Shareholders of the Parent									
	Retained Earning					Other equity items				
	Capital Stock - Common Stock	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Special Reserve	Exchange differences on translation of foreign financial statements	Unrealized gains(losses) from financial assets measured at fair value through other comprehensive income	Total of shareholders of the parent	Not-controlling equity	Total Equity
BALANCE, JANUARY 1, 2022	\$ 1,294,625	\$ 1,412,607	\$ 546,474	\$ 472,779	\$ 569,589	(\$ 589,568)	(\$ 31,289)	\$ 3,675,217	\$ 61,831	\$ 3,737,048
Appropriations of prior year's earnings, 2021										
Special capital reserve				157,699	(157,699)			-		-
Cash dividends to shareholders					(129,462)			(129,462)		(129,462)
Adjustments to share of changes in equities of associates		571						571		571
Redemption of convertible corporate bond		(547)						(547)		(547)
Concolidated net income					104,614			104,614	2,410	107,024
Other comprehensive income (loss)					2,836	314,011	12,485	329,332	2,375	331,707
BALANCE, DECEMBER 31, 2022	\$ 1,294,625	\$ 1,412,631	\$ 546,474	\$ 630,478	\$ 389,878	(\$ 275,557)	(\$ 18,804)	\$ 3,979,725	\$ 66,616	\$ 4,046,341
BALANCE, JANUARY 1, 2023	\$ 1,294,625	\$ 1,412,631	\$ 546,474	\$ 630,478	\$ 389,878	(\$ 275,557)	(\$ 18,804)	\$ 3,979,725	\$ 66,616	\$ 4,046,341
Appropriations of prior year's earnings, 2022										
Legal capital reserve			10,745		(10,745)					-
Special capital reverse				(326,496)	326,496			-		-
Cash dividends to shareholders		(90,624)			(103,570)			(194,194)		(194,194)
Cash dividends paid by subsidiaries to non-controlling interest									(3,271)	(3,271)
Adjustments to share of changes in equities of associates		(634)			(5,578)			(6,212)		(6,212)
Redemption of convertible corporate bond		(64)						(64)		(64)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income					304		(304)			-
Concolidated net income					92,670			92,670	(1,449)	91,221
Other comprehensive income					109	(28,213)	1,560	(26,544)	333	(26,211)
Increase in non-controlling interests								-	340	340
BALANCE, DECEMBER 31, 2023	\$ 1,294,625	\$ 1,321,309	\$ 557,219	\$ 303,982	\$ 689,564	(\$ 303,770)	(\$ 17,548)	\$ 3,845,381	\$ 62,569	\$ 3,907,950

Chairman CHIANG, SHIH-HSIN

General Manager CHIANG, CHING-SHIN

Financial Manager TSAI, MAO-SUNG

Taiwan Chinsan Electronic Industrial Co., Ltd. & Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

The Years Ended December 31, 2023 and 2022

(In Thousands of NT\$)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 132,430	\$ 129,836
Adjustments for:		
Provided by (used in) operating activities		
Depreciation expense	196,481	187,724
Amortization expense	23,055	22,180
Reversal of the expected credit loss	(473)	(1,330)
Financial assets measured at fair value through (profit) loss	(90,933)	8,593
Interest expense	51,390	40,111
Interest income	(58,250)	(15,938)
Dividend income	(19,650)	(11,215)
inventory loss on valuation	29,918	19,875
Share of losses of associates	26,925	16,501
Loss (gain) on disposal or retirement of property, plant and equipment	(48)	(126)
Return on pay up of defined benefit plan	-	(1,145)
Disaster loss	21,896	-
Loss on impairment	-	82,972
Loss (gain) on redemption of bonds payable	4	(20)
Changes in operating assets and liabilities		
Notes receivable	16,935	(646)
Accounts receivable	156,457	491,594
Other receivables	5,152	7,379
Inventories	67,907	256,161
Prepayments	(5,540)	(21,506)
Other current assets	(3,274)	(696)
Notes payable	60,636	(17,385)
Accounts payable	122,042	(432,430)
Other payables	(16,635)	(22,941)
Advance receipts	4,644	9,693
Net defined benefit liability	(77)	-
Other current liabilities	1	(48)
Other noncurrent liabilities	-	(37)
Cash generated from operations	720,993	747,156
Interest received	58,082	12,214
Interest paid	(44,180)	(27,688)
Income taxes paid	(34,238)	(44,297)
Net cash generated by operating activities	700,657	687,385

	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Dividends received	\$ 12,794	\$ 11,215
Acquisitions of financial assets measured at fair value through profit or loss	(1,070,683)	(326,261)
Disposals of financial assets measured at fair value through profit or loss	990,399	366,466
Disposals of financial assets measured at fair value through other comprehensive income	304	-
Return of pension cost account	-	21,692
Acquisitions of financial assets measured at amortized cost	-	(34,140)
Disposals of financial assets measured at amortized cost	29,442	-
Acquisitions of investment for using equity method	-	(15,303)
Acquisitions of property, plant and equipment	(357,908)	(240,070)
Disposals of property, plant and equipment	48	126
Acquisitions of tangible assets	(11,016)	(2,363)
(Increase) decrease of guarantee deposits	(127)	12
Increase of prepayment for equipment	(38,081)	(153,188)
Increase of other noncurrent assets	(5,095)	(8,603)
Net cash used in investing activities	(449,923)	(380,417)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in short-term loans	480,000	364,365
Decrease of short-term notes payables	(80,000)	(30,000)
Redemption of bonds	(426,692)	(97,242)
Issuance of long-term loans	1,011,284	513,646
Repayment of long-term loans	(1,050,697)	(535,783)
Increase (decrease) of guarantee deposits	(915)	374
Repayment of principle of lease liability	(10,281)	(10,192)
Cash dividends(including distribution from capital surplus)	(194,194)	(129,462)
Cash dividends paid by subsidiaries to non-controlling interest	(3,271)	-
Net cash used in financing activities	(274,766)	75,706
EFFECT OF EXCHANGING RATE CHANGES ON CASH AND CASH EQUIVALENTS	(4,151)	164,348
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(28,183)	547,022
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,753,538	1,206,516
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,725,355</u>	<u>\$ 1,753,538</u>

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

Chairman CHIANG, SHIH-HSIN

General Manager CHIANG, CHING-SHIN

Financial Manager TSAI, MAO-SUNG

Taiwan Chinsan Electric Industrial Co., Ltd. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Corporate Introduction

Taiwan Chinsan Electric Industrial Co., Ltd. (the “TCEIC” or “Company”) was incorporated in the Republic of China (R.O.C.) on March 20, 1970 in accordance with the Company Act R.O.C. TCEIC went public on October 20, 2000 with a paid-in capital of NT\$ 220,000 thousand, and the Company's shares were listed on the Taipei Exchange over-the-counter market on March 22, 2004 with a paid-in capital of NT\$ 442,789 thousand. As of December 31, 2023, the TCEIC's registered capital reaches NT\$ 3,000,000 thousand, and the paid-in capital is NT\$ 1,294,625 thousand. TCEIC and its subsidiaries (hereinafter referred as the “Group”) mainly engage in the manufacturing, processing, trading, import and export of various electronic equipment and capacitors.

2. The Authorization of Financial Statement

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 14, 2023.

3. Application of New & Revised Financial exporting Standards

(3.1) Alisy adopted issues of the amendments to the International Financial Reporting Standards (IFRS) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The following table summarizes the new, revised, and amended International Accounting Standards Board (IASB) standards and interpretations, as approved by the FSC.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to International Accounting Standards No. 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendment to International Accounting Standards No. 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred income tax relating to assets and liabilities arising from a single transaction"	January 1, 2023
Amendments to International Accounting Standards No. 12 "International Tax Changes - Pillar 2 Rules Model"	May 1, 2023

These above standards and interpretations are assessed with that they have no significant effect on the Group's financial condition and financial performance.

(3.2) Not yet adopted issues of the amendments to IFRS endorsed and issued into effect by FSC.

The following table summarizes the new, revised, and amended IASB standards and interpretations as approved by FSC.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 "Lease Liabilities in Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Current or Non-Current Liabilities"	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with contractual terms"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024

These above standards and interpretations are assessed with that they have no significant effect on the Group's financial condition and financial performance.

- (3.3) The issues of the amendments to IFRS but not yet endorsed and issued into effect by FSC.
The following table summarizes the new, revised, and amended IASB standards and interpretations, but as not approved by FSC yet.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	pending by IASB
IFRS 17 “Insurance Contract”	January 1, 2023
Amendments to IFRS 17 “Insurance Contract”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
Amendment to IAS 21 “Lack of Convertibility”	January 1, 2025

These above standards and interpretations are assessed with that they have no significant effect on the Group’s financial condition and financial performance.

4. Summary of Significant Accounting Policies

The significant accounting policies applied to the consolidated financial statements state as follows. These policies apply consistently throughout the whole period of these financial statements unless otherwise stated.

(4.1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(4.2) Basis of Preparation

- a. The accompanying consolidated financial statements have been prepared on the historical cost basis except for the following significant items.
 - (i) Financial assets and liabilities measured at fair value through profit or loss.
 - (ii) Financial assets measured at fair value through other comprehensive income.
 - (iii) The defined benefit liability recognized by the net after Lessing pension fund assets from the defined benefit obligation.
- b. The preparation of financial statements in accordance with IFRS and IASB standards and interpretations (hereinafter referred to as IFRSs) approved by the FSC requires the use of certain important accounting estimates. In applying the Group's accounting policies, management needs to exercise judgement in relation to items involving high judgment or complexity, or significant assumptions and estimates related to the consolidated financial statements. Please refer to Note 5 for further details.

(4.3) Basis of Consolidation

- a. The basis for the consolidated financial statements
 - (i) The Group has included all subsidiaries as individual entities in the preparation of the consolidated financial statements. Subsidiaries means that entities controlled by the Group, where the Group is exposed or has rights to variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date on which the Group’s control acquires, and are deconsolidated in the aforementioned statements from the date on which control ceases.
 - (ii) The transactions, balances, and unrealized profits or losses among companies within the Group have been eliminated. The accounting policies of subsidiary companies are consistent with those adopted by the Group.
 - (iii) The components of profit or loss and other comprehensive income are attributed to the owners of the parent company and non-controlling interests. The total comprehensive income is also attributed to the owners of the parent company and non-controlling interests, even if this results in a deficit in non-controlling interests.

- (iv) When changes in shareholdings of subsidiaries result no loss of control (i.e., transactions with non-controlling interests), those are treated as equity transactions, and be recognized as transactions among the owners internally. The difference between the adjusted amount for non-controlling interest and the fair value of consideration paid or received is recognized directly in equity.
- (v) When the Group loses control over a subsidiary, the remaining investment in the former subsidiary is re-measured at fair value and is recognized as the fair value of the original financial asset or the cost of the original investment in the associates or joint venture, and the difference between the fair value and the carrying amount is recognized in current profit and loss. For all the amounts that were previously recognized in other comprehensive income and be related to the former subsidiary, the accounting treatment is the same as the basis if when the Group directly disposes its relevant assets or liabilities. Namely for these aforementioned profits or losses previously recognized in other comprehensive income, they shall be reclassified to profit or loss when disposing of the relevant assets or liabilities, and be reclassified from equity to profit or loss when losing of control over the subsidiary.
- b. Subsidiaries Included in the consolidated financial statements:

Name of Investor	Name of Investee	Main Businesses and Products	Establishment and Operating Location	Percentage of Ownership	
				Dec 31, 2023	Dec 31, 2022
The Company (TCEIC)	Chinsan (Cayman) Enterprise Co., Ltd (Chinsan (Cayman) Co.)	General investment business	Cayman Islands	100%	100%
as above	Royal Cheng Investment Co., Ltd.	General investment business	Taiwan	100%	100%
Chinsan (Cayman) Co.	Chinsan Electronic Industrial (Thailand) Co., Ltd. (Chinsan Thailand Co.)	Manufacturing and trading of aluminum capacitors	Bangkok Thailand	94.52%	94.52%
as above	Chinsan (BVI) Enterprise Co., Ltd. (Chinsan (BVI) Co.)	Trading of aluminum capacitors and investment	BVI	100%	100%
as above	Elite (BVI) Enterprise Co., Ltd. (Elite (BVI) Co.) (Note 1)	Trading of aluminum capacitors	BVI	-	100%
as above	Eagle Zone Limited (Eagle Zone Co.)	Trading of aluminum capacitors and investment	Samoa Islands	100%	100%
as above	King-Tachi Technology Company Limited (Hongkong Kingtachi Co.)	Trading of aluminum capacitors and investment	Hongkong	100%	100%
as above	Spotlight Int'L Co., Ltd. (Spotlight Co.)	General investment business	Samoa Islands	100%	100%
Spotlight Co.	Wealthy Success Enterprise Limited (Wealthy Success Co.)	General investment business	Hongkong	100%	100%
as above	Guangzhou Kingtachi Electronic Co., Ltd. (Guangzhou Kingtachi Co.) (note2)	Manufacturing and trading of aluminum capacitors	Guangzhou	15.24%	-
Hongkong Kingtachi Co.	King Nichi Technology Guangzhou Co., Ltd. (Guangzhou KingNichi Co.)	Manufacturing & trading of aluminum capacitors, and investment	Guangzhou	95.22%	95.22%
as above	Guangzhou Kingtachi Co.	Manufacturing & trading of aluminum capacitors, and investment	Guangzhou	84.76%	100%
Wealthy Success Co.	Guangzhou Heng Long Investment Co., Ltd. (Guangzhou Heng Long Co.)	General investment business	Guangzhou	100%	100%
Guangzhou Kingtachi Co.	Guangzhou Youmao Electronics Co., Ltd. (Guangzhou Youmao Co.)	Manufacturing and trading of aluminum capacitors	Guangzhou	100%	100%

Note1. Elite (BVI) company has been deregistered in 2023.

Note2. In May 2023, Spotlight Co increased cash capital of US\$8,900 thousand to Guangzhou Kingtachi Co.

- c. Subsidiaries not included in the consolidated financial statements: Not applicable.
- d. Adjustment and treatment methods for different accounting periods of subsidiaries: Not applicable.
- e. Significant Restrictions: Not Applicable.
- f. Subsidiaries with significant non-controlling interests in the Group: Not applicable.

(4.4) Foreign Currencies

The items listed in the consolidated financial statements of each entity in the Group are measured in terms of the currency of the primary economic environment in which the entity operates (namely the functional currency). The consolidated financial statements are presented in New Taiwan dollars, TCEIC's functional currency, as the expression currency.

a. Foreign currencies and the account balance

- (i) Foreign currency transactions are translated into the functional currency at the spot rate on transaction date or measurement date, and the translation differences arising from these transactions as mentioned are recognized as current profit or loss.
- (ii) The balance of foreign currency monetary assets and liabilities is evaluated and adjusted according to the spot rate on the issue date of balance sheet, and the translation difference arising from the adjustment is recognized as current profit or loss.
- (iii) Translation differences on foreign currency non-monetary asset and liability balances are part of fair value gains and losses. If measured at fair value through profit or loss, it shall be adjusted according to the spot rate on the balance-sheet date, and the exchange difference arising from the adjustment shall be recognized as current profit or loss. If measured at fair value through other comprehensive profit or loss, it shall be calculated according to the balance sheet, and the exchange difference from the adjustment is recognized in other comprehensive profit and loss items. If not measured at fair value, it is calculated according to the historical exchange rate on the initial transaction date.
- (iv) All exchange gains and losses are revealed in the profit and loss statement under "Foreign currency exchange profits (losses)".

b. Translation regarding foreign operation

- (i) For all subsidiary and associate companies whose functional currency is different from the expression currency, their respective operating and financial results are converted into the expression currency as follows:
 - A. The assets and liabilities expressed in each balance sheet are translated at the closing exchange rate on the balance-sheet date.
 - B. The incomes and expenses expressed in each statement of comprehensive income are translated at the current average exchange rate.
 - C. All exchange differences arising from translation are recognized in other comprehensive profit or loss.
- (ii) When a the partially disposed-or-sold foreign operation is an affiliated corporate, the exchange difference under other comprehensive profit and loss will be re-classified in the current profit and loss in accordance with the proportion of its disposal profit or loss. However, if TCEIC retains part of the rights and interests in this former affiliated corporate but has lost the significant influence on the foreign operation, it will be treated as the whole equity of the disposal implemented in this foreign operation.
- (iii) When the partially disposed-or-sold foreign operation is a subsidiary, the accumulated exchange difference recognized as other comprehensive profit or loss shall be re-attributed to the non-controlling interests of the foreign operation in proportion. However, when the TCEIC has no longer control over the foreign operation as a subsidiary even though it retains part of the rights and interests in this former subsidiary, it will be treated as the whole equity of the disposal implemented in this foreign operation.

(4.5) Classification of Current and Noncurrent Assets and Liabilities

a. Assets meeting one of the following conditions are classified as current assets

- (i) The assets are expected to be realized in the normal operating cycle, or be meant to be sold or consumed.
- (ii) Those being held primarily for trading purposes.
- (iii) Those expected to be realized within twelve months after the balance-sheet date.
- (iv) Cash or cash equivalents, in exception of that those are exchanged or used to settle liabilities under restriction at least twelve months after the balance sheet date.

Assets that do not meet the above conditions are classified by the Group as noncurrent.

b. Liabilities meeting one of the following conditions are classified as current assets

- (i) Those are expected to be settled in the normal operating cycle.
- (ii) Those being held primarily for trading purposes.
- (iii) Those expected to be paid off within twelve months after the balance-sheet date.
- (iv) The repayment period cannot be unconditionally postponed for at least twelve months after the balance-sheet date. But those liabilities, with the terms of repayment through the issuance of equity instruments of the counterparty option, are not affected on its classification.

Liabilities that do not meet the above conditions are classified by the Group as noncurrent.

(4.6) Cash Equivalents

Cash equivalents refer to short-term and high-liquidity investments that meet all the following conditions simultaneously.

- a. Those can be converted into fixed cash at any time.
- b. Those are with low risk of value change.

Fix deposits, which meeting the aforementioned definition and being held for the purpose of short-term cash commitments in operations, are classified as cash equivalents.

(4.7) Financial Assets Measured at Fair Value through Profit or Loss

- a. Refers to the financial assets that are not measured at amortized cost or at fair value through other comprehensive profit or loss. The Group classifies it as a financial asset at fair value through profit or loss at the time of original recognition for the aforementioned financial asset measured at amortized cost or at fair value through other comprehensive income only when the measurement or recognition inconsistency can be eliminated or significantly reduced.
- b. The Group adopts delivery date accounting for the financial assets conforming to trading practices via being measured at fair value through profit and loss.
- c. The Group measures it at fair value at the time of initial recognition, issues the relevant transaction costs and subsequently measured at fair value, and recognizes its benefits or losses in income statement.
- d. The Group recognizes the dividend income when the right of dividend receiving confirmed, the economic benefit of dividend flowing in likely, and the dividend amount fitted with trusty measurement.

(4.8) Financial Assets Measured at Fair Value through Other Comprehensive Income

- a. Refers to an irrevocable choice issued at the time of original recognition, the changes, in the fair value of those equity instrument investments which are not held for trading, are reported in other comprehensive income, either debt instrument investment if meeting the following conditions at the same time:
 - (i) The financial asset is held under the business model for the purpose of collecting contractual cash flow and selling.

- (ii) The contract terms of the financial asset generate cash flow on a specific date, which are entirely for the payment of principal and the interest on the outstanding principal amount.
 - b. The Group adopts delivery date accounting for the financial assets conforming to trading practices via being measured at fair value through other comprehensive income.
 - c. The Group measures its fair value plus transaction costs at the time of original recognition, measures it at fair value subsequently.
 - (i) Changes in the fair value of equity instruments are recognizes in other comprehensive income. When derecognized, the accumulated profit or loss, which are recognized in other comprehensive income previously, shall not be reclassified to the comprehensive income subsequently, but shall be transferred to retained earnings. The Group recognizes the dividend income when the right of dividend receiving confirmed, the economic benefit of dividend flowing in likely, and the dividend amount fitted with trusty measurement.
 - (ii) Changes in the fair value of debt instruments are recognized in other comprehensive income. Before derecognized, impairment losses, interest revenue and foreign currency exchange gains or losses are recognized in profit or loss. When derecognized, the accumulated profit or loss, which are recognized in other comprehensive income previously, shall be reclassified from equity to profit or loss.
- (4.9)Financial assets measured at amortized cost
- a. Refers to those meeting the following conditions at the same time:
 - (i) The financial asset is held under the business model for the purpose of collecting contractual cash flow.
 - (ii) The contractual terms of the financial asset generate cash flow on a specific date, which is entirely the payment of principal and the interest on the outstanding principal amount.
 - b. The time deposits held by the Group that do not meet the equivalent cash requirements, due to that their short holding periods cause no significant impact upon discounting, are still measured by the investment amount.
- (4.10)Accounts Receivable and Notes receivable
- a. Refers to the accounts and bills that have the unconditional right of receiving consideration amount in exchange for goods or services in accordance with the contract.
 - b. For the short-term accounts receivable and notes receivable without interest deals, the Group issues their original invoice amounts for measurement due to the minor impact of discounting.
- (4.11)Impairment of Financial Assets
- On each balance sheet date, the Group considers all rational and substantiated information, (as well as forward-looking ones), for debt instrument investments measured at fair value through other comprehensive income, financial assets measured at amortized cost, and accounts receivable containing significant financial components. For those whose credit risk has not increased significantly since the original recognition, the provision loss shall be measured by the amount of expected credit loss in 12 months. For those with credit risk arising significantly since the original recognition, the provision is measured by the amount of expected credit loss during the duration. For the accounts receivable not containing significant financial components, the provision is measured based on the amount of expected credit losses during the duration.
- (4.12)Derecognition of Financial Assets
- The Group will declassify financial assets when one of the following conditions is met.
- a. The contractual right of receiving cash flows from the financial asset lapses.
 - b. The contractual right of receiving cash flow from the financial asset, and most majority of risks and rewards of the financial asset ownership, both have been transferred.
 - c. The contractual right of receiving cash flows from the financial asset has been transferred and retained no control over the financial asset.

(4.13) Inventories

Inventories are determined by the lower of cost and net realizable value, and their carry-forward costs are measured by the weighted average method under adoption of the perpetual inventory system. The cost of finished and work-in-progress goods includes raw materials, direct labor, other direct costs and overhead apportioned on normal production capacity, but excludes borrowing costs. The item-by-item comparison method is adopted for choosing the lower of the cost and the net realizable value. The net realizable value refers to the estimated balance of selling price in the normal operation course minus the completed cost including related variable sales expenses.

(4.14) Investments using the equity method - associates

1. Associates refer to all entities over which the Group has significant influence but no control, generally directly or indirectly holding more than 20% of its voting shares. The Group's investment in associates is accounted for using the equity method and is recognized at cost upon acquisition, including recognized goodwill at the time of acquisition, and Less accumulated impairment losses arising from subsequent assessments. °
2. The Group recognizes the share of profits and losses acquired by associates as current profit and loss, and the share of other comprehensive profits and losses acquired by the Group as other comprehensive profits and losses. If the Group's share of losses to any associates equals or exceeds its interest in that associate (including any other unsecured receivables), the Group does not recognize further losses unless the Group incurs legal obligations, constructive obligations, or payments made on their behalves.
3. When the associate occurs non-profit-and-loss and other comprehensive income equity changes that do not affect the Group's shareholding ratio of this associate, the Group recognizes all these equity changes as capital surplus based on shareholding ratio.
4. Unrealized profits and losses arising from transactions between the Group and associates have been eliminated in proportion to its equity in the associates. Unrealized losses are also eliminated unless evidence indicates that the assets transferred in the transaction have been impaired. Necessary adjustments have been implemented to the accounting policies of the associates, in according to the consistency of the Group's accounting policies.
5. When an associate issuing new shares, the change in the net equity value is to adjust the "capital surplus" and "investment using the equity method" if the Group un-fulfills to subscribe or obtain them in proportion which resulting in a change in the investment ratio but still having a significant influence on it. If resulting in a decrease of investment ration, in addition to the aforementioned adjustments, the profits or losses, which are related to the decrease of ownership interests being previously recognized in other comprehensive income and must being reclassified, will be reclassified to profit or loss according to the reduction ratio.
6. When the Group losing significant influence over an associate, the remaining investment in the original associates is re-measured according to the fair value, and the difference between the fair value and the carrying amount is recognized as the current profit and loss.
7. When the Group disposing of an associate, if it loses its significant influence on the associates, the accounting treatment for all amounts related to the associates previously recognized in other comprehensive income corresponds with the same base as if Group directly disposes of related assets or liabilities. Namely for the profits or losses previously recognized as other comprehensive income, those will be reclassified as profit or loss when disposing of the relevant assets or liabilities, and the other ones will be reclassified from profit-or-loss Equity to profit or loss. If the ownership interest in the associates reduces but the significant influence on it remains, only the amount previously recognized in other comprehensive income will be transferred out in proportion to the above method.
8. When the Group disposing of an associate, it will transfer the capital surplus related to the associates to profit or loss, and will transfer the aforementioned capital surplus to profit and loss according to the disposal ratio.

(4.15) Property, Plant and Equipment

- a. Property, plant and equipment are recorded on the basis of acquisition cost, and the relevant interest during the acquisition and construction period is capitalized.

- b. Subsequent costs are issued in the carrying amount of assets or recognized as a separate asset only when the future economic benefits related to the project are likely to flow into the Group this project cost can be measured reliably.
- c. Subsequent measurement of property, plant and equipment adopts the cost model. Except for the land that issues not depreciation, the others are depreciated using the straight-line method and based on the estimated service life (i.e., the lease improvement will be the contract period).
- d. The Group reviews the residual value, service life and depreciation method of each asset at the end of each financial year. If the expected value of the residual value and service life is different from the previous estimate, or the expected consumption pattern of benefits of the future economic value in the asset occurs, a significant change in, it shall be handled in accordance with the accounting estimate change provisions of IASB No. 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change.
- e. Service life of each asset is as follows:
 - Housing and construction: 20 to 50 years
 - Machinery and equipment: 1 to 11years
 - Transport equipment: 2 to 6 years
 - Office equipment: 1 to 10 years
 - Lease Improvements: 6 years

(4.16) Lease Transactions of the Lessee regarding Right-of-use Assets and Lease Liabilities

- a. Lease assets are recognized as right-of-use assets and lease liabilities on the day being available for use by the Group. When the contract is a short-term lease or a lease of a low-value asset, the lease payment is recognized as an expense during the lease period accounted for using the straight-line method.
- b. Lease liabilities are recognized at the present value of unpaid lease payments discounted at the Group 's incremental borrowing rate on the lease commencement date. Lease payments are fixed payments and any lease incentives that can be received are Leased. Subsequent adoption of the interest method is measured by the amortized cost method, and interest expenses are issued during the lease period. When the lease period or lease payment changes not owing to contract modification, the lease liability will be re-assessed, and the re-measurement amount will be recorded at the right-of-use asset. °
- c. The right-of-use asset is recognized at cost on the lease commencement date, and the cost includes:
 - (i) The original measure of this lease liability.
 - (ii) Any lease payments occurred on or before the commencement date.
 Under the subsequent cost model, depreciation expense is recognized on the right-of-use assets when they reach the end of their useful lives or the lease term expires, whichever is earlier. When lease liabilities are remeasured, any re-measurement amounts will adjust the right-of-use assets.

(4.17) Investment Property

Investment Property is recognized at cost and subsequently measured using the cost model. Depreciation is provided using the straight-line method based on the estimated service life of 50 years.

(4.18) Intangible Assets

Intangible assets, which mainly include computer software, patent rights, etc., are amortized using the straight-line method, and the depreciation period is 1 to 20 years.

(4.19) Impairment of Non-financial Assets

- a. On the balance sheet date, the Group estimates the recoverable amount of assets with signs of impairment, and recognizes the impairment loss when the recoverable amount is lower than it carrying amount. The recoverable amount is the higher of an asset's fair value minus its disposal

cost, or its value in use. Except for goodwill, when the asset impairment recognized in the previous year vanishes or decreases, the impairment loss shall be reversed, while the carrying amount of the asset increased by the reversal of the impairment loss shall not exceed the carrying amount after depreciation if the asset had not been recognized for the impairment loss.

- b. For the intangible assets with undetermined service life and the ones not yet available for use, the impairment test shall be implemented to estimate their recoverable amount in regular yearly base. The impairment losses are recognized when the recoverable amount is lower than its carrying amount.

(4.20) Borrowings

Borrowings (Loans) are measured at fair value minus transaction costs at the time of original recognition and subsequently measured at amortized cost over the borrowing period for any difference between transaction costs and redemption value accounted for the use of the effective interest method.

(4.21) Notes Payable and Accounts Payable

Notes payable and accounts payable are an obligation to pay for goods or services obtained from suppliers in ordinary operation course. It is measured at fair value at the time of original recognition, and subsequently measured at amortized cost accounted for the use of the effective interest method. For short-term accounts payable without interest bearing, the subsequent measurement will be based on the original invoice amount since the discounting impact is not significant.

(4.22) Derecognition of financial liabilities

The Group derecognizes financial liabilities when the obligations specified in the contract are performed, canceled or expired.

(4.23) Derecognition of Financial Assets and Liabilities

Financial assets and financial liabilities can be offset only when there is a legally enforceable right to offset the recognized amounts of the aforementioned ones, and it is intended to deliver or realize assets and liquidate liabilities at the same time on a net basis, and issued in net amounts on the balance sheet.

(4.24) Corporate Bonds payable

The payable convertible bonds issued by the Group are embedded with conversion right (namely a right of the holder to convert into the Group's ordinary shares with converting a fixed number of shares for a fixed amount), puttable right and callable right. At the time of initial issue, the issue price is divided into financial assets, financial liabilities, or equity ("capital surplus - stock options") according to the issue conditions, and the treatment is as follows:

- a. The embedded puttable right and callable right are recorded as "financial assets or liabilities at fair value through profit or loss" at the time of original recognition at the net amount of their fair value. The difference is recognized as "financial asset (liability) profit or loss measured at fair value through profit or loss" based on fair value valuation.
- b. The master contract is measured at fair value at the time of original recognition, and the difference between fair value and its redemption value is recognized as the premium or discount of the bond payable, which is issued as an addition or subtraction of the bond payable. The amortizations are recognized in profit or loss as an adjustment to finance costs during their circulation period.
- c. The embedded conversion right conforms to the definition of equity. At the time of original recognition, the remaining value after Lessing the aforementioned "financial assets or liabilities measured at fair value through profit and loss" and "corporate bonds payable" is recorded in "capital surplus - stock option", and will not be re-measured in the future.
- d. Any directly attributable transaction costs of the issue are allocated to the components of liabilities and equity in proportion to the original carrying amount.
- e. When the holder switches, the components of book liabilities (including "corporate bonds payable" and "financial assets or liabilities measured at fair value through profit and loss") are treated according to the subsequent measurement method under their classifications, and then the carrying amount of the aforementioned dependent liabilities plus the carrying amount of "capital surplus - share options" is used as the issuance cost of the common stock exchanged.

(4.25) Employee Benefits

a. Short-term employee benefits

Short-term employee benefits are measured at expected non-discounted amounts to be paid and are recognized as an expense when the related service is rendered.

b. Pension

(i) Defined contribution plan

For the defined contribution plan, the amount of the pension fund that should be appropriated is recognized as the current pension cost on the accrual basis. Advance payments, when accords to the extent of refundable in cash or reduction of future payments, are recognized as assets.

(ii) Defined benefit plan

- A. The net obligation under the defined benefit plan is calculated by discounting the number of future benefits earned by the employee in the current or past service, and the fair value of the plan assets is Leased from the present value of the defined benefit obligation on the balance sheet date. The net defined benefit obligation is calculated annually by the actuary using the projected unit credit method, and the discount rate refers to the yield rate of government bonds (on the balance sheet date) that are consistent with the currency and period of the defined benefit plan on the balance sheet date.
- B. The re-measurement amount generated by the defined benefit plan is recognized in other comprehensive income in the period in which it occurs, and issued in retained earnings.
- C. Expenses related to upfront service costs are recognized immediately in profit or loss.

c. Remuneration of Employees, Directors and Supervisors

Remuneration of Employees, Directors and Supervisors are recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be estimated rationally. If a discrepancy occurring between the actual distribution amount determined by the Board of Directors and the estimated amount, it shall be treated as a change in accounting estimate. For the employee remuneration paid by stock, the basis for calculating the number of shares is the closing price on the day before the resolution of the Board of Directors.

(4.26) Income Tax

- a. Income tax expenses include current and deferred income taxes. Income taxes are recognized in profit or loss except for income taxes that relate to the items being recognized in other comprehensive income or in equity directly.
- b. The Group calculates the current income tax based on the tax rate that has been enacted or substantively enacted on the balance sheet date in the country where the Group operates and generates taxable income. Management periodically assesses the status of income tax filings with respect to applicable income tax regulations and, where applicable, estimates income tax liabilities based on the expected tax payments to the taxing authorities. For undistributed earnings, additional income tax is levied in accordance with the Income Tax Act. The income tax expense on undistributed earnings is recognized only after the actual distribution of earnings following the resolution of shareholders' meeting from the year following the year in which the retained earnings were generated.

- c. Deferred income tax is accounted for using of the balance sheet method, which is recognized according to the temporary difference between the tax base of assets and liabilities and their carrying amount in the consolidated balance sheet. Deferred income tax liabilities arising from the original recognition of goodwill are not recognized. The deferred income tax is also not recognized if the deferred income tax is derived from the original recognition of assets or liabilities in the transaction which does not affect accounting profit or taxation at the time of the transaction. For the temporary difference generated by the invested subsidiary, which the Group can control the timing of the reversal and this temporary difference is unlikely to reverse in foreseeable future, it will not be recognized. Deferred income tax is based on the tax rates (and tax regulation) that are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled, using the tax rates that have been enacted or substantively enacted as of the balance sheet date.
- d. Deferred income tax assets are recognized within the extent of temporary differences that are likely to be used to offset future taxable income, and those unrecognized and recognized deferred income tax assets shall be re-assessed on each balance sheet date.
- e. When there is a legally enforceable right to offset the recognized current income tax assets and liabilities and there is an intention to pay off on a net basis or realize the assets and liabilities at the same time, the current income tax assets and current income tax liabilities will be offset. When there is a legally enforceable right to offset the current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are generated by the same taxpayer with income tax levying by the same tax authority, or different taxpayers but each subject intends to realize assets and paid off liabilities on the net basis at the same time, these deferred income tax assets and liabilities will be offset.

(4.27)Share Capital

Ordinary share is classified as equity. The incremental costs directly attributable to the issuance of new shares or stock options are recorded as a Lesion of the price in equity after Lessing income tax.

(4.28)Dividend Distribution

The dividends distributed to the Group's shareholders are recognized in the financial statements when the Group shareholders' meeting determines to distribute dividends, and the distribution of cash dividends is recognized as a liability.

(4.29)Revenue Recognition

- a. The Group manufactures and sells varieties of electronic equipment and capacitors and other related products. Sales revenue is recognized when the control of the product is transferred to the customer, that is, when the product is delivered to the customer, the customer has discretion over the channel and price of product sales, and the Group has no outstanding performance obligations that may affect the customer's acceptance of the product. The delivery of goods occurs when the product is delivered to the designated place, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the product in accordance with the sales contract, or there is objective evidence that all acceptance criteria have been met.
- b. Accounts receivable are recognized when the control of the product is transferred to the customer, due to that the Group has an unconditional right to the contract price from that point on, and it only takes time to collect the consideration from the customer.

(4.30)Operation Segment

The information and internal management reports provided to the main operational decision-makers by the operation segment of the Group are treated with a consistent manner. The main operational decision-makers are responsible for allocating resources to the operation segment and evaluating its performance.

5. Critical Accounting Judgments & Key Sources of Estimation & Uncertainty

When the consolidated financial statements issued, the management has used its judgment to determine the accounting policies adopted, and made accounting estimates and assumptions based on the current situation on the balance sheet date and rational expectations of future events. The major accounting estimates and assumptions made may differ from the actual results, and will be continuously evaluated and adjusted taking into account historical experience and other factors. The Group does not have significant accounting judgments adopted in its accounting policies. Please refer to our detailed explanations on the uncertainties of important accounting estimates and assumptions as follows:

Critical Accounting Estimates and Assumptions

The accounting estimates made by the Group are rational expectations of future events based on the current situation on the balance sheet date, but the actual results may differ from the estimates. For the possible risk of major adjustments to the carrying amount of assets and liabilities in the next financial year, the Group's estimates and assumptions states in details as follows:

a. Impairment assessment of tangible assets and intangible assets (except goodwill)

In the process of asset impairment assessment, the Group needs to rely on subjective judgments, which based on asset usage patterns and industry characteristics, for determining the independent cash flow of a specific asset group, the useful life of assets, and possible future income and expenses. Changes in estimates due to economics changes or corporate strategy could result in material impairment in the future.

b. Inventory valuation

Since inventories must be measured at the lower of cost and net realizable value, the Group must use judgment and estimation to determine the net realizable value of inventories on the balance sheet date. Attributed to rapid changes in technology, the Group evaluates the amount of inventory due to normal wear, tear, obsolescence or none of market value on the balance sheet date, and issue the inventory cost written down to the net realizable value. This inventory valuation, mainly based on the product demands estimated upon a specific future period, is likely to occur material changes.

On December 31, 2023 and 2022, the carrying amount of the Group's inventory was NT\$1,070,510 thousand and NT\$1,176,536 thousand respectively.

c. Investment impairment valued by the equity method

When indication of impairment occurs for an investment accounted for use of the equity method may have been impaired to the extent that the carrying amount cannot be recovered, the Group immediately values the impairment of the investment. The Group evaluates the recoverable amount based on the discounted present value of the expected future cash flow of the invested company, and analyzes the rationality of the relevant assumptions.

On December 31, 2023 and 2022, the Group's investment using the equity method after recognizing impairment losses was NT\$53,675 thousand and NT\$86,471 thousand respectively.

6. Explanation of Important Accounting Subjects

a. Cash and cash equivalents

	2023.12.31	2022.12.31
Cash on hand	\$ 504	\$ 752
Cash in banks	1,053,975	865,236
Cash equivalent (investment with original maturity within 3 months)	670,876	887,550
	<u>\$ 1,725,355</u>	<u>\$ 1,753,538</u>

(i) The financial institutions that the Group deals with have good credit quality, and the Group conducts transactions with multiple financial institutions to diversify credit risk. The possibility of default is expected to be very low.

(ii) The Group has not pledged cash and equivalent cash.

b. Financial assets and liabilities measured at fair value through profit or loss

	<u>2023.12.31</u>	<u>2022.12.31</u>
CURRENT:		
Financial assets that are required to be measured at fair value through profit or losses		
Listed shares	\$ 281,433	\$ 162,196
Beneficiary certificate	38,621	30,231
Valuation adjustment	20,297	(39,307)
	<u>\$ 340,351</u>	<u>\$ 153,120</u>
NONCURRENT:		
Financial assets that are required to be measured at fair value through profit or loss		
Listed shares	\$ 93,977	\$ 94,011
Unlisted or OTC shares	380,410	380,000
Beneficiary certificate	43,284	47,388
Callable & potable options of corporate bond (Note 4 and 6.12)	-	-
Valuation adjustment	14,634	27,383
	<u>\$ 532,305</u>	<u>\$ 548,782</u>

(i) The breakdown of financial assets and liabilities at fair value through profit or loss recognized in profit or loss is as follows:

	<u>2023</u>	<u>2022</u>
Financial assets that are required to be measured at fair value through profit or losses		
Equity instrument	\$ 91,573	(\$ 10,147)
Debt instrument	2,276	1,606
Margin Trading and Short Selling	(2,916)	-
	<u>(\$ 90,933)</u>	<u>(\$ 8,541)</u>
Financial assets that are required to be measured at fair value through profit or losses		
Corporate bond potable option and callable option (Note 4 and 6.12)	\$ -	(\$ 52)

- (ii) Key purpose of the Group's forward foreign exchange transactions is for evading the risks of foreign currency assets due to exchange rate fluctuations. However, hedge accounting is not applied.
- (iii) The Group has not pledged financial assets at fair value through profit or loss.
- (iv) Please refer to Note 6.21.(c) for information on the credit risk of financial assets at fair value through profit or loss.

c. Financial assets measured at fair value through other comprehensive income

	2023.12.31	2022.12.31
NONCURRENT:		
Equity instrument		
Stocks of unlisted and emerging companies	\$ 173,576	\$ 175,460
Valuation adjustment	(17,376)	(18,130)
	<u>\$ 156,200</u>	<u>\$ 157,330</u>
(i) The Group chose to classify strategic investments as financial assets measured at fair value through other comprehensive income. The fair values of these investments on December 31, 2023 and 2022 were NT\$156,200 thousand and NT\$157,330 thousand respectively.		
(ii) Details of financial assets measured at fair value through other comprehensive income recognized in other comprehensive income are as follows:		
	2023	2022
Equity instruments at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	\$ 1,560	\$ 12,485
(iii) Regardless of the collateral or other credit enhancements held, the financial asset that best represents the Group's holdings measured at fair value through other comprehensive income, the maximum exposure to credit risk as of December 31, 2023 and 2022 were NT\$156,200 thousand and NT\$157,330 thousand respectively.		
(iv) The Group has not provided financial assets measured at fair value through other comprehensive gains and losses as pledge guarantees.		
(v) Please refer to Note 6.21.(c) for information on the credit risk of financial assets measured at fair value through other comprehensive income.		

4. Notes receivable and accounts receivable(excluding related parties)

(i) Details are as follows:

	2023.12.31	2022.12.31
Notes receivable	\$ 1,132	\$ 18,067
Less: Provision	-	-
Net notes receivable	<u>\$ 1,132</u>	<u>\$ 18,067</u>
Accounts receivable	\$ 1,159,517	\$ 1,315,509
Less: Provision	(785)	(788)
Net accounts receivable	<u>\$ 1,158,732</u>	<u>\$ 1,314,721</u>

(ii) The aging analysis of notes receivable and net accounts is as follows:

	2023.12.31	2022.12.31
Not overdue	\$ 1,137,220	\$ 1,281,018
Within 30 days	16,916	13,405
31 to 90 days	4,569	31,841
More than 91 days	1,159	6,524
Total	<u>\$ 1,159,864</u>	<u>\$ 1,332,788</u>

The above is an aging analysis based on the days overdue.

- (iii) The Group has not provided notes receivable and accounts as pledge guarantees.
- (iv) Regardless of the collateral or other credit enhancements held, the maximum exposure to credit risk for the Group 's notes receivable on December 31, 2023 and 2022 were NT\$1,132 thousand and NT\$18,067 thousand respectively. The maximum exposure to credit risk for the Group 's accounts receivable on December 31, 2023 and 2022 were NT\$1,158,732 thousand and NT\$1,314,721 thousand respectively.
- (v) Please refer to Note 6.21(c) for the credit risk information of relevant accounts receivable and notes receivable.

e. Inventories

	2023.12.31	2022.12.31
Raw materials	\$ 398,317	\$ 482,851
Finished goods	107,518	99,567
Merchandise	656,301	680,996
Subtotal	1,162,136	1,263,414
Less: Allowance for inventory depreciation	(91,626)	(86,878)
Total	\$ 1,070,510	\$ 1,176,536

Inventory-related expenses and losses recognized in the current period

	2023	2022
Cost of inventories sold	\$ 2,610,012	\$ 3,043,718
Inventory depreciation and obsolesce	29,918	19,875
Total	\$ 2,639,930	\$ 3,063,593

f. Investments accounted for using the equity method

(i) Details are as follows:

	2023.12.31	2022.12.31
Associate investees		
Sustainable Development Co., Ltd.	\$ 53,675	\$ 86,471

(ii) Basic information of the Group's major associates s is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Measurement method
		2023.12.31	2022.12.31		
Sustainable Development Co., Ltd.	Taiwan	7.88%	12.91%	significant influence	Equity method

The Group participated in the capital increase of Sustainable Development Co., Ltd. in August 2022. The amount per share was NT\$20 respectively. These investment shares increased by 765,157 shares, and the investment amount increased by NT\$15,303 thousand, respectively.

(iii) Consolidated financial information of the Group's major associates are as follows:

<u>Balance Sheet</u>	Sustainable Development Co., Ltd.	
	2023.12.31	2022.12.31
Current assets	\$ 427,791	\$ 4,398
Noncurrent assets	678,813	884,837
Current liabilities	(225,505)	(42,467)
Noncurrent liabilities	(199,947)	(176,967)
Total net assets	\$ 681,152	\$ 669,801

	Sustainable Development Co., Ltd.	
	2023.12.31	2022.12.31
Share of net assets of associates	\$ 53,675	\$ 86,471
Goodwill	-	-
Carrying amount of associates	\$ 53,675	\$ 86,471

<u>Comprehensive income statement</u>	Sustainable Development Co., Ltd.	
	2023	2022
Revenue	\$ 10,740	\$ 11,386
Net loss for the period	(\$ 239,283)	(\$ 78,135)
Total comprehensive income for the period	(\$ 239,283)	(\$ 78,135)
Dividends received from associates	\$ -	\$ -

- (iv) The goodwill recognized by the Group for a premium acquisition of a portion of the equity of its affiliated-enterprises Sustainable Development Co., Ltd., was evaluated by the management as having a recoverable amount lower than it carrying amount. Therefore, an impairment loss of NT\$ 82,972 thousand was recognized in 2022.
- (v) A portion of the Group 's investment using the equity method is based on the valuation of the financial statements audited by other accountants appointed by respective associates. The shares of the profits and losses of associates and other comprehensive income in 2023 and 2022 are (NT\$26,925) thousand and (NT\$16,501) thousand respectively. On December 31, 2023 and 2022, the investments using the equity method were NT\$53,675 thousand and NT\$86,471 thousand respectively.
- (vi) The Group has not pledged the investment accounted for using the equity method.

g. Property, plant and equipment

A. January 1 to December 31 of the year 2023

	Lands	Buildings	Machinery equipment	Transportati on equipment	Other equipment	Constructions unfinish and equipment to be inspected	Lease improvements	Total
Cost								
Balance Jan 1, 2023	\$ 206,753	\$ 998,677	\$ 1,954,269	\$ 28,498	\$ 310,278	\$ 265,996	\$ 432	\$ 3,764,903
Additions	64,174	3,481	78,168	1,919	52,641	157,525	-	357,908
Disposals	-	-	(11)	(850)	(172)	-	-	(1,033)
Reclassification	-	12,054	81,081	1,822	16,659	(6,676)	-	104,940
Exchange rate impact amount	1,843	(15,402)	(14,896)	(330)	(1,473)	2,354	-	(27,904)
Balance Dec 31, 2023	\$ 272,770	\$ 998,810	\$ 2,098,611	\$ 31,059	\$ 377,933	\$ 419,199	\$ 432	\$ 4,198,814
Accumulated depreciation and impairment losses								
Balance Jan 1, 2023	\$ -	\$ 260,031	\$ 1,321,989	\$ 24,503	\$ 257,027	\$ -	\$ 212	\$ 1,863,762
Additions	-	22,388	139,873	1,773	20,903	-	73	185,010
Disposals	-	-	(11)	(850)	(172)	-	-	(1,033)
Impairment losses	-	97	11,432	-	2,167	-	-	13,696
Reclassification	-	(3,567)	(11)	(297)	(799)	-	-	(12,561)
Balance Dec 31, 2023	-	278,949	1,465,385	25,129	279,126	-	285	2,048,874
Net amount	\$ 272,770	\$ 719,861	\$ 633,226	\$ 5,930	\$ 98,807	\$ 419,199	\$ 147	\$ 2,149,940

B. January 1 to December 31 of the year 2022

	Lands	Buildings	Machinery equipment	Transportati on equipment	Other equipment	Constructions unfinish and equipment to be inspected	Lease improvements	Total
Cost								
Balance Jan 1, 2022	\$ 193,017	\$ 982,223	\$ 1,838,685	\$ 26,637	\$ 293,460	\$ 7,398	\$ 432	\$ 3,341,852
Additions	-	-	38,153	1,821	7,028	193,068	-	240,070
Disposals	-	-	(1,260)	(655)	(1,951)	-	-	(3,866)
Reclassification	-	-	22,811	-	417	65,318	-	88,546
Exchange rate impact amount	13,736	16,454	55,880	695	11,324	212	-	98,301
Balance Dec 31, 2022	\$ 206,753	\$ 998,677	\$ 1,954,269	\$ 28,498	\$ 310,278	\$ 265,996	\$ 432	\$ 3,764,903
Accumulated depreciation and impairment losses								
Balance Jan 1, 2022	\$ -	\$ 235,003	\$ 1,158,326	\$ 22,538	\$ 225,023	\$ -	\$ 139	\$ 1,641,029
Additions	-	21,101	128,151	2,094	24,888	-	73	176,307
Disposals	-	-	(1,260)	(655)	(1,951)	-	-	(3,866)
Reclassification	-	3,927	36,772	526	9,067	-	-	50,292
Balance Dec 31, 2022	-	260,031	1,321,989	24,503	257,027	-	212	1,863,762
Net amount	\$ 206,753	\$ 738,646	\$ 632,280	\$ 3,995	\$ 53,251	\$ 265,996	\$ 220	\$ 1,901,141

- (i) There is no capitalization of interest on property, plant and equipment of the Group.
- (ii) Please refer to Note 8 for information on the pledge guarantee provided by the Group with property, plant and equipment.

h. Leaser Transactions - Lessee

- (i) The underlying assets of the Group's lease are houses and buildings, and the lease contract period is usually between 6 and 50 years. The aforementioned contracts are negotiated individually and contain various terms and conditions. There are no other restrictions imposed, except that the leased assets cannot be used as collateral for borrowing.

- (ii) The carrying amount of the right-of-use asset and the recognized depreciation expenses is as follows:

Carrying amount

	2023.12.31	2022.12.31
Lands	\$ 93,330	\$ 97,931
Houses and buildings	271,462	278,248
	<u>\$ 364,792</u>	<u>\$ 376,179</u>

Depreciation expense

	2023	2022
Lands	\$ 2,850	\$ 2,867
Houses and buildings	6,787	6,705
	<u>\$ 9,637</u>	<u>\$ 9,572</u>

- (iii) The right-of-use asset of the Group in 2023 was \$0 due to lease modification, and the right-of-use asset in 2022 was increased by NT\$41,075 thousand due to lease modification.

- (iv) The profit and loss items related to the leasing contract is as follows:

	2023	2022
Items affecting current profit and loss		
Interest expense on the lease liability	\$ 4,315	\$ 4,363
Expenses for short-term lease contracts	<u>\$ 6,789</u>	<u>\$ 8,002</u>

- (v) The Group's total cash outflows for lease payments in 2023 and 2022 were NT\$17,070 thousand and NT\$18,194 thousand, respectively.

i. Investment property

	Houses and buildings
January 1, 2023	
Cost	\$ 91,954
Accumulated depreciation and impairment losses	(12,469)
	<u>\$ 79,485</u>
January 1, 2023	\$ 79,485
Depreciation	(1,834)
Exchange rate impact amount	(1,428)
December 31, 2023	<u>\$ 76,223</u>
December 31, 2023	
Cost	\$ 90,268
Accumulated depreciation and impairment losses	(14,045)
	<u>76,223</u>

	<u>Houses and buildings</u>
January 1, 2022	
Cost	\$ 90,622
Accumulated depreciation and impairment losses	(10,475)
	<u>\$ 80,147</u>
January 1, 2022	\$ 80,147
Depreciation	(1,845)
Exchange rate impact amount	1,183
December 31, 2022	<u>\$ 79,485</u>
December 31, 2022	
Cost	\$ 91,954
Accumulated depreciation and impairment losses	(12,469)
	<u>\$ 79,485</u>

(i) Rental income and direct operating expense of investment property:

	<u>2023</u>	<u>2022</u>
Rental income from investment property	<u>\$ 2,943</u>	<u>\$ 1,594</u>
Direct operating expenses incurred by investment property that generates rental income in the current period	<u>\$ 1,834</u>	<u>\$ 1,845</u>

(ii) The fair values of investment properties held by the Group were NT\$97,123 thousand and NT\$93,082 thousand as of December 31, 2023 and 2022 respectively. The fair values were not assented by independent appraisers, but were evaluated and consolidated by the managements of the Group with reference to market evidence of real estate transaction prices. °

j. Short-term borrowings

	<u>2023.12.31</u>	<u>2022.12.31</u>
Credit borrowing	\$ 1,715,000	\$ 1,235,000
L/C borrowing	-	-
Total	<u>\$ 1,715,000</u>	<u>\$ 1,235,000</u>
Interest rate range	<u>0.50%~1.82%</u>	<u>1.43%~1.93%</u>

The available amount of the aforementioned borrowing is as follows:

	<u>2023.12.31</u>	<u>2022.12.31</u>
NT\$	\$ 2,380,000	\$ 2,060,000
USD\$ (in thousands of USD)	4,500	4,500

k. Short-term notes payable

2022.12.31

Guarantee Acceptance Agency	Period	Interest rate	Amount	Collateral
Dah Chung Bills Finance Corp.	2022.12.23~2023.01.18	1.71%	\$ 80,000	None
Less: Discount of short-term notes payable			-	
Net amount			<u>\$ 80,000</u>	

k. Corporate bonds payable

The 5th-issued domestic unsecured convertible corporate bonds

(i) Taiwan Chinsan Electric Industrial Co., Ltd. (referred to as "TCEIC" and the "Company") issued the fifth unsecured convertible corporate bonds on July 10, 2018, with a total issuance of NT\$700,000 thousand. As of December 31, 2023 and 2022. Relevant information of these convertible corporate bonds in the consolidated financial statements is as follows:

A. Components of corporate bonds payable

	2023.12.31	2022.12.31
Issue denomination	\$ 700,000	\$ 700,000
Less: Corporate Bonds Redemption	(700,000)	(273,300)
Less: Corporate bonds discount	-	(2,902)
Less: Corporate bonds due within 1 year	-	(423,798)
Ending bond amount	<u>\$ -</u>	<u>\$ -</u>

B. Components of equities

	2023.12.31	2022.12.31
Original issue	\$ 44,450	\$ 44,450
Write-off of corporate bond redemption	(44,450)	(17,355)
	<u>\$ -</u>	<u>\$ 27,095</u>

The aforementioned equity composition items are listed under "capital surplus - stock option".

C. Components of liabilities

	2023.12.31	2022.12.31
Original issue	\$ 4,060	\$ 4,060
Valuation adjustment of financial liabilities	(4,060)	(4,060)
	<u>\$ -</u>	<u>\$ -</u>

The components of the aforementioned financial liabilities are embedded derivative financial liabilities at the time of issuance, which are listed under "Financial Liabilities at Fair Value through Profit and Loss - Noncurrent" and "Financial Assets at Fair Value through Profit and Loss - Noncurrent". The profits and losses measured by fair value are listed as follows:

	2023	2022
Measurement of profit (loss)	<u>\$ -</u>	<u>(\$ 52)</u>

(ii) TCEIC's issuance conditions for the fifth domestic unsecured convertible corporate bonds are as follows:

- Issuance quota: The total issuance amount is NT\$ 700 million.
- Face value: NT\$ 100,000 per bond.
- Issue price: Issued at 100.5% of the face value.
- Coupon rate: 0%.
- Bond term: 5 years (from July 10, 2018 to July 10, 2023).

- F. Conversion price: NT\$ 59.8 per share.
- G. Restriction period for conversion: The bondholder may convert the bonds into the TCEIC's ordinary shares after 3 months from the issue date of the convertible bonds (starting from October 11, 2018) until the maturity date, except for the legally suspended transfer period.
- H. Lock-up period: 3 months after the issue date. °
- I. Potable option of the bondholders:
This bond has a put-back option for bondholders to sell the convertible bonds back to TCEIC before the third anniversary of the issue date. The Company shall send the "put-back option exercise notice" to bondholders by registered mail at least 40 days before the put-back option date. The bondholders shall notify TCEIC's stock registrar in writing through the aforementioned notice at least 40 days before the put-back option date, to claim that the Company redeems the bonds at a price of 100.75% of the face value (yielding a 0.25% yield) in cash on the put-back option date.
- J. Callable option of TCEIC:
- From the day after 3 months after the issue date of the bond (October 11, 2018) until 40 days before the maturity date (May 31, 2023), if the closing price of the TCEIC's ordinary shares exceeds 130% (inclusive) of the then-current conversion price for 30 consecutive business days, TCEIC may redeem the convertible bonds in cash at their face value within the next 30 business days.
 - From the day after 3 months after the issue date of the bond (October 11, 2018) until 40 days before the maturity date (May 31, 2023), if the outstanding amount of the bond falls below 10% of the original issuance amount, TCEIC may repurchase the convertible bonds in cash. °
- K. Reset option: None.

m. Long-term borrowings

	2023.12.31	2022.12.31
Credit loans	\$ 1,000,000	\$ 1,136,667
Secured loans	151,485	53,646
Less: Portion due within 1 year	(15,040)	-
	<u>\$ 1,136,445</u>	<u>\$ 1,190,313</u>
Interest rate range	<u>1.74%~5.34%</u>	<u>1.52%~4.32%</u>

- (i) The available amount for the above borrowings is as follows:

	2023.12.31	2022.12.31
NT\$	\$ 1,350,000	\$ 1,460,000
THB\$ (in thousands of THB)	\$ 200,000	\$ 200,000

- (ii) Please refer to Note 8 for details of the collaterals with assets being set up as guarantees of bank loans.

n. Pension

- (i) Defined Contribution Plan

Since July 1, 2005, TCEIC has implemented a defined pension-contribution plan in accordance with the Labor Pension Act. According to the plan, the Company contributes 6% of each employee's monthly salary to the employee's personal account of the Labor Insurance Bureau. Pension are paid to employees either in monthly installments or as a lump-sum pension based on the amount in their individual pension accounts and the accumulated interest. As this pension reserve is completely separated from TCEIC, it is not included in the consolidated financial statements.

The subsidiaries in China, which are Guangzhou Chin-Zu Tech Co., Guangzhou Kingtachi Electric Co., and Guangzhou You-Mao Electric Co., are required to appropriate a certain percentage of their local employees' total monthly salary to the pension insurance fund, in accordance with the retirement insurance system regulations in China (P. R. C.) People's Republic of China government. The appropriation rate for the years 2023 and 2022 is both 14%. The pension of each employee is managed by domestic China government, and the Group has no further obligations other than monthly appropriation.

The subsidiary, Thailand Chinsan Electric Industrial Co., Ltd. established in Thailand, is required to appropriate a certain percentage of their local employees' total monthly salary to the retirement pension fund managed by the retirement pension management institution, and also be mandatory to pay certain retirement benefits to employees in accordance with relevant laws and regulations upon retirement in Thailand.

The Group recognized the pension expenses related to the defined contribution plan of NT\$38,591 thousand and NT\$36,672 thousand for the years ended December 31, 2023 and 2022, respectively in comprehensive income statements.

(ii) Defined Benefit Plan

- ① TCEIC and its domestic subsidiaries have a defined benefit retirement plan in accordance with the Labor Standards Act, applicable to all regular employees with service periods before the implementation of the Labor Pension Act on July 1, 2005, and to subsequent service periods of employees who chose to continue to be covered under the Labor Standards Act after the Labor Pension Act implementation. Pension benefits are calculated based on years of service and the average salary for the six months preceding retirement. The service years within 15 years (inclusive) will be given 2 bases every year, and the service years exceeding 15 years will be paid 1 base every year, while the total accumulation is limited to a maximum of 45 bases. TCEIC contributes 2% of the total payroll each month to the pension fund, which is stored in an exclusive account with Bank of Taiwan under the name of the Labor Pension Supervisory Committee. In addition, TCEIC estimates the balance in the labor pension account at the end of each fiscal year. If the balance is insufficient to cover the estimated pension benefits for employees who are expected to retire in the following year, TCEIC will make a one-time contribution to cover the shortfall by the end of March of the following year.
- ② Some overseas companies are obligated to pay certain retirement benefits in accordance with labor regulations when their employees retire.
- ③ The total amount of pension expenses recognized in the statements of comprehensive income due to the defined benefit plan from January 1 to December 31 in 2023 and 2022 of TCEIC was NT\$49 and NT\$0, and it was also recognized under other comprehensive income that the actuarial profit and (losses) were NT\$136 thousand and NT\$3,209 thousand respectively.
- ④ The fund assets of TCEIC's defined benefit pension plan are entrusted by the Bank of Taiwan according to the ratio and amount of the fund's annual investment and operation plan, and are in accordance with Article 6 of the Labor Pension Fund Revenue and Expenditure Storage and Use Regulations (i.e. deposit in financial institutions at home and abroad, invest in domestic and foreign listed, over-the-counter or private equity securities, and investing in domestic and foreign real estate securitization products, etc.) to handle entrusted operations, and the relevant application conditions are supervised by the Labor Pension Fund Supervisory Committee. The minimum annual distribution of the fund's utilization shall not be lower than the yield calculated based on the 2-year fixed deposit interest rate of the domestic bank. If any shortfall, it will be supplemented by the

National Treasury after approval by the competent authority. As TCEIC has no right to participate in the operation and management of the fund, the Company is unable to disclose the classification of the fair value of plan assets according to paragraph 142 of IASB 19.

For the fair value of the total assets of the fund as of December 31, 2023 and 2022, please refer to the government's annual reports on the utilization of labor pension funds.

- ⑤ CEIC has closed the pension account in the third quarter of 2022.
- ⑥ Main assumptions of the actuarial valuation of the defined benefit plan are as follows:

	2023.12.31	2022.12.31
Discount rate	1.10%	1.15%
Future salary increases	2.00%	3.00%

The assumptions about the future mortality rate are estimated based on the published statistics and experience of each country.

The analysis of the present value of the defined benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

	discount rate		future salary increases	
	increase 0.25%	decrease 0.25%	increase 0.25%	decrease 0.25%
December 31, 2023				
Influence on the present value of defined benefit obligations	(\$ 46)	\$ 46	\$ 46	(\$ 45)
December 31, 2022				
Influence on the present value of defined benefit obligations	(\$ 49)	\$ 50	\$ 48	(\$ 48)

The above sensitivity analysis is based on analyzing the influence of a single hypothesis change while holding other assumptions constant, while in practice, changes in many assumptions may be interdependent. Sensitivity analysis is consistent with the method used to calculate the net pension assets in the balance sheet.

The method and assumptions used in the sensitivity analysis prepared for this period are the same as those used in the previous period. The amounts recognized in the balance sheet are as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligations	(\$ 5,430)	(\$ 5,642)
Fair value of project assets	1	-
Net defined benefit assets (liabilities)	(\$ 5,429)	(\$ 5,642)

⑦ Changes in net defined benefit assets (liabilities) are as follows:

	Present value of defined benefit obligations	Fair value of project assets	Net defined benefit assets (liabilities)
2023			
Balance on January 1	(\$ 5,642)	\$ -	(\$ 5,642)
Interest (fee) income	(63)	-	(63)
	(5,705)	-	(5,705)
Amount of re-measurement:			
Impact of changes in financial assumptions	201	-	201
Impact of changes in demographic assumption	18	-	18
Adjustment via experience	(83)	-	(83)
	136	-	136
Pension withdrawal	-	1	
Liquidation payment	139	-	139
Balance on December 31	(\$ 5,430)	\$ 1	(\$ 5,429)

	Present value of defined benefit obligations	Fair value of project assets	Net defined benefit assets (liabilities)
2022			
Balance on January 1	(\$ 25,728)	\$ 37,424	\$ 11,696
Interest (fee) income	(165)	242	77
	(25,893)	37,666	11,773
Amount of re-measurement:			
Compensation for project assets (excluding the amounts included in interest income or expenses)	-	2,730	2,730
Impact of changes in financial assumptions	538	-	538
Impact of changes in demographic assumption	-	-	-
Adjustment via experience	(59)	-	(59)
	479	2,730	3,209
Return of pension fund settlement	-	(22,272)	(22,272)
Benefit payments	8,865	(8,865)	-
Liquidation payment	10,907	(9,259)	1,648
Balance on December 31	(\$ 5,642)	\$ -	(\$ 5,642)

⑧ A

As of December 31, 2023, the weighted average duration of the retirement pension plan is 3 years. °

o. Equity

(i) Capital of ordinary share

① Authorized capital share

As of December 31, 2023 and 2022, the rated number of shares and the number of issued shares are as follows, with a par value of NT\$10 per share.

	2023.12.31	2022.12.31
Number of authorized shares (ordinary shares – 1,000 shares)	300,000	300,000
Issued shares (ordinary shares – 1,000 shares)	129,463	129,463

(ii) Capital surplus

In accordance with the Company Law, the surplus from the issuance of stocks exceeding the face value and the capital surplus obtained from receiving gifts must be distributed to shareholders in the form of new shares or cash, in proportion to their original shareholding, except when used to offset losses. Additionally, in accordance with the relevant provisions of the Securities and Exchange Act, when the aforementioned capital surplus is allocated to capital, the total amount shall not exceed 10% of the paid-in capital per year. If the Company's retained earnings are insufficient to make up for the capital deficit, the capital surplus cannot be used to make up for it.

(iii) Retained earnings and dividends

① Legal reserve

The legal reserve shall not be used except for offsetting the Company's losses and distributing new shares or cash in proportion to the shareholders' original shareholding, and only up to the portion of the surplus that exceeds 25% of the paid-in capital may be used for distributing new shares or cash.

② According to TCEIC's articles of association, the annual surplus after the financial settlement shall be handled in the following order:

A. Paying taxes.

B. Offset losses.

C. Set aside 10% as legal reserves, but this is not applicable when the legal reserves have reached the total capital of the Company.

D. Make provisions or reverse special reserves in accordance with relevant laws and regulations, if necessary.

E. The remaining amount, together with the undistributed profits at the beginning of the period, shall be accumulated as distributable retained earnings. The Board of Directors shall propose a profit distribution plan and submit it to the shareholders' meeting for approval.

③ TCEIC adopts a balanced dividend policy, and the Board of Directors shall propose a profit distribution plan of no less than 20%, however the Board may decide not to distribute dividends if no profit occurs in the current year or the Board of Directors considers the profit to be low. The Board of Directors, when proposing a profit distribution plan, may allocate a portion of the undistributed profits from the previous year to participate in the distribution. In the case of issuing new shares proposed for dividend distribution, it shall be submitted to the shareholders' meeting for approval. TCEIC's dividend policy is in line with current and future development plans. Considering various factors e.g., investment environment, capital needs, etc., the Company may distribute dividends to shareholders in cash or stock. The cash dividend shall not be less than 5% of the total dividend amount, but if the cash dividend per share is less than NT\$1, it may be fully replaced by stock dividends.

④ Special reserve

A. When distributing surplus, the Company must first set aside a special reserve from the balance of the other equity items on the balance sheet as of the end of the current fiscal year, in accordance with legal regulations. Later when the debit balance of other equity items is reversed, the reversed amount may be included in the distributable surplus.

B. When adopting IFRSs for the first time, the Company is required by the FSC Approved-certified No.:Jin-Guan-Certificate No.1010012865 on April 6, 2012 to set up a special reserve. TCEIC will reverse the proportion of the original special reserve when we using, disposing of, or reclassifying the related assets. If the aforementioned assets are investment properties, the proportion of land will be reversed when they are disposed of or reclassified, and the proportion of non-land assets will be reversed over the period of use.

⑤ On May 31, 2023 and June 8, 2022, the Company passed the resolution of the shareholders' meeting in the fiscal years of 2022 and 2021, which are as follows:

	2022		2021	
	amount	dividend per share (NT\$)	amount	dividend per share (NT\$)
Legal capital reserve	\$ 10,745		\$ -	
Set aside special reserve	\$ -		\$ 157,699	
Special capital reverse	(\$ 326,496)		\$ -	
Shareholder cash dividend	103,570	\$ 0.8	129,462	\$ 1.0

In addition, the company's shareholders' meeting approved the allocation of cash from capital reserve of 90,624 thousand (0.7 per share) on May 31, 2023.

The aforementioned profit distribution proposal for the fiscal year 2022 and 2021 was approved by the shareholders' meeting, hence the financial statements have reflected the relevant impact, and information about the profit distribution situation can be inquired at the TWSE MOPS website.

Please refer to Note 6.17 for information on remunerations of employee and directors.

p. Financial cost

	2023	2022
Interest expense		
Bank loan	\$ 44,249	\$ 28,608
Corporate bonds payable	2,826	7,140
Lease liability	4,315	4,363
	<u>\$ 51,390</u>	<u>\$ 40,111</u>

q. Functional Information of Employee Benefits, Depreciation, Depletion and Amortization Expenses

	2023			2022		
	Business cost	Business expense	Total	Business cost	Business expense	Total
Employee Benefit						
Salary	\$ 352,227	\$ 227,845	\$ 580,072	\$ 336,632	\$ 216,926	\$ 553,558
Labor health insurance	16,173	14,098	30,271	16,364	12,869	29,233
Pension	27,496	11,095	38,591	25,856	10,816	36,672
Director	-	6,476	6,476	-	1,663	1,663
Other employee benefit expenses	31,157	13,956	45,113	29,686	14,032	43,718
Depreciation	172,289	22,358	194,647	165,609	20,270	185,879
Amortization	6,541	16,514	23,055	8,011	14,169	22,180

- (i) The number of TCEIC employees in 2023 and 2022 was 1,443 and 1,420 respectively, of which the number of directors who did not concurrently serve as employees was 7 and 6.
- (ii) TCEIC's articles of association stipulate that employee and director remunerations shall be implemented by the Board of Directors with more than two-thirds of the directors present and a resolution approved by more than half of the directors present, and reported to the shareholders' meeting. The contribution criteria are as follows:
- Makeup of the loss.
 - Allocate 1% to 5% of the pre-tax benefits as employees reward before subtracting the distribution of employee remuneration and director's remuneration in the current year.
 - Allocation of no more than 3% of the pre-tax benefits as director's remuneration before Lessing the distribution of employee remuneration and director's remuneration in the current year.
- (iii) The accounting treatment of employee compensation and director compensation, and their respective estimates are as follows:

	2023	2022
Employee compensation	\$ 1,651	\$ 1,663
Director compensation	3,302	1,663
	<u>\$ 4,953</u>	<u>\$ 3,326</u>

- The employee compensation and director compensation estimated by the Company are in accordance with the proportion specified in the bylaws. Those were at 1.5% and 3% for 2023 respectively, both 1.5% for 2022, and were based on the principle of distributing cash, and have been recognized as operating costs and expenses for the 2023 and 2022.
- The Group plans to distribute the employee compensation and director compensation for the fiscal year 2023 in April 2024 according to the Board of Directors' resolution. If any changes in the amounts after the approval of the annual financial statements, they will be adjusted and processed based on accounting estimates and recorded in the following fiscal year.

- C. The Board of Directors approved the employee compensation and director compensation for the fiscal year 2022 in April 2023. The difference from the amount estimated in the 2022 financial statements will be treated according to changes in accounting estimates, and the difference will be recognized as profit and loss in 2023, and further information can be about the profit distribution situation can be inquired at the TWSE MOPS website.

	2022		
	Amount of the Board of Directors' resolution	Amount recognized in financial statements	Difference
Employee compensation - cash	\$ 1,663	\$ 1,663	\$ -
Director compensation - cash	3,325	1,663	1,662
	<u>\$ 4,988</u>	<u>\$ 3,326</u>	<u>\$ 1,662</u>

r. Income Tax

1. Income tax expense

(1) Income tax expenses:

	2023	2022
Current income tax: :		
Income tax arising from current income	\$ 32,635	\$ 22,129
Income tax adjustment for previous years	4,441	3,516
Total current income tax	37,076	25,645
Deferred income tax:		
Occurrence and reversal of temporary differences	4,133	(2,833)
Deferred income tax expense	4,133	(2,833)
Income tax expense	<u>\$ 41,209</u>	<u>\$ 22,812</u>

(2) Income tax amounts related to other comprehensive income:

	2023	2022
Defined benefit plan re-measurements	<u>\$ 27</u>	<u>\$ 373</u>

2. The accounting income for the current year and the income tax expenses recognized in profit and loss are adjusted as follows: :

	2023	2022
Income tax amount calculated based on the statutory tax rate before tax net profit	\$ 51,425	\$ 45,590
Income tax impact of the excluded items according to tax law	(19,165)	(21,257)
Income exempts from taxation as required by tax law	(2,338)	(2,204)
Underestimated income tax from the previous year	4,441	3,516
Income tax impact of the minimum tax burden system	2,713	-
Changes in deferred income tax	4,133	(2,833)
Income tax expense	<u>\$ 41,209</u>	<u>\$ 22,812</u>

3. The amounts of deferred income tax assets (liabilities) arising from temporary differences are as follows:

A. The fiscal year 2023

	Year-beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange rate impact amount	Year-ending balance
Unrealized exchange loss (profit)	\$ 2,534	(\$ 3,929)	\$ -	\$	(\$ 1,395)
Allowance for doubtful debts overrun	(1,135)	(173)	-		(1,308)
Allowance for inventory depreciation losses	761	(15)	-		746
Defined benefit plan actuarial profits and losses	1,129	(16)	(27)		1,086
Others	604	-	-		604
	<u>\$ 3,893</u>	<u>(\$ 4,133)</u>	<u>(\$ 27)</u>	<u>\$</u>	<u>(\$ 267)</u>

B. The fiscal year 2022

	Year-beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange rate impact amount	Year-ending balance
Unrealized exchange loss (profit)	\$ 4,037	(\$ 1,503)	\$ -	\$	\$ 2,534
Allowance for doubtful debts overrun	(1,222)	87	-		(1,135)
Allowance for inventory depreciation losses	353	408	-		761
Defined benefit plan actuarial profits and losses	(2,339)	3,841	(373)		1,129
Others	604	-	-		604
	<u>\$ 1,433</u>	<u>\$ 2,833</u>	<u>(\$ 373)</u>	<u>\$</u>	<u>\$ 3,893</u>

4. Income tax assessment status

As of December 31, 2023, the tax assessment authorities have completed the assessment of the income tax filings for the years prior to 2021 for TCEIC.

s. Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to the holders of TCEIC's ordinary shares by the weighted average number of ordinary shares outstanding in the current year.

	2023	2022
Net profit after tax attributable to ordinary-shareholders for current period-A	\$ 92,670	\$ 104,614
Weighted average number of ordinary shares outstanding (1,000 shares)-B	129,463	129,463
Basic earnings per share (NT\$) (A÷B)	<u>\$ 0.72</u>	<u>\$ 0.81</u>

(ii) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the profit or loss attributable to TCEIC's ordinary equity holders and the weighted average number of outstanding shares based on the impact of all dilutive potential ordinary shares. If the inclusion of potential ordinary shares produces an anti-dilution effect, those are not included in the calculation of diluted earnings per share.

	2023	2022
Net profit after tax attributable to ordinary-share holders	\$ 92,670	\$ 104,614
Add: Increase in surplus from conversion of corporate bonds deemed to be exercised	-	5,712
Adjusted net profit after tax for current period-C	\$ 92,670	\$ 110,326
Weighted average number of ordinary shares outstanding	129,463	129,463
Add: Effect of dilutive potential ordinary shares:		
Convert corporate bonds	-	8,087
employee compensation	55	116
Weighted average number of ordinary shares outstanding after dilution (1,000 shares)-D	129,518	137,666
Diluted earnings per share (NT\$) (C÷D)	\$ 0.72	\$ 0.80

t. Capital Management

The Group, based on the current operational features of its located industry, the scale of business, the potentiality of industry growth, our product developments, considerations regarding external environmental changes and industrial cyclical fluctuations, and other factors, has projected the necessary production capacity and the capital expenditures required to achieve this capacity. Which these capital issues include plant and equipment, operating capital, research and development expenses, and dividend payments for the future period, for ensuring that the Group continues to operate, provide returns to the shareholders, and also take into account the interests of other stakeholders, while maintain the optimal capital structure to enhance long term value for shareholders.

The Group's management regularly reviews the capital structure and considers the possible costs and risks involved in different capital structures. In general, the Group adopts a prudent risk management strategy.

u. Financial instrument

(i) Types of financial instruments

	2023.12.31	2022.12.31
<u>Monetary assets</u>		
Financial assets at fair value through profit or loss		
Mandatory financial assets at fair value through profit or loss	\$ 872,656	\$ 701,902
Financial assets at fair value through other comprehensive income		
Option of the specified equity instrument investment	156,200	157,330
Financial assets measured at amortized cost		
Cash and cash equivalents	1,725,355	1,753,538
Financial assets measured at amortized cost	182,972	212,414
Notes receivable	1,132	18,067
Accounts receivable	1,158,732	1,314,721
Other receivables	31,784	29,912
Refundable deposits	2,896	2,796
	<u>\$ 4,131,727</u>	<u>\$ 4,190,680</u>
	2023.12.31	2022.12.31
<u>Financial liabilities</u>		
Short-term loan	\$ 1,715,000	\$ 1,235,000
Short-term notes payable	-	80,000
Notes payable	372,956	312,320
Accounts payable	463,261	341,219
Other payables	140,551	162,759
Corporate bonds payable (including due within 1 year)	-	423,978
Long term loan	1,151,485	1,190,313
Lease liabilities (including due within 1 year)	307,057	313,588
Guarantee deposits received	628	1,558
	<u>\$ 4,150,938</u>	<u>\$ 4,060,735</u>

(ii) Financial risk management policy

- ① Daily operations of the Group are affected by various financial risks, which are involved with market risk (including risks from exchange rate, interest and price), credit risk and liquidity risk. The Group's Board of Directors is fully responsible for establishing and supervising the Group's financial risk management structure for managing exchange rate risk, interest rate risk, credit risk and liquidity risk related to operating activities. In order to reduce related financial risks, the Group is committed to identifying, assessing and avoiding market uncertainties, so as to reduce the potential adverse impact of market changes upon financial performance of the Group.

- ② The key financial activities of the Group are reviewed by the Board of Directors in according to relevant regulations and internal control systems. During the execution of the financial plan, the finance department of the Group is responsible for identifying, evaluating and avoiding financial risks through close cooperation with the operating units. The Board of Directors issues written principles for overall risk management, as well as written policies for specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus liquidity.

(iii) Nature and extent of material financial risks

① Market risk

A. Exchange rate risk

The Group is exposed to exchange rate risk arising from sales, purchases and borrowing transactions that are not denominated in the Company's functional currency. The functional currency of the Group is set to be New Taiwan dollars. Its strategy for exchange rate risk management is to regularly review the net positions of assets and liabilities denominated in various currencies, and maintain the net positions for risk management.

Since the net investment of foreign operations is a strategic investment, the Group does not hedge against it.

The nominal amount and sensitivity analysis of the Group's main exposure to foreign currency exchange rate risk is as follows:

2023.12.31					
	foreign currency (\$1,000)	exchange rate	carrying amount (NT\$)	range of change	impact amount of profit & loss
Financial assets					
Monetary item					
US\$	\$ 94,536	30.7050	\$ 2,902,728	5%	\$ 145,130
JPY\$	257,179	0.2172	55,859	5%	2,790
RMB\$	27,912	4.3270	120,775	5%	6,030
EUR\$	1,997	33.9800	67,858	5%	3,390
Financial liabilities					
Monetary item					
US\$	\$ 77,113	30.7050	\$ 2,367,755	5%	\$ 118,380

2022.12.31					
	foreign currency (\$1,000)	exchange rate	carrying amount (NT\$)	range of change	impact amount of profit & loss
Financial assets					
Monetary item					
US\$	\$ 105,718	30.71	\$ 3,246,660	5%	\$ 162,330
RMB\$	15,312	4.41	67,495	5%	3,375
Financial liabilities					
Monetary item					
US\$	\$ 66,051	30.71	\$ 2,289,308	5%	\$ 114,465

B. Risks of cash flow and fair-value interest rate

Interest rate risk refers to the risk of changes in the fair value of financial instruments due to interest rate changes in market. The Group's interest rate risk mainly arises from long-term and short-term borrowings with floating and fixed interest rates;

therefore, the interest rate changes in market will cause changes in the effective interest rates of debt financial products, which results in fluctuations in future cash flows. The Group's fair-value interest rate risk arise from the borrowings issued at a fixed interest rate.

Sensitivity analysis: The Group's long-term and short-term loans totaled NT\$2,866,485 thousand and NT\$2,425,313 thousand on December 31, 2023 and 2022 respectively. If the market interest rate increases (or decreases) by 1%, the Company's annual interest expenses will increase (or decrease) by NT\$28,665 thousand and NT\$24,253 thousand respectively.

C.Price risk

The equity instruments that the Group is exposed to price risk are financial assets held at fair value through profit or loss and financial assets at fair value through other comprehensive income. In order to manage the price risk of equity instrument investment, the Group disperses its investment portfolio via the method of diversification which based on the limit set by the Group. All these major equity instrument investments must be approved by the Board of Directors of the Group.

Prices of these equity instruments will be affected by the uncertainty of the future value of the investment object. For if the situations that individual prices of these equity instruments increase or decreases by 5%, and all other factors remain unchanged, and the after-tax net profit and other comprehensive income in 2023 and 2022 come from fair value through profit and loss and other comprehensive income, the correlated sensitivity analysis of profit and loss on equity instruments of financial assets measured at fair value is as follows:

	2023.12.31			
	carrying amount (NT\$)	range of change	impact amount of profit & loss	impact amount of equity
Financial assets at fair value through profit or loss	\$ 872,656	5%	\$ 43,633	\$
Financial assets at fair value through other comprehensive income - noncurrent	156,200	5%	-	7,810
	2022.12.31			
	carrying amount (NT\$)	range of change	impact amount of profit & loss	impact amount of equity
Financial assets at fair value through profit or loss	\$ 701,902	5%	\$ 35,095	\$
Financial assets at fair value through other comprehensive income - noncurrent	157,330	5%	-	7,867

②Credit risk

The Group's credit risk arises from the risk of financial losses resulting from the inability of customers or counterparties of financial instruments to fulfill contractual obligations. This mainly comes from receivables that cannot be collected according to payment conditions and financial instruments whose contractual cash flows are settled according to transaction conditions.

The Group and all its operating entities follow an internally established credit policy that requires management and credit risk analysis for each new customer before setting and delivery terms and conditions. Internal risk control is achieved by evaluating the credit quality of customers based on their financial status, come-and-go experiences, and other factors. Limits for individual risk are established by the credit control supervisor based on internal or external assessments, and credit limits are regularly monitored.

A. Financial credit risk

The credit risks associated with bank deposits, fixed income investments, and other financial instruments are measured and monitored by the Group's finance department. The exposure to credit risks of each financial institution is controlled, and the counterparties are reputable banks with good credit and financial institutions with investment-grade ratings or higher. There are no significant concerns about default, and therefore, there are no significant credit risks.

B. Operation-related credit risk

- a. The Group adopts the premise provided by IFRS 9 that when the payment terms of a contract are overdue for more than 90 days, the credit risk of the financial asset has significantly increased since initial recognition.
- b. The Group adopts the premise provided by IFRS 9 that when a contract receivable is transferred to a collection account due to expected inability to collect, it is deemed as a default occurrence.
- c. The Group categorizes accounts receivable and contract assets by customer type and uses a simplified approach based on the provision matrix to estimate expected credit losses. °

C. The Group incorporates prospective considerations and adjusts the established loss rates for accounts receivable based on historical and current information for specific periods to estimate the provision. The provision matrices as of December 31, 2023 and 2022 are listed as follows:

2023.12.31					
	not overdue	1-30 days overdue	31-90 days overdue	more than 91 days	total
Expected loss rate	0%	0.08%	0.33%	37.39%	
Total carrying amount	\$ 1,136,153	\$ 16,929	\$ 4,584	\$ 1,851	\$ 1,159,517
Losses allowance	\$ 65	\$ 13	\$ 15	\$ 692	\$ 785

2022.12.31					
	not overdue	1-30 days overdue	31-90 days overdue	more than 91 days	total
Expected loss rate	0%	0.09%	0.18%	9.44%	
Total carrying amount	\$ 1,262,990	\$ 13,417	\$ 31,898	\$ 7,204	\$ 1,315,509
Losses allowance	\$ 39	\$ 12	\$ 57	\$ 680	\$ 788

The table below, presenting the changes in the provision for accounts receivable and notes receivable using the simplified approach adopted by the Group, is listed as follows:

2023			
	notes receivable	accounts receivable	total
January 1	\$ -	\$ 788	\$ 788
Reversal of impairment loss	-	(473)	(473)
Actual write-off due to uncollectible	-	465	465
Exchange rate impact amount	-	5	5
December 31	\$ -	\$ 785	\$ 785

	2022		
	notes receivable	accounts receivable	total
January 1	\$ 1,295	\$ 1,969	\$ 3,264
Reversal of impairment loss	(102)	(1,228)	(1,330)
Actual write-off due to uncollectible	(1,193)	-	(1,193)
Exchange rate impact amount	-	47	47
December 31	\$ -	\$ 788	\$ 788

(iv) Liquidity risk

Cash flow forecasts are executed by various operating units within the Group and consolidated by its finance department. The Group's finance department monitors the Group's forecasted working capital requirements, ensures the funding sufficiency to support operational needs, and maintains adequate unused borrowing capacity at all times. Please refer to Notes 6, 10 and 13 for details on maintaining sufficient cash and cash equivalents, high liquidity securities, and adequate bank financing to meet operational needs and to ensure sufficient financial flexibility of the Group.

The table below, providing an analysis of significant financial liabilities by scheduled repayment date and undiscounted maturity amounts, is as follows:

A. December 31, 2023:

	carrying amount	within 1 year	1-2 years	2-5 years	more than 5 years
<u>Non-derivative financial liabilities</u>					
Short-term loan	\$ 1,715,000	\$ 1,715,000	\$ -	\$ -	\$ -
Notes payable	372,956	372,956	-	-	-
Accounts payable	463,261	463,261	-	-	-
Other payables	140,551	140,551	-	-	-
Long term loan(Including due within 1 year)	1,151,485	15,040	1,136,445	\$ -	\$ -
Lease liabilities (Including due within 1 year)	307,057	6,191	6,307	19,450	275,109

B. December 31, 2022:

	carrying amount	within 1 year	1-2 years	2-5 years	more than 5 years
<u>Non-derivative financial liabilities</u>					
Short-term loan	\$ 1,235,000	\$ 1,235,000	\$ -	\$ -	\$ -
Short-term notes payable	80,000	80,000	-	-	-
Notes payable	312,320	312,320	-	-	-
Accounts payable	341,219	341,219	-	-	-
Other payables	162,759	162,759	-	-	-
Corporate bonds payable (Including due within 1 year)	423,798	423,798	-	-	-
Long term loan	1,190,313	-	1,136,667	53,646	-
Lease liabilities (Including due within 1 year)	313,588	5,967	6,201	19,916	281,504

(v) Fair values of financial instruments

A. The definitions of various levels of valuation techniques used to measure the fair value of financial and non-financial instruments are as follows:

Level-1: Quoted prices (unadjusted) of the same assets or liabilities available to the Company on the measurement date. An active market means is a marketplace in which transactions in assets or liabilities occur with sufficient frequency and volume to providing pricing information on an ongoing basis.

Level-2: Observable inputs directly or indirectly to assets or liabilities, but excluded the quote prices provided in Level-1 reports.

Level-3: Unobservable inputs to assets or liabilities.

B. Financial instruments are the ones not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term loans, notes payable, accounts payable, other payables, and corporate bonds payable (due within 1 year) and long-term borrowings (including due within 1 year), and the carrying amount of which is a rational approximation of fair value.

C. Relevant information of the financial and non-financial instruments measured by fair value, which classified by the Company based on the nature, characteristics, risks and fair value levels of assets and liabilities, is as follows:

a. December 31, 2023

	Level-1	Level-2	Level-3	total
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss				
Listed or OTC shares	\$ 338,744	\$ -	\$ -	\$ 338,744
Beneficiary certificate	41,204	35,657	-	76,861
Unlisted or OTC shares	-	-	457,051	457,051
Financial assets at fair value through other comprehensive income				
Unlisted or OTC shares	-	-	156,200	156,200

b. December 31, 2022

	Level-1	Level-2	Level-3	total
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Listed or OTC shares	\$ 178,045	\$ -	\$ -	\$ 178,045
Beneficiary certificate	22,511	44,705	-	67,216
Unlisted or OTC shares	-	-	456,641	456,641
Financial assets at fair value through other comprehensive income				
Unlisted or OTC shares	-	-	157,330	157,330

D. Valuation techniques and assumptions used to measure fair value

The determination of the fair value of the Group's financial assets and financial liabilities is based on the following methods and assumptions:

a. For financial instruments traded in active markets, their fair values are determined with reference to market quotations (including listed corporate bonds and shares of listed and over-the-counter companies). The market quotations are classified according to the features of the instruments as follows:

	listed or OTC shares	convertible corporate bond
Market quote	Closing price	Closing price

- b. For financial instruments that are not traded in an active market (e.g., derivatives traded over the counter), the fair value is determined using valuation techniques. Valuation techniques will utilize observable market data as best and rely as least possible on company-specific estimates.
 - c. For financial instruments with high complexity, the Group uses valuation methods and techniques popularly used by market participants for fair value measurement. Such valuation models are usually used for derivative financial instruments.
 - d. The fair value of the unlisted shares without an active market is estimated by the net asset value method and the discounted cash flow method. other economic indicators, etc. The determination is based on recent fundraising activities, valuations of similar companies, the Company's technology development, market status, and other economic indicators.
 - e. When appraising non-standardized and less complex financial instruments, the Group uses valuation techniques popularly used by market participants. The parameters used in the valuation models of such financial instruments are usually market observable information.
 - f. The output of the valuation model is an estimated value, and the valuation technology may not reflect all relevant factors of the financial instruments and non-financial instruments held by the Group. Therefore, the estimated value of the valuation model will be appropriately adjusted according to the additional parameters. According to the Group 's fair value valuation management policy and related control procedures, management believes that in order to fairly express the fair value of financial instruments and non-financial instruments in consolidated balance sheets, valuation adjustments are appropriate and necessary. The price information and parameters used in the valuation process are carefully evaluated and appropriately adjusted according to the current market conditions.
- E. The Group did not have any transfers between Level-1 and Level-2 financial assets during the years 2023 and 2022 through the period from January 1 to December 31.
- F. The table shows the changes in Level-3 as follows:

	<u>2023.1.1~12.31</u>	<u>2022.1.1~12.31</u>
January 1	\$ 613,971	\$ 616,208
Purchase	410	-
Profits or losses recognized in profit or loss for the period	-	31,753
Profits or losses recognized in other comprehensive income	1,256	12,485
Disposition or liquidation	-	(48,112)
Exchange rate impact amount	(2,386)	1,637
December 31	<u>\$ 613,251</u>	<u>\$ 613,971</u>

- G. The Group's valuation process for financial instruments classified as Level-3 fair value is carried out by the investment department, which is responsible for independent fair value verification of financial instruments, using independent sources of data to ensure that the valuation results reflect market conditions and are regularly reviewed to ensure rationality.

In addition, the Group's treasury department formulates fair value valuation policies, valuation procedures, and confirms compliance with relevant IFRS standards. Relevant valuation results are presented to the management on monthly basis, and the management is responsible for managing and reviewing of the valuation process.

H. The sensitivity analysis of significant unobservable input value changes, regarding the quantified information on significant unobservable inputs used in the valuation models for Level -3 fair value measurement items, are listed as follows:

	2023.12.31 Fair value	valuation technique	input of significant unobservable	interval (weighted average)	relation between input value & fair value
<u>Non-derivative equity instruments</u>					
Unlisted shares	\$ 410	Net Asset Value Method	Not applicable	-	Not applicable
	\$ 156,200	Comparable to the listing method	Discount for lack of marketability		Lack of market liquidity, the higher the discount, the lower the fair value
	\$ 456,641	Discounted Cash Flow method	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating profit, short-of-market-liquidity discount, minority-equity discount	-	The higher the long-term revenue growth rate and long-term pre-tax operating profit, the higher the fair value
	2022.12.31 Fair value	valuation technique	input of significant unobservable	interval (weighted average)	relation between input value & fair value
<u>Non-derivative equity instruments</u>					
Unlisted shares	\$ 157,330	Net Asset Value Method	Not applicable	-	Not applicable
	\$ 456,641	Discounted Cash Flow method	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating profit, short-of-market-liquidity discount, minority-equity discount		The higher the long-term revenue growth rate and long-term pre-tax operating profit, the higher the fair value

I. The valuation model and parameters to use are chosen via the Group's deliberate valuation, has chosen. However, using different valuation models or parameters may lead to different valuation results. For financial assets and liabilities classified as Level-3, if the valuation parameters change, the impact on profit or loss and other comprehensive income shows as follows:

2023.12.31						
	input value	change	recognized in profit or loss		recognized in other comprehensive income	
			favorable change	adverse change	favorable change	adverse change
Financial assets						
Equity instruments	Net Asset Value Method	± 1%	\$ 4	(\$ 4)	\$ -	\$ -
	Discount for lack of marketability				1,562	(1,562)
	Long-term revenue growth rate	± 1%	72,223	(53,528)	-	-
2022.12.31						
	input value	change	recognized in profit or loss		recognized in other comprehensive income	
			favorable change	adverse change	favorable change	adverse change
Financial assets						
Equity instruments	Net Asset Value Method	± 1%	\$ -	\$ -	\$ 1,573	(\$ 1,573)
	Long-term revenue growth rate	± 1%	34,368	(12,612)	-	-

7. Related Party Transactions

(1) Name and relationship of related-party

Name of related party	Relationship with the Group
Chinsan Tai-An Co., Ltd.	The chairmen of this company and the Company are the same person.

(2) Significant transactions with related parties

a. Guarantee deposits paid

	2023.12.31	2022.12.31
Other related-party	\$ 1,400	\$ 1,400

b. Lease liability

	2023	2022
Other related-party	\$ 276,837	\$ 282,438

(3) Remuneration information of key management

	2023	2022
Short-term benefit (salary, bonus and employee remuneration, etc.)	\$ 16,760	\$ 14,433

8. Assets Pledged

Details of the collateral provided by the assets of the Group are as follows: :

	Carrying amount		Guarantee purpose
	2023.12.31	2022.12.31	
Investment property	\$ -	\$ 79,485	Acceptance bill guarantee
Property, plant and equipment	1,346,454	222,499	Comprehensive loan and amount
Financial assets measured at amortized cost	182,972	166,349	Acceptance bill guarantee
	<u>\$ 1,529,426</u>	<u>\$ 468,333</u>	

9. Significant Contingent Liabilities & Unrecognized Commitments

As of December 31, 2023 and 2022, the amount of unused letters of credit issued by the Group for the purchase of raw materials, machinery and equipment was NT\$4,254 thousand and NT\$6,930 thousand respectively.

10. Significant Damage Loss:

On January 5, 2023, a fire broke out on the third floor of the Thailand Plant 1 of our subsidiary, Jinshan Company. As a result, part of the company's inventory, factory buildings, and production equipment were damaged. The initial estimated loss is approximately NT\$30,102 thousand in book value. The aforementioned amount has been fully recognized under the miscellaneous expenditures in 2023. The company has purchased relevant property insurance, but the insurance claim involves disaster appraisal, and the complete amount of the insurance claim cannot be fully confirmed. As of December 31, 2023, the company has collected insurance claims of 13,508 thousand.

11. Material Subsequent Event: None

12. Additional Disclosures

(1) Information about major transactions

- Financings provided: See Table 1 attached.
- Endorsement/guarantee provided: See Table 2 attached.
- Marketable securities held: See Table 3 attached.
- Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: Table 4 attached.
- Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: See Table 5 attached.
- Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 6 attached.
- Information about the derivative financial instrument's transaction: None.
- Business relationships, major transaction details and those amounts between the parent company and its subsidiaries and among the subsidiaries: See Table 7 attached.

(2) Information about reinvestment business

Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in mainland China): See Table 8 attached.

- (3) Information on investment in mainland China
- Basic information: See Table 9 attached.
 - Significant direct or indirect transactions with the investee reinvested in mainland China directly or indirectly through third-region enterprises: See Table 9.
- (4) Information of major shareholder:
Information of major shareholder: See Table 10 attached.

13. Operating Segment Information

(1) Operating Segment

The Electronic Components Business Division is the only business division of the Group that should be reported in the finance statements. The Electronic Components Business Division mainly engages in the manufacture, processing, trading, and import and export of various electronic equipment and capacitors. The Group has single operating division only, and no other operating divisions or units that do not meet the quantitative threshold.

The operating decision-makers of the Group evaluate the performance of operating divisions based on the operating net profit of each aforementioned units. This measurement standard excludes the impact of non-recurring expenses and unrealized profits and losses of financial products in the operating division.

The Group's corporate composition, departmental basis for division and measurement basis for measuring departmental information have not changed significantly during the current period. The profit and loss of the Group's operating divisions are mainly measured by operating profit and loss, which serves as the basis for performance valuation. In addition, there is no material inconsistency between the accounting policies adopted by the operating division and the summary of important accounting policies described in Notes 4 and 5.

(2) Segment revenue and operating results

	2023.1.1~12.31		
	Electronic Components	Others	Total
Revenue from external clients	\$ 3,193,488	\$ -	\$ 3,193,488
Divisional profit and loss (Note)	\$ 44,396	\$ -	\$ 44,396

	2022.1.1~12.31		
	Electronic Components	Others	Total
Revenue from external clients	\$ 3,729,360	\$ -	\$ 3,729,360
Divisional profit and loss (Note)	\$ 184,851	\$ -	\$ 184,851

Note: The profit and loss after offsetting inter-divisional transactions.

(3) Information on product and service classification

Revenue from external customers is mainly derived from the business of manufacturing and trading of electrolytic capacitors. The breakdown of net operating revenue for the Group in 2023 and 2022 is as follows:

	2023	2022
Liquid electrolytic capacitor	\$ 2,408,765	\$ 2,850,870
Solid electrolytic capacitor	784,723	878,490
	\$ 3,193,488	\$ 3,729,360

(4)Information on regional classification

The regional breakdown of operating revenue for the Group in 2023 and 2022 is as follows:

	2023	2022
Domestic	\$ 59,243	\$ 71,774
Asia	2,781,209	3,238,282
Europe	115,014	144,430
America	32,292	67,847
Middle East and Near East	204,560	207,027
Africa	1,170	-
	<u>\$ 3,193,488</u>	<u>\$ 3,729,360</u>

(5)Information on major clients

The client breakdown of operating revenue for the Group in 2023 and 2022 is as follows:

	2023	2022
Company A	\$ 515,246	\$ 634,538
Company B	460,165	481,041
Others (Note)	2,218,077	2,613,781
	<u>\$ 3,193,488</u>	<u>\$ 3,729,360</u>

Note: Other refers to the individual clients no exceeding 10% of the consolidated operating revenue.

Table 1

Taiwan Chinsan Electric Industrial Co., Ltd. and Subsidiaries
FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
1	Hongkong Kingtachi Co.	Guangzhou Kingtachi Co.	Other receivables	Yes	283,554	-	-	1.5%	Short-term financing	-	Operating capital need in short term	-	None	-	468,589	937,177
1	Eagle Zone Co.	Taiwan Chinsan Co.	Other receivables	Yes	134,610	127,470	127,470	0%	Short-term financing	-	Operating capital need in short term	-	None	-	152,109	304,219
1	Chinsan (BVI) Co.	Taiwan Chinsan Co.	Other receivables	Yes	154,521	146,324	146,324	0%	Short-term financing	-	Operating capital need in short term	-	None	-	225,842	451,683

Note 1: The limit of financing for individual objects is 20% of the net worth.

Note 2: The limit of loan totals is 40% of the net worth.

Table 2
Taiwan Chinsan Electric Industrial Co., Ltd. and Subsidiaries
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 2)											
0	Taiwan Chinsan Electric Industrial Co., Ltd.	Guangzhou Kingtachi Co.	2	1,538,152	477,838	458,662	204,416	-	11.93%	1,922,691	Y	N	Y	
1	Hongkong Kingtachi Co.	Guangzhou Kingtachi Co.	2	937,177	313,650	262,408	168,532	182,971	11.20%	1,171,472	Y	N	Y	

Note 1: Descriptions of the number column are as follows:

- (1) "0" represents for the issuer.
- (2) Invested companies are numbered sequentially starting from "1".

Note 2: There are 7 types of relationships between the endorser and the guaranteed object, which listed as follows:

- (1) Companies with business transactions.
- (2) A companies that directly or indirectly hold over 50% of voting shares in another company.
- (3) A companies that directly or indirectly be held over 50% of voting rights by another company.
- (4) A group of affiliated companies that directly or indirectly hold over 90% of voting rights in a company.
- (5) Companies that mutually provide insurance according to contract provisions among industry peers or co-constructors required for contract work.
- (6) Companies that provide joint guarantees based on their shareholding ratios from all shareholders contributing to joint investment.
- (7) Industry peers that jointly provide performance guarantees and collateral in accordance with the Consumer Protection Act for pre-sale real-estate contracts.

Note 3: The operation procedures for the endorsement guarantees of the Company stipulate that the total amount of endorsement guarantees provided by the Company to external parties shall not exceed 50% of the Company's net worth. For endorsement guarantees provided to a single business, except for subsidiaries directly or indirectly held by the Company, which are limited to no more than 40% of the Company's net worth, the remaining amount is limited to no more than 20% of the Company's net worth. The net worth is based on the financial statements audited and signed by the accountant in the most recent period.

Table 3

Taiwan Chinsan Electric Industrial Co., Ltd. and Subsidiaries
MARKETABLE SECURITIES HELD
(Excluding investments in subsidiaries, associates, and joint venture control portions)
DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars,One share)									
Held Company Name	Marketable Securities Type and Name		Relationship with the company	Financial Statement Account31-	December 31, 2023				Note
					Shares/Units Note(In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Company	Stock	GIS-KY	No related-party	Current financial assets measured at fair value through profit or loss	23,000	1,518	-	1,518	
	Stock	Ventec-KY	No related-party		32,000	2,886	-	2,886	
	Stock	Billion Electric	No related-party		200,000	8,550	-	8,550	
	Stock	uPI Semiconductor	No related-party		116,000	36,424	-	36,424	
	Stock	Acer Cyber Security Inc.	No related-party		24,000	4,602	-	4,602	
	Stock	Jinan Acetate Chemical	No related-party		2,000	1,596	-	1,596	
	Stock	MPI CORPORATION	No related-party		6,000	1,305	-	1,305	
	Stock	Castles Technology	No related-party		11,000	1,364	-	1,364	
	Stock	ASPEED TECHNOLOGY	No related-party		15,000	46,800	-	46,800	
	Stock	GUC	No related-party		6,000	10,440	-	10,440	
	Stock	Wiwynn	No related-party		10,000	18,250	-	18,250	
	Stock	KING SLIDE WORKS	No related-party		20,000	18,280	-	18,280	
	Stock	Powerchip Semiconductor Manufacturing	No related-party		50,000	1,473	-	1,473	
	Stock	Gogolook	No related-party		12,000	2,040	-	2,040	
	Stock	Zilltek Technology	No related-party		170,000	77,350	-	77,350	
	Stock	WPG Holdings	No related-party		18,000	1,469	-	1,469	
	Stock	Taishin Financial Holding	No related-party		55,728	1,009	-	1,009	
	Stock	New Advanced Eelectronics Technologies	No related-party		21,000	1,623	-	1,623	
	Stock	Shun On Electronic	No related-party		60,000	1,698	-	1,698	
	Stock	Amazing	No related-party		20,000	2,420	-	2,420	
	Stock	TPK-KY	No related-party		300,000	10,860	-	10,860	
	Stock	PharmaEssentia	No related-party		30,000	10,380	-	10,380	
	Stock	Delta Electronics	No related-party		20,000	6,270	-	6,270	
	Stock	Grand Fortune Securities	No related-party		489,000	6,308	-	6,308	
	Stock	Foxtron Vehicle Technologies	No related-party		500,000	22,300	-	22,300	
	Stock	Lin BioScience	No related-party		16,000	1,815	-	1,815	
	Fund	Yuanta Japan Leaders Equity Fund-TWD(A)	No related-party		997,009	9,970	-	9,970	
	Fund	CAPITAL TIP Taiwan ESG Low Carbon ETF	No related-party		500,000	8,715	-	8,715	
	Fund	CTBC Vietnam Equity Fund USD	No related-party		20,000	7,535	-	7,535	
	Fund	Nomura Private Equity 2026 Mature Markets Flexible Maturity Bond Fund	No related-party		30,000	9,461	-	9,461	
	Fund	Fuh Hwa 3-8 Year Maturity A-Rated Bond Fund TWD	No related-party		544,302	5,523	-	5,523	
	Stock	PINDA Technology	No related-party	Noncurrent financial assets measured at fair value through profit or loss	8,918,448	456,641	6.80%	456,641	
	Fund	Fuh Hwa Taiwan Intelligence Fund	No related-party		3,000,000	16,800	-	16,800	
Stock	WT MICROELECTRONICS	No related-party	400,000		18,260	0.30%	18,260		
Stock	Beiley Biofund	No related-party	40,959		410	0.02%	410		
Stock	CeNtRa Science	No related-party	Noncurrent financial assets measured at fair value through other comprehensive income	2,062,267	13,817	9.93%	13,817		
Royal Cheng Investment Co., Ltd.	Stock	H & M Hennes & Mauritz AB B	No related-party	Noncurrent financial assets measured at fair value through other comprehensive income	1,000,597	10,046	5.88%	10,046	
Chinsan (BVI) Co.	Stock	Grand Twins International (Cambodia)	No related-party	Noncurrent financial assets measured at fair value through profit or loss	999,700	21,337	-	21,337	
	Stock	ConneXionONE Corp.(OTC: CNNN)	No related-party	Noncurrent financial assets measured at fair value through other comprehensive income	2,479,727	-	3.238%	-	
Guangzhou Kingtachi Co.	Fund	Ping-An Consumer Tech Private Equity Fund Phase-2 No. 8	No related-party	Noncurrent financial assets measured at fair value through profit or loss	5,000,000	18,857	-	18,857	
Guangzhou Heng Long Co.	Stock	Shihezi Zhongjin Electrode Co.	No related-party	Noncurrent financial assets measured at fair value through other comprehensive income	2,400,000	132,337	6.37%	132,337	

Table 4

Taiwan Chinsan Electric Industrial Co., Ltd.
Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital
FOR THE YEAR ENDED DECEMBER 31,
2023

(Amounts in Thousands of New Taiwan Dollars)

Company acquires real estate	property name	Date of occurrence	Amount of the transaction	Price payment status	Trading partners	relatio n	If the transaction object is a related party, the data transferred previously				Reference basis for price determination	Purpose of acquisition and usage	Other agreed matters
							Owner	relationship with person	Transfer date	Amount			
Chinsan Thailand Co.	real estate	March 16,2023	417,309	According to contract	KWANG TA CONSTRUCTION CO., LTD.,etc.	None		Not applicable	Not applicable	Not applica ble	Price comparison and negotiation	production use	None

Table 5

Taiwan Chinsan Eelectric Industrial Co., Ltd. and Subsidiaries
**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Payable or Receivable		Note
			Purchases /Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Chinsan (BVI) Co.	Sub-subsidiary	Purchases	1,532,585	68.54	as above	as above	Note 1	Payable 1,465,204	71.70	
The Company	Eagle Zone Co.	Sub-subsidiary	Purchases	619,610	27.71	as above	as above	as above	Payable 564,548	27.63	
Chinsan (BVI) Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	Purchases	1,603,677	94.31	as above	as above	as above	Payable 517,667	99.32	
Eagle Zone Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	Sales	116,992	15.16	as above	as above	as above	Receivable 25,607	5.24	
Eagle Zone Co.	Chinsan Thailand Co.	Affiliated enterprise	Purchases	607,811	88.56	as above	as above	as above	Payable 25,755	63.69	
Guangzhou Kingtachi Co.	Guangzhou Youmao Co.	Affiliated enterprise	Purchases	323,703	12.57	as above	as above	as above	Payable 58,404	7.14	
Guangzhou KingNichi Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	Sales	574,028	90.15	as above	as above	as above	Receivable 404,445	96.93	
Guangzhou KingNichi Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	Purchases	536,734	99.71	as above	as above	as above	Payable 8,048	99.67	

Note 1: Transactions among the Company and its affiliated enterprises are based on the intra-group transaction policies. It is difficult to make comparisons as that no external transactions occur.

Table 6

Taiwan Chinsan Electric Industrial Co., Ltd. and Subsidiaries

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

DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Ending Balance (Note 1)	Turnover Days	Overdue		Amounts Received in Subsequent Period	Loss Allowance for Bad Debts
					Amount	Action Taken		
Chinsan (BVI) Co.	The Company	Sub-subsidiary	1,465,203	1.17	-	-	257,922 (Note 1)	-
Guangzhou Chin-Zu Tech Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	404,445	1.39	-	-	15,958 (Note 1)	-
Guangzhou Kingtachi Co.	Chinsan (BVI) Co.	Affiliated enterprise	517,667	5.27	-	-	206,982 (Note 1)	-
Eagle Zone Co.	The Company	Sub-subsidiary	564,548	1.00	-	-	113,609 (Note 1)	-

Note 1: Data is as of the end of February 29, 2024.

Table 7

Taiwan Chinsan Electric Industrial Co., Ltd. and Subsidiaries
BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS DETAILS AND AMMOUNTS
AMONG PARENT COMPANY, SUBSIDIARIES INTER-SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Name of transactor	Counterparty of transaction	Relationship with the transactor (Note 2)	Transaction status			
				Account	Amount (in thousands of NT\$)	Transaction terms	Ratio to consolidated total revenue or total assets (Note 3)
0	The Company (TCEIC)	Chinsan (BVI) Co.	1	Sales of goods	34,225	Acrd. to Group's pricing strategy	1.07 %
0	The Company	Eagle Zone Co.	1	Sales of goods	42,362	Acrd. to Group's pricing strategy	1.33 %
0	The Company	Chinsan (BVI) Co.	1	Purchase of goods	1,532,585	Acrd. to Group's pricing strategy	47.99 %
0	The Company	Eagle Zone Co.	1	Purchase of goods	619,610	Acrd. to Group's pricing strategy	19.40 %
0	The Company	Chinsan (BVI) Co.	1	Accounts payable	1,465,203	-	18.11 %
0	The Company	Eagle Zone Co.	1	Accounts payable	564,548	-	6.98 %
1	Chinsan (BVI) Co.	Chinsan Thailand Co.	3	Sales of goods	27,857	Acrd. to Group's pricing strategy	0.87 %
1	Chinsan (BVI) Co.	Guangzhou Kingtachi Co.	3	Sales of goods	36,672	Acrd. to Group's pricing strategy	1.15 %
1	Chinsan (BVI) Co.	Guangzhou KingNichi Co.	3	Purchase of goods	45,554	Acrd. to Group's pricing strategy	1.43 %
1	Chinsan (BVI) Co.	Guangzhou Kingtachi Co.	3	Purchase of goods	1,603,677	Acrd. to Group's pricing strategy	50.22 %
1	Chinsan (BVI) Co.	Chinsan Thailand Co.	3	Accounts receivable	19,588	-	0.24 %
1	Chinsan (BVI) Co.	Guangzhou Kingtachi Co.	3	Accounts payable	517,667	-	6.40 %
1	Chinsan (BVI) Co.	Chinsan (Cayman)Co.	3	Oth accounts payable	49,128	-	0.61 %
2	Eagle Zone Co.	Guangzhou Kingtachi Co.	3	Sales of goods	116,992	Acrd. to Group's pricing strategy	3.66 %
2	Eagle Zone Co.	Chinsan Thailand Co.	3	Sales of goods	37,146	Acrd. to Group's pricing strategy	1.16 %
2	Eagle Zone Co.	Guangzhou Kingtachi Co.	3	Purchase of goods	35,807	Acrd. to Group's pricing strategy	1.12 %
2	Eagle Zone Co.	Chinsan Thailand Co.	3	Purchase of goods	607,811	Acrd. to Group's pricing strategy	19.03 %
2	Eagle Zone Co.	Guangzhou Kingtachi Co.	3	Accounts receivable	25,607	-	0.32 %
2	Eagle Zone Co.	Chinsan Thailand Co.	3	Accounts receivable	25,635	-	0.32 %
2	Eagle Zone Co.	Chinsan Thailand Co.	3	Accounts payable	25,755	-	0.32 %
2	Eagle Zone Co.	Guangzhou Kingtachi Co.	3	Accounts payable	14,685	-	0.18 %
2	Eagle Zone Co.	Chinsan Thailand Co.	3	Prepayments	165,807	-	2.05 %
3	Hongkong Kingtachi Co.	Guangzhou KingNichi Co.	3	Other accounts receivable	60,387	-	0.75 %
3	Hongkong Kingtachi Co.	Guangzhou Kingtachi Co.	3	Other accounts receivable	50,985	-	0.63 %
4	Guangzhou KingNichi Co.	Guangzhou Kingtachi Co.	3	Sales of goods	574,028	Acrd. to Group's pricing strategy	17.97 %
4	Guangzhou KingNichi Co.	Guangzhou Kingtachi Co.	3	Purchase of goods	536,734	Acrd. to Group's pricing strategy	16.81 %
4	Guangzhou KingNichi Co.	Guangzhou Kingtachi Co.	3	Accounts receivable	404,445	-	5.00 %

Note 1: Business transaction information between the parent company and subsidiaries is numbered as follows:

- 1.The parent company is numbered as 0.
- 2.The subsidiaries are numbered sequentially starting with numeral 1 according to the company type.

Note 2: There are 3 types of relationships with the transactor, which are marked as follows:

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

Note 3: When calculating the ratio of transaction amount to total consolidated revenue or total assets, these are calculated based on the year-end balance as a percentage of total consolidated assets for the items belonging to asset and liability account, and those are calculated based on the accumulated amount for the period as a percentage of total consolidated revenue for the items belonging to income and expense account.

Note 4: The Group only discloses significant transaction information where the transaction amount is equal to or greater than NT\$10,000,000.

Table 8

Taiwan Chinsan Electric Industrial Co., Ltd. and Subsidiaries
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES
SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars ; Thousands of US Dollars ; Thousands of Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount(Note 1)		Balance as of December 31, 2023			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2023	December 31, 2022	Shares	% of Ownership	Book value			
The Company	Chinsan (Cayman) Co.	Cayman Islands	Tradings of aluminum capacitor and investment business	745,751 USD 23,093	750,693 USD 23,251	9,797 (Note 2)	100%	5,366,099	15,185	16,240	
	Royal Cheng Investment Co., Ltd.	Taiwan	General investment business	14,000	14,000	-	100%	11,245	7	7	
	Sustainable Development Co., Ltd.	Taiwan	Waste disposal business	245,159	245,159	5,059	7.88%	53,675	(239,283)	(26,925)	
Chinsan (Cayman) Co.	Chinsan Thailand Co.	Bangkok Thailand	Manufacturing and trading of aluminum capacitors	479,271 USD 15,424	479,271 USD 15,424	5,057	94.52%	695,408	(35,391)	(13,376)	
as above	Chinsan (BVI) Co.	BVI	Tradings of aluminum capacitor and investment business	134,862 USD 4,200	134,862 USD 4,200	2,500 (Note 3)	100%	1,129,288	(73,585)	(74,073)	
as above	Eagle Zone Co.	Samoa Islands	Tradings of aluminum capacitor and investment business	297,199 USD 10,000	205,444 USD 7,000	1,000 (Note 4)	100%	760,547	(12,069)	12,620	
as above	Hongkong Kingtachi Co.	Hongkong	Tradings of aluminum capacitor and investment business	1,883,822 USD 60,407	1,888,764 USD 60,565	6,200 (Note 5)	100%	2,342,943	84,985	84,985	
as above	Spotlight Co.	Samoa Islands	General investment business	386,537 USD 12,610	114,446 USD 3,710	12,610	100%	390,610	16,314	16,314	
Spotlight Co.	Wealthy Success Co.	Hongkong	General investment business	114,048 USD 3,700	114,048 USD 3,700	29,136	100%	145,093	6,966	6,966	

Note 1: The above-listed original investment amounts are calculated in actual New Taiwan Dollar amounts based on historical exchange rates.

Note 2: The cumulative capital increase has not yet been registered for share-capital changes, and the amount of the proceeds-new issued is NT\$309,591 thousands.

Note 3: The cumulative capital increase has not yet been registered for share-capital changes, and the amount of the proceeds-new issued is USD\$1,700 thousands.

Note 4: The cumulative capital increase has not yet been registered for share-capital changes, and the amount of the proceeds-new issued is USD\$9,000 thousands.

Note 5: The cumulative capital increase has not yet been registered for share-capital changes, and the amount of the proceeds-new issued is HKD\$404,936 thousands.

Table 9

Taiwan Chinsan Electric Industrial Co., Ltd. and Subsidiaries
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

(1) Basic information on investees in China

(Amounts in Thousands of New Taiwan Dollars ; A dollar of Foreign Currency)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Guangzhou KingNichi Co.	Aluminum capacitor	322,403 (USD10,500,000)	(2)	252,004 (USD8,207,260)	-	-	252,004 (USD8,207,260)	10,273	95.22%	10,068 (Note 2 、 (2) 、 B)	406,968	
Guangzhou Kingtachi Co.	Aluminum capacitor	1,793,172 (USD58,400,000)	(2)	1,519,898 (USD49,500,000)	273,274 (USD8,900,000)	-	1,793,172 (USD58,400,000)	78,951	100.00%	78,951 (Note 2 、 (2) 、 B)	1,314,395	
Guangzhou Heng Long Co.	General investment	103,848 (RMB24,000,000)	(2)	103,848 (RMB24,000,000)	-	-	103,848 (RMB24,000,000)	6,961	100.00%	6,961 (Note 2 、 (2) 、 B)	139,143	
Guangzhou Youmao Co.	Aluminum capacitor	21,635 (RMB5,000,000)	(3)	-	-	-	-	9,524	100.00%	9,524 (Note 2 、 (2) 、 B)	18,318	

Note 1: Investment methods are classified into the following 3 types as below:

- (1) Direct investment in Mainland China.
- (2) Investment in Mainland China through a third-party offshore company.
- (3) Other methods.

Note 2: In the investment profits and losses recognized in this period:

- (1) No investment profits and losses yet as the investments are still in the preparatory stage.
- (2) The basis for recognizing investment profits and losses is defined as 3 types listed as below:
 - A. Financial statements audited and certified by an international accounting firm cooperating with a Taiwanese accounting firm.
 - B. Financial statements audited by the certified public accountant of the Taiwan parent company.
 - C. Other methods.

Note 3: The figures in this table are presented in New Taiwan Dollars.

Note 4: The above table is converted into New Taiwan Dollars using the spot exchange rate of USD 30.705 and RMB 4.327.

Note 5: Due to that the Company acquires the original shares of Guangzhou KingNichi Co. and Guangzhou Kingtachi Co. via the indirect investment in Hongkong Kingtachi Co., it is no solution of separating the amount of profits and losses and fair value adjustments related to the investment in the aforementioned companies, only except revealing the amounts recorded for Hongkong Kingtachi Co. The correlated accounts of Hongkong Kingtachi Co., which include investment carrying amount, investment profit and losses, and fair value adjustments, are listed as the table.

Note 6: Hongkong Kingtachi Co. and Spotlight Co. hold 84.76% and 15.24% of Guangzhou Kingtachi Co. respectively.

Taiwan Chinsan Electric Industrial Co., Ltd. and Subsidiaries
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

(2) Investment limit for the investees in China

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 6)
2,149,024 (Note 8)	2,149,024 (Note 8)	-

Note 6: The Company is free of restrictions based on the document issued by Industrial Development Bureau, MOEA in August 2021, which certifies that it conforms to the identification method of the operation headquarters, valid through the period from August 2021 to August 2024.

Note 7: The above table is converted into New Taiwan Dollars using the spot exchange rate of USD 30.705 and RMB 4.327.

Note 8: The Company's total investment in China amounted to USD 66,607,260 and RMB 24,000,000, of which USD 8,207,260 was remitted directly by the Company, USD 58,400,000 was remitted by the profits of its subsidiary, Chinsan (Cayman) Co., and RMB 24,000,000 was remitted by Wealthy Success Co.

Table 10

Taiwan Chinsan Electric Industrial Co., Ltd. and Subsidiaries
INFORMATION ON MAJOR SHAREHOLDERS
 DECEMBER 31, 2023

Major Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
KaiMei Electronic Corp.	23,548,546	18.19%
Han-Lin Investment Co., Ltd.	8,509,767	6.57%
Hong-Pu Investment Co., Ltd.	7,428,154	5.74%

Note 1: The major shareholder information in this table is based on the ordinary shares, preferred shares and treasury stocks that have been completed with dematerialized delivery and the individual total holding is 5% or more via the calculation by Taiwan Depository & Clearing Corp. on the last business day of the quarter. The number of shares recorded in the Company's consolidated financial statements and the actual number of dematerialized shares may differ due to differences in the calculation basis.



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying parent-company-only financial statements of Taiwan Chinsan Electronic Industrial Co., Ltd. (hereinafter referred to as "TCEIC"), which comprise the parent-company-only balance sheets as of December 31, 2023 and 2022, as well as the parent-company-only statements of comprehensive income, parent-company-only statements of changes in equity, parent-company-only Statements of cash flows for the 2023 and 2022 then ended, and the notes to parent-company-only financial statements including a summary of significant accounting policies.

In our opinion, based on the auditing of the visa accountants and the checking reports of other accountants (referred to "Other Business Items"), the accompanying parent-company-only financial statements present fairly, in all material respects, the parent-company-only financial position of TCEIC as of December 31, 2023 and 2022, and its parent-company-only financial performance and its parent-company-only cash flows for the 2023 and 2022 then ended, according with the Regulations Governing the Preparation of Financial Reports by Security Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certificated Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of TCEIC in accordance with The Norm of Professional Ethics for Certificated Public Accountant of the Republic of China, and we have fulfilled other ethical responsibilities according to the requirements of the Norm. Based on the auditing of the visa accountants and the checking reports of other accountants, we believe that the audit evidence we have acquired is sufficient and appropriate to provide a basic for our opinion.

Key Audit Matters

Key audit matters mean the following matters that were of most significance in our audit of the parent-company-only financial statements of TCEIC for the 2023 ended December 31, in our professional judgment. These matters addressed in the context of our audit of the parent-company-only financial statements as a whole, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the parent-company-only financial statements of TCEIC for the 2023 ended December 31, is stated as follows:

Provision for loss of accounts receivable

The amount of provision for loss of accounts receivable depends on the managing-level's subjective judgment on the recoverable amount of overdue and credit-risky accounts. The provision amount for the predicted credit impairment loss is a result of the managing-level's estimation upon customer credit quality. As this provision for loss involves significant estimation and judgment, we focused on the subjects occurring significant accounts receivable balances and payment delays, as well as the rationality of the provision for the predicted credit loss issued by the management.

Accounting policies are described in Note 4(8) and (9) of the parent-company-only financial statements. The carrying amounts of the accounts receivable and the provision for loss are disclosed in Note 6, 4 of the parent-company-only financial statements. The audit procedures which we adopted include considerate evaluation upon the rationality of recoverability and provision rate assessed by management for the significant overdue or doubtful receivables via executing the valuation of the provisioning policy and the testing of the aging accuracy for the accounts receivables, as well as collectability evaluation of the outstanding receivables through subsequent collection confirmations to consider the necessity of additional provision for loss.

Other Business Items regarding the checks of other accountants

The financial statements of a part of the investee companies, which are disclosed as the investment in accordance with equity method in Note 12 of TCEIC parent-company-only financial statements, of Taiwan Kingsoft Electronics Industry Co., Ltd. have not been reviewed by our auditor but by our other accountants. Therefore, the opinions expressed by our auditor regarding the amounts disclosed in the financial statements of such investee companies by equity method and the relevant information disclosed in Note 12. of the above TCEIC statements are based on the audit reports of our other accountants.

As of December 31, 2023 and 2022, the balance of investment accounted for using equity method in the aforementioned companies was NT\$53,675 thousand and NT\$86,471 thousand respectively, which account for 0.60% and 0.96% of the asset totals. As of the all-year run from January 1, to December 31, of 2023 and 2022, the comprehensive income using equity method for the aforementioned companies was (NT\$26,925) thousand and (NT\$16,501) thousand respectively, accounting for (40.72%) and (3.80%) of the comprehensive income totals.

Responsibilities of Management and Governance Units for the Parent Company Only Financial Statements

Management unit is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the maintenance for necessary internal controls relevant to the parent-company-only financial statements which ensure to be free from material misstatement whether due to fraud or error. In preparing the parent-company-only financial statements, management is responsible for assessing the TCEIC's ability to continue as a going concern, disclose the applicable matters, and adopted the going concern basis of accounting unless management either intends to liquidate the TCEIC or to cease operations, or has no realistic alternative but to do so.

Governance unit of TCEIC (also including members of the Audit Committee) is responsible for overseeing the financial reporting process.

Responsibilities of Auditors for the Audit of the Parent Company Only Financial Statements

The auditors' objectives are to obtain reasonable assurance about whether the parent-company-only financial statements as a whole being free from material misstatement whether due to fraud or error, and to issue the corresponding auditors' report. Reasonable assurance means a high level of assurance, but it comprises no guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and misstatements can be considered material if, in individual or aggregative amounts, they could reasonably be expected to impact on the economic decisions of users taken on the basis of these parent-company-only financial statements.

As auditing in accordance with the Standards on Auditing of the Republic of China, we the auditors exercise professional judgment and maintain professional skepticism throughout the audit. We also perform as follows:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and executive audit procedures responsive to those mentioned 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 overrides of internal control.
2. Obtain a necessary understanding of internal control relevant to the audit in order to design appropriate audit procedures in the corresponding circumstances, but not for the purpose of expressing an opinion on the effectiveness of the TCEIC's internal control.
3. Valuate the appropriateness of accounting policies and the rationality of accounting estimates and relevant disclosures which adopted and made by TCEIC management.
4. Conclude on the appropriateness of management's adoption of the going concern basis of accounting and the reveal of whether a material uncertainty exists related to events or conditions that may cast significant doubt on the TCEIC's ability to operate as a going concern, based on the audit evidence obtained. We the auditors are required to draw attention in the auditor's report to the relevant disclosures in the parent-company-only financial statements if we conclude that a material uncertainty exists, or we the auditors modify the audit opinion if such disclosures inadequate. Our conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause TCEIC to cease operation as a going concern.
5. Valuate the overall presentation, structure and content of the parent-company-only financial statements also including the notes, and whether the parent-company-only 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 the entities within TCEIC to express an opinion on the parent-company-only financial statements. We the auditors are responsible for the guidance, supervision and execution of this TCEIC audit, and we perform the audit opinion upon the parent-company-only financial statements.

We the auditors communicate the matters with governance unit, which comprise the planned scope and timing of the audit, and the significant audit findings including any significant deficiencies in internal control identified during the audit process.

We also provide the governance unit with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with governance unit all relationships and other matters that may reasonably be recognized to bear on our independence, as well as related safeguard measures.

From the matters communicated with governance unit, we the auditors determine the key audit matters that were of most significance in the audit of the TCEIC parent-company-only financial statements for the year ended December 31, 2023 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 cases, we determine that a matter should not be revealed in auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication matter.

The engagement partners on the audits resulting this independent auditors' report

Visa accountant
LIN, YU-HSUAN
EVER-FORTUNE CPAs & Co.
New Taipei City, Taiwan, ROC

Visa accountant
JUAN LU, SHAO WEI
EVER-FORTUNE CPAs & Co.
New Taipei City, Taiwan, ROC

Approved-certified No.:
FSC Approval No. 106001453

Approved-certified No.:
FSC Approval No. 106001453

Issued in 26st-March-2024

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.

Taiwan Chinsan Electronic Industrial Co., Ltd.
PARENT COMPANY ONLY BALANCE SHEETS
The Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

CODE	ASSET	31 st December 2023		31 st December 2022	
		AMOUNT	%	AMOUNT	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 and 6.1)	\$ 1,093,322	12.26	\$ 1,222,538	13.56
1110	Financial assets at fair value through profit or loss, Current (Note 4, 6.2 and 6.21)	340,351	3.82	153,120	1.70
1150	Notes receivable, net (Note 4 and 6.4)	162	-	41	-
1170	Accounts receivable, net (Note 4 and 6.4)	914,710	10.26	990,175	10.99
1180	Accounts receivable due from related parties (Note 7)	1,620	0.02	4,543	0.05
1200	Other receivables	3,810	0.04	3,379	0.04
1220	Current tax asset (Note 4, 6.17)	6,702	0.08	6,700	0.07
130x	Inventories (Note 4, 6.5)	245,758	2.76	231,426	2.57
1470	Other current assets	26,316	0.30	7,759	0.09
11xx	Total current assets	<u>2,632,751</u>	<u>29.54</u>	<u>2,619,681</u>	<u>29.07</u>
	NONCURRENT ASSETS				
1510	Financial assets at fair value through profit or loss, noncurrent (Note 4, 6.2, and 6.21)	492,111	5.52	497,011	5.52
1517	Financial assets at fair value through other comprehensive income, noncurrent (Note 4, 6.3 and 6.21)	13,817	0.15	16,158	0.18
1550	Investments accounted for using equity method (Note 4 and 6.6)	5,431,019	60.92	5,515,980	61.21
1600	Property, plant and equipment (Notes 4 and 6.7)	67,453	0.76	67,198	0.74
1755	Right-of-use assets (Notes 4 and 6.8)	271,462	3.04	278,248	3.09
1840	Deferred income tax assets (Notes 4 and 6.17)	1,739	0.02	5,057	0.06
1900	Other noncurrent assets	4,670	0.05	6,310	0.07
1915	Prepayments for business facilities	-	-	5,310	0.06
15xx	Total noncurrent assets	<u>6,282,271</u>	<u>70.46</u>	<u>6,391,272</u>	<u>70.93</u>
1xxx	TOTAL ASSETS	<u>\$ 8,915,022</u>	<u>100.00</u>	<u>\$ 9,010,953</u>	<u>100.00</u>

(continued to the next page)

Chairman CHIANG, SHIH-HSIN

General Manager CHIANG, CHING-SHIN

Financial Manager TSAI, MAO-SUNG

Taiwan Chinsan Electronic Industrial Co., Ltd.
PARENT COMPANY ONLY BALANCE SHEETS
The Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

CODE	LIABILITIES AND EQUITY	31 st December 2023		31 st December 2022	
		AMOUNT	%	AMOUNT	%
	CURRENT LIABILITIES				
2100	Short-term loans (Notes 4 and 6.9)	\$ 1,715,000	19.24	\$ 1,235,000	13.71
2110	Short-term notes and bills payable (Note 4 and 6.10)	-	-	80,000	0.89
2170	Accounts payable (Note 4)	13,689	0.15	5,535	0.06
2180	Payables to related parties (Note 7)	2,029,751	22.77	1,835,452	20.37
2200	Other payables	23,976	0.27	21,965	0.24
2230	Current tax liabilities (Note 4)	2,603	0.03	-	-
2280	Lease liabilities, current (Notes 4)	5,657	0.06	5,601	0.06
2300	Other current liabilities	350	-	3,567	0.04
2320	Long-term liabilities - current portion (Notes 4 and 6.11)	-	-	423,798	4.70
21xx	Total current liabilities	<u>3,791,026</u>	<u>42.52</u>	<u>3,610,918</u>	<u>40.07</u>
	NONCURRENT LIABILITIES				
2540	Long-term borrowings (Note 4 and 6.12)	1,000,000	11.22	1,136,667	12.61
2570	Deferred tax liabilities (Note 4 and 6.17)	2,006	0.02	1,164	0.01
2580	Lease liabilities, noncurrent (Notes 4)	271,180	3.04	276,837	3.07
2640	Net defined benefit liability (Note 4 and 6.13)	5,429	0.06	5,642	0.06
25xx	Total noncurrent liabilities	<u>1,278,615</u>	<u>14.34</u>	<u>1,420,310</u>	<u>15.75</u>
2xxx	Total liabilities	<u>5,069,641</u>	<u>56.86</u>	<u>5,031,228</u>	<u>55.82</u>
	EQUITY (Note 6.14)				
3100	Capital stock (Note 4)	1,294,625	14.52	1,294,625	14.37
3200	Capital surplus	1,321,309	14.83	1,412,631	15.68
	Retained earnings				
3310	Appropriated as legal capital reserve	557,219	6.26	546,474	6.06
3320	Appropriated as special capital reserve	303,982	3.41	630,478	7.00
3350	Unappropriated earnings	689,564	7.73	389,878	4.33
	Other Equity				
3410	Exchange differences on translation of foreign financial statements	(303,770)	(3.41)	(275,557)	(3.05)
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(17,548)	(0.20)	(18,804)	(0.21)
3xxx	Total equity	<u>3,845,381</u>	<u>43.14</u>	<u>3,979,725</u>	<u>44.18</u>
2xxx-3xxx	TOTALs of LIABILITIES & EQUITY	<u>\$ 8,915,022</u>	<u>100.00</u>	<u>\$ 9,010,953</u>	<u>100.00</u>

(the accompanying notes are an integral part of the parent-company-only financial statements)

Chairman CHIANG, SHIH-HSIN

General Manager CHIANG, CHING-SHIN

Financial Manager TSAI, MAO-SUNG

Taiwan Chinsan Electronic Industrial Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
The Years Ended December 31, 2023 and 2022

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

CODE	SUBJECT	2023		2022	
		AMOUNT	%	AMOUNT	%
4000	NET REVENUE (Note 4 and 7)	\$ 2,364,416	100.00	\$ 2,750,870	100.00
5000	COST OF REVENUE (Notes 6.5, 6.16 and 7)	(2,222,571)	(94.00)	(2,626,990)	(95.50)
5900	GROSS PROFIT	141,845	6.00	123,880	4.50
5910	Unrealized gains from affiliated company	(2,144)	(0.09)	(3,198)	(0.12)
5920	Realized gains from affiliated company	3,198	0.14	3,141	0.11
	GROSS PROFIT	142,899	6.05	123,823	4.49
	OPERATING EXPENSES (Notes 6.8, 6.13, 6.16 and 7)				
6100	Marketing	(51,878)	(2.19)	(46,021)	(1.67)
6200	General and administrative	(62,642)	(2.65)	(60,146)	(2.19)
6300	Research and development	(11,576)	(0.49)	(9,605)	(0.35)
6450	The expected credit loss (Note 6.4)	465	0.02	1,293	0.05
6000	Total od operating expenses	(125,631)	(5.31)	(114,479)	(4.16)
6900	INCOME FROM OPERATIONS	17,268	0.74	9,344	0.33
	NON-OPERATING INCOME AND EXPENSES				
7050	Finance costs (Note 6.8 and 6.15)	(49,870)	(2.11)	(37,389)	(1.36)
7070	Share of profits of subsidiaries and associates (Note 6.6)	(11,733)	(0.50)	181,377	6.59
7100	Interest income	33,158	1.40	10,710	0.39
7130	Dividend revenue	12,191	0.52	11,212	0.41
7190	Other income	3,289	0.14	4,013	0.15
7210	Gains on disposals of property, plant and equipment	48	-	114	-
7230	Foreign exchange gains	2,417	0.10	14,852	0.54
7235	Financial assets measured at fair value through profit (Note 6.2)	98,392	4.17	-	-
7590	Miscellaneous expenses	(60)	-	-	-
7635	Financial assets measured at fair value through loss (Note 6.2)	-	-	(3,737)	(0.14)
7670	Impairment loss (Note 6.6)	-	-	(82,972)	(3.02)
7000	NON-OPERATING INCOME AND EXPENSES	87,832	3.72	98,180	3.56
7900	INCOME BEFORE INCOME TAX	105,100	4.46	107,524	3.89
7950	INCOME TAX EXPENSE (Notes 4 and 6.17)	(12,430)	(0.53)	(2,910)	(0.10)
8200	NET INCOME	\$ 92,670	3.93	\$ 104,614	3.79
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit obligation (Note 6.13)	136	0.01	3,209	0.12
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 6.3)	(2,341)	(0.10)	(2,554)	(0.09)
8330	Share of other comprehensive gain/(loss) of subsidiaries and associates	3,901	0.16	15,039	0.55
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently (Note 4 and 6.17)	(27)	-	(373)	(0.01)
8310	Total of items that will not be reclassified subsequently to profit or loss	1,669	0.07	15,321	0.57
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign operations	(28,213)	(1.19)	314,011	11.41
8380	Share of other comprehensive loss of subsidiaries and associates	-	-	-	-
8360	Total od items that may be reclassified subsequently to profit or loss	(28,213)	(1.19)	314,011	11.41
8300	Other comprehensive income (loss), net of income tax	(26,544)	(1.12)	329,332	11.98
8500	TOTAL COMPREHENSIVE INCOME	66,126	2.81	433,946	15.77
	Earnings per share (Note 4 and 6.18)				
9750	Basic earnings per share	\$ 0.72		\$ 0.81	
9850	Diluted earnings per share	\$ 0.72		\$ 0.80	

(the accompanying notes are an integral part of the parent-company-only financial statements)

Chairman CHIANG, SHIH-HSIN

General Manager CHIANG, CHING-SHIN

Financial Manager TSAI, MAO-SUNG

Taiwan Chinsan Electronic Industrial Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
The Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

SUBJECT	Retained Earnings					Other equity items		Total Equity
	Capital Stock - Common Stock	Capital Surplus	Legal Capital Reserve	Special Reserve	Unappropriated Earning	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
BALANCE, JANUARY 1, 2022	\$ 1,294,625	\$ 1,412,607	\$ 546,474	\$ 472,779	\$ 569,589	(\$ 589,568)	(\$ 31,289)	\$ 3,675,217
Appropriations of prior year's earnings, 2021								
Special capital reserve				157,699	(157,699)			-
Cash dividends to shareholders					(129,462)			(129,462)
Adjustments to share of changes in equities of associates		571						571
Redemption of convertible corporate bond		(547)						(547)
Net income					104,614			104,614
Other comprehensive income (loss)					2,836	314,011	12,485	329,332
BALANCE, DECEMBER 31, 2022	<u>\$ 1,294,625</u>	<u>\$ 1,412,631</u>	<u>\$ 546,474</u>	<u>\$ 630,478</u>	<u>\$ 389,878</u>	<u>(\$ 275,557)</u>	<u>(\$ 18,804)</u>	<u>\$ 3,979,725</u>
BALANCE, JANUARY 1, 2023	\$ 1,294,625	\$ 1,412,631	\$ 546,474	\$ 630,478	\$ 389,878	(\$ 275,557)	(\$ 18,804)	\$ 3,979,725
Appropriations of prior year's earnings, 2022								
Legal capital reserve			10,745		(10,745)			-
Special capital reverse				(326,496)	326,496			-
Cash dividends to shareholders		(90,624)			(103,570)			(194,194)
Adjustments to share of changes in equities of associates		(634)			(5,578)			(6,212)
Redemption of convertible corporate bond		(64)						(64)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income					304		(304)	-
Net income					92,670			92,670
Other comprehensive income (loss)					109	(28,213)	1,560	(26,544)
BALANCE, DECEMBER 31, 2023	<u>\$ 1,294,625</u>	<u>\$ 1,321,309</u>	<u>\$ 557,219</u>	<u>\$ 303,982</u>	<u>\$ 689,564</u>	<u>(\$ 303,770)</u>	<u>(\$ 17,548)</u>	<u>\$ 3,845,381</u>

Chairman CHIANG, SHIH-HSIN

General Manager CHIANG, CHING-SHIN

Financial Manager TSAI, MAO-SUNG

Taiwan Chinsan Electronic Industrial Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
The Years Ended December 31, 2023 and 2022

	(In Thousands of NT\$)	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 105,100	\$ 107,524
Adjustments for:		
Provided by (used in) operating activities:		
Realized sales profit(loss)	(1,054)	57
Financial assets measured at fair value through loss(profit)	(98,392)	3,737
Reversal of the expected credit loss	(465)	(1,293)
Reversal of inventory loss on valuation, retirement and sluggish	(72)	2,037
Depreciation expense	9,546	9,531
Amortization expense	2,068	2,589
Receive dividends from investee companies valued using the equity method	38,817	-
Share of profits of subsidiaries and associates	11,733	(181,377)
Interest expense	49,870	37,389
Interest income	(33,158)	(10,710)
Gains on disposals of property, plant and equipment	(48)	(114)
Loss on impairment	-	82,972
Gain(loss) on redemption of bonds payable	4	(20)
Return on pay up of defined benefit plan	-	(1,145)
Dividend income	(12,191)	(11,212)
Changes in operating assets and liabilities:		
Notes receivable	(121)	107
Accounts receivable	75,930	174,668
Receivables from related parties	2,923	94
Other receivables	(1,154)	1,232
Inventories	(14,260)	64,058
Other noncurrent assets	(18,557)	4,556
Accounts payable	8,154	(4,883)
Payables from related parties	194,299	365,735
Other payables	1,985	(5,420)
Net defined benefit liabilities	(77)	-
Other noncurrent liabilities	(3,217)	2,488
Cash generated from operations	317,663	642,600
Interest received	33,881	7,420
Interest paid	(44,176)	(26,510)
Income taxes paid	(5,696)	(12,205)
Net cash generated by operating activities	301,672	611,305

	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Dividends received	\$ 12,191	\$ 11,212
Acquisitions of financial assets measured at fair value through profit or loss	(1,070,586)	(319,382)
Disposals of financial assets measured at fair value through profit or loss	986,603	344,470
Return of pension cost account	-	21,692
Acquisitions of investment for using equity method	-	(15,303)
Share capital returned from investments accounted for using the equity method	4,941	-
Acquisitions of property, plant and equipment	(3,015)	(3,201)
Disposals of property, plant and equipment	48	114
Decrease(increase) of prepayment for equipment	5,310	7,046
Increase of other noncurrent assets	(427)	(2,302)
Net cash used in investing activities	(64,935)	44,346
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in short-term loans	480,000	364,365
Decrease in short-term notes payables	(80,000)	(30,000)
Redemption of bonds	(426,692)	(97,242)
Issuance of long-term loans	860,000	460,000
Repayment of long-term loans	(996,667)	(533,333)
Repayment of principle of lease liability	(8,400)	(8,300)
Cash dividends	(194,194)	(129,462)
Net cash used in financing activities	(365,953)	26,028
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(129,216)	681,679
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,222,538	540,859
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,093,322	\$ 1,222,538

(The accompanying notes are an integral part of the parent-company-only financial statements)

Chairman CHIANG, SHIH-HSIN

General Manager CHIANG, CHING-SHIN

Financial Manager TSAI, MAO-SUNG

Taiwan Chinsan Electric Industrial Co., Ltd.

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Corporate Introduction

Taiwan Chinsan Electric Industrial Co., Ltd. (the “TCEIC” or “Company”) was incorporated in the Republic of China (R.O.C.) on March 20, 1970 in accordance with the Company Act R.O.C. TCEIC went public on October 20, 2000 with a paid-in capital of NT\$ 220,000 thousand, and the Company's shares were listed on the Taipei Exchange over-the-counter market on March 22, 2004 with a paid-in capital of NT\$ 442,789,000 thousand. As of December 31, 2023, the TCEIC's registered capital reaches NT\$ 3,000,000 thousand, and the paid-in capital is NT\$ 1,294,625 thousand. The Company mainly engages in the manufacturing, processing, trading, import and export of various electronic equipment and capacitors.

2. The Authorization of Financial Statement

The accompanying parent-company-only financial statements were approved and authorized for issue by the Board of Directors on March 11, 2024.

3. Application of New & Revised Financial exporting Standards

(3.1) Alisy adopted issues of the amendments to the International Financial Reporting Standards (IFRS) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The following table summarizes the new, revised, and amended International Accounting Standards Board (IASB) standards and interpretations, as approved by the (FSC).

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to International Accounting Standards No. 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendment to International Accounting Standards No. 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred income tax relating to assets and liabilities arising from a single transaction"	January 1, 2023
Amendments to International Accounting Standards No. 12 "International Tax Changes - Pillar 2 Rules Model"	May 23, 2023

These above standards and interpretations are assessed with that they have no significant effect on TCEIC's financial condition and financial performance.

(3.2) Not yet adopted issues of the amendments to IFRS endorsed and issued into effect by FSC.

The following table summarizes the new, revised, and amended IASB standards and interpretations as approved by FSC.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 16 "Lease Liabilities in Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Current or Non-Current Liabilities"	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with contractual terms"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024

These above standards and interpretations are assessed with that they have no significant effect on TCEIC's financial condition and financial performance.

- (3.3) The issues of the amendments to IFRS but not yet endorsed and issued into effect by FSC.
The following table summarizes the new, revised, and amended IASB standards and interpretations, but as not approved by FSC yet.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	pending by IASB
IFRS 17 “Insurance Contract”	January 1, 2023
Amendments to IFRS 17 “Insurance Contract”	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
Amendment to IAS 21 “Lack of Convertibility”	January 1, 2025

These above standards and interpretations are assessed with that they have no significant effect on TCEIC’s financial condition and financial performance.

4. Summary of Significant Accounting Policies

The significant accounting policies applied to the parent-company-only financial statements state as follows. These policies apply consistently throughout the whole period of these financial statements unless otherwise stated.

(4.1)Statement of Compliance

The accompanying parent-company-only financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(4.2)Basis of Preparation

- a. The accompanying parent-company-only financial statements have been prepared on the historical cost basis except for the following significant items.
 - (i) Financial assets and liabilities measured at fair value through profit or loss.
 - (ii) Financial assets measured at fair value through other comprehensive income.
 - (iii) The defined benefit liability recognized by the net after Lessing pension fund assets from the defined benefit obligation.
- b. The preparation of financial statements in accordance with IFRS and IASB standards and interpretations (hereinafter referred to as IFRSs) approved by the FSC requires the use of certain important accounting estimates. In applying the Company's accounting policies, management needs to exercise judgement in relation to items involving high judgment or complexity, or significant assumptions and estimates related to the parent-company-only financial statements. Please refer to Note 5 for further details.

(4.3) Foreign Currencies

The items listed in the parent-company-only financial statements are measured in terms of the currency of the primary economic environment in which the entity operates (namely the functional currency). The parent-company-only financial statements are presented in New Taiwan dollars, the Company's functional currency, as the expression currency.

a. Foreign currencies and the account balance

- (i) Foreign currency transactions are translated into the functional currency at the spot rate on transaction date or measurement date, and the translation differences arising from these transactions as mentioned are recognized as current profit or loss.
- (ii) The balance of foreign currency monetary assets and liabilities is valued and adjusted according to the spot rate on the issue date of balance sheet, and the translation difference arising from the adjustment is recognized as current profit or loss.
- (iii) Translation differences on foreign currency non-monetary asset and liability balances are part of fair value gains and losses. If measured at fair value through profit or loss, it shall be adjusted according to the spot rate on the balance-sheet date, and the exchange difference arising from the adjustment shall be recognized as current profit or loss. If measured at fair value through other comprehensive profit or loss, it shall be calculated according to the balance sheet, and the exchange difference from the adjustment is recognized in other comprehensive profit and loss items. If not measured at fair value, it is calculated according to the historical exchange rate on the initial transaction date.
- (iv) All exchange gains and losses are revealed in the profit and loss statement under "Foreign currency exchange gains (losses)".

b. Translation regarding foreign operation

- (i) For all subsidiary and associate companies whose functional currency is different from the expression currency, their respective operating and financial results are converted into the expression currency as follows:
 - A. The assets and liabilities expressed in each balance sheet are translated at the closing exchange rate on the balance-sheet date.
 - B. The incomes and expenses expressed in each statement of comprehensive income are translated at the current average exchange rate.
 - C. All exchange differences arising from translation are recognized in other comprehensive profit or loss.
- (ii) When a the partially disposed-or-sold foreign operation is an affiliated corporate, the exchange difference under other comprehensive profit and loss will be re-classified in the current profit and loss in accordance with the proportion of its disposal profit or loss. However, if TCEIC retains part of the rights and interests in this former affiliated corporate but has lost the significant influence on the foreign operation, it will be treated as the whole equity of the disposal implemented in this foreign operation.
- (iii) When the partially disposed-or-sold foreign operation is a subsidiary, the accumulated exchange difference recognized as other comprehensive profit or loss shall be re-attributed to the non-controlling interests of the foreign operation in proportion. However, when the TCEIC has no longer control over the foreign operation as a subsidiary even though it retains part of the rights and interests in this former subsidiary, it will be treated as the whole equity of the disposal implemented in this foreign operation.

(4.4) Classification of Current and Noncurrent Assets and Liabilities

a. Assets meeting one of the following conditions are classified as current assets

- (i) The assets are expected to be realized in the normal operating cycle, or be meant to be sold or consumed.
- (ii) Those being held primarily for trading purposes.
- (iii) Those expected to be realized within twelve months after the balance-sheet date.

- (iv) Cash or cash equivalents, in exception of that those are exchanged or used to settle liabilities under restriction at least twelve months after the balance sheet date.
Assets that do not meet the above conditions are classified by TCEIC as noncurrent.
- b. Liabilities meeting one of the following conditions are classified as current assets
 - (i) Those are expected to be settled in the normal operating cycle.
 - (ii) Those being held primarily for trading purposes.
 - (iii) Those expected to be paid off within twelve months after the balance-sheet date.
 - (iv) The repayment period cannot be unconditionally postponed for at least twelve months after the balance-sheet date. But those liabilities, with the terms of repayment through the issuance of equity instruments of the counterparty option, are not affected on its classification.

Liabilities that do not meet the above conditions are classified by TCEIC as noncurrent.
- (4.5) Cash Equivalents
Cash equivalents refer to short-term and high-liquidity investments that meet all the following conditions simultaneously.
 - a. Those can be converted into fixed cash at any time.
 - b. Those are with low risk of value change.

Fix deposits, which meeting the aforementioned definition and being held for the purpose of short-term cash commitments in operations, are classified as cash equivalents.
- (4.6) Financial Assets Measured at Fair Value through Profit or Loss
 - a. Refers to the financial assets that are not measured at amortized cost or at fair value through other comprehensive profit or loss. TCEIC classifies it as a financial asset at fair value through profit or loss at the time of original recognition for the aforementioned financial asset measured at amortized cost or at fair value through other comprehensive income only when the measurement or recognition inconsistency can be eliminated or significantly reduced.
 - b. TCEIC adopts delivery date accounting for the financial assets conforming to trading practices via being measured at fair value through profit and loss.
 - c. TCEIC measures it at fair value at the time of initial recognition, issues the relevant transaction costs and subsequently measured at fair value, and recognizes its benefits or losses in income statement.
 - d. TCEIC recognizes the dividend income when the right of dividend receiving confirmed, the economic benefit of dividend flowing in likely, and the dividend amount fitted with trusty measurement.
- (4.7) Financial Assets Measured at Fair Value through Other Comprehensive Income
 - a. Refers to an irrevocable choice issued at the time of original recognition, the changes, in the fair value of those equity instrument investments which are not held for trading, are reported in other comprehensive income.
 - b. TCEIC adopts delivery date accounting for the financial assets conforming to trading practices via being measured at fair value through other comprehensive income.
 - c. TCEIC measures its fair value plus transaction costs at the time of original recognition, measures it at fair value subsequently, and recognizes the changes in the fair value of equity instruments in other comprehensive income statement. When derecognized, the accumulated profit or loss, which are recognized in other comprehensive income previously, shall not be reclassified to the comprehensive income subsequently, but shall be transferred to retained earnings. TCEIC recognizes the dividend income when the right of dividend receiving confirmed, the economic benefit of dividend flowing in likely, and the dividend amount fitted with trusty measurement.

(4.8) Accounts Receivable and Notes receivable

- a. Refers to the accounts and bills that have the unconditional right of receiving consideration amount in exchange for goods or services in accordance with the contract.
- b. For the short-term accounts receivable and notes receivable without interest deals, , TCEIC issues their original invoice amounts for measurement due to the minor impact of discounting.

(4.9) Impairment of Financial Assets

On each balance sheet date, TCEIC considers all rational and substantiated information, (as well as forward-looking ones), for debt instrument investments measured at fair value through other comprehensive income and accounts receivable containing significant financial components. For those whose credit risk has not increased significantly since the original recognition, the provision loss shall be measured by the amount of expected credit loss in 12 months. For those with credit risk arising significantly since the original recognition, the provision is measured by the amount of expected credit loss during the duration. For the accounts receivable not containing significant financial components, the provision is measured based on the amount of expected credit losses during the duration.

(4.10) Derecognition of Financial Assets

The Company will declassify financial assets when one of the following conditions is met.

- a. The contractual right of receiving cash flows from the financial asset lapses.
- b. The contractual right of receiving cash flow from the financial asset, and most majority of risks and rewards of the financial asset ownership, both have been transferred.
- c. The contractual right of receiving cash flows from the financial asset has been transferred and retained no control over the financial asset.

(4.11) Inventories

Inventories are determined by the lower of cost and net realizable value, and their carry-forward costs are measured by the weighted average method under adoption of the perpetual inventory system. The cost of finished and work-in-progress goods includes raw materials, direct labor, other direct costs and overhead apportioned on normal production capacity, but excludes borrowing costs. The item-by-item comparison method is adopted for choosing the lower of the cost and the net realizable value. The net realizable value refers to the estimated balance of selling price in the normal operation course minus the completed cost including related variable sales expenses.

(4.12) Investments Accounted for the Equity Method including Subsidiaries and Associates

- a. A subsidiary refers to an entity controlled by TCEIC. The control over an entity means that the Company is exposed to have, or has rights to, the variable remuneration from participation in this entity, and has the ability to affect such remuneration through power over the entity. °
- b. The unrealized profits and losses arising from transactions among TCEIC and the subsidiaries have been eliminated. The accounting policies of the subsidiaries are identical with those adopted by the Company. °
- c. TCEIC recognizes the share of the subsidiary's profit or loss after as current profit or loss, and the share of other comprehensive profit or loss after acquisition as other comprehensive profit or loss. If the share of losses recognized by the Company for a subsidiary is equal to or exceeds the equity in the subsidiary, the Company continues to recognize losses in proportion according to shareholding.
- d. If the change in the shareholding of the subsidiary results no loss of the control (i.e., transaction with non-controlling interests), it is treated as an equity transaction which it is perceived as a transaction with the owner. The difference between the adjusted amount for the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity.

- e. When losing control over the subsidiary, TCEIC's remaining investment in the former subsidiary is re-measured at fair value and be recognized as the fair value of originally recognized financial assets or the cost of originally recognized investments in associates or joint ventures, and the difference between the fair value and the carrying amount is recognized as current profit or loss. Regarding all amounts previously recognized in other comprehensive income related to the subsidiary, the accounting treatment is the same as if TCEIC directly disposes of the relevant assets or liabilities. Namely the profits or losses previously recognized in other comprehensive income, when the relevant assets or liabilities are disposed of, will be reclassified as profit or loss. The profits or losses, when the control of the subsidiary terminates, will be reclassified from equity to profit or loss.
- f. Associates refer to all entities over which the Company has significant influence but no control, and usually possess more than 20% of its voting-right shares directly or indirectly. TCEIC deals with the investment in associates in adoption of the equity method, and recognizes it at cost when acquired, that includes recognized the goodwill at the time of acquisition and the Lesson of accumulated impairment losses arising from subsequent evaluation.
- g. TCEIC recognizes the share of profits and losses acquired by associates as current profit and loss, and the share of other comprehensive incomes acquired by the aforementioned ones as other comprehensive income. If the Company's share of losses to any associate equals or exceeds its interest in that associate (including any other unsecured receivables), the Company recognizes no further losses unless the legal obligation, constructive obligation, or payment issued on TCEIC's behalf.
- h. When the associate occurs non-profit-and-loss and other comprehensive-income equity changes that do not affect the Company's shareholding ratio of this associate, TCEIC recognizes all these equity changes as capital surplus based on shareholding ratio.
- i. Unrealized profits and losses arising from transactions between the Company and associates have been eliminated in proportion to its equity in the associates. Unrealized losses are also eliminated unless evidence indicates that the assets transferred in the transaction have been impaired. Necessary adjustments have been implemented to the accounting policies of the associates, in according to the consistency of TCEIC's accounting policies.
- j. When an associate issuing new shares, the change in the net equity value is to adjust the "capital surplus" and "investment using the equity method" if the Company un-fulfills to subscribe or obtain them in proportion which resulting in a change in the investment ratio but still having a significant influence on it. If resulting in a decrease of investment ration, in addition to the aforementioned adjustments, the profits or losses, which are related to the decrease of ownership interests being previously recognized in other comprehensive income and must being reclassified, will be reclassified to profit or loss according to the reduction ratio.
- k. When the Company losing significant influence on an associate, the remaining investment in the original associate is re-measured according to the fair value, and the difference between the fair value and the carrying amount is recognized as the current profit and loss.
- l. When the Company disposing of an associate, if it loses its significant influence on the associate, the accounting treatment for all amounts related to the associate previously recognized in other comprehensive income corresponds with the same base as if TCEIC directly disposes of related assets or liabilities. Namely for the profits or losses previously recognized as other comprehensive income, those will be reclassified as profit or loss when disposing of the relevant assets or liabilities, and the other ones will be reclassified from profit-or-loss Equity to profit or loss. If the ownership interest in the associate reduces but the significant influence on it remains, only the amount previously recognized in other comprehensive income will be transferred out in proportion to the above method.
- m. When the Company disposing of an associate, it will transfer the capital surplus related to the associate to profit or loss, and will transfer the aforementioned capital surplus to profit and loss according to the disposal ratio.

- n. According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current profit and loss and other comprehensive income in the parent-company-only financial statements should be the same as the share of the current profit and loss and other comprehensive income attributable to the owner of the parent company in the financial statements prepared on a consolidated basis. Owners' equity listed in parent-company-only financial statements shall be the same as the equity attributable to owners of the parent company in the consolidated-based financial statements.

(4.13) Property, Plant and Equipment

- a. Property, plant and equipment are recorded on the basis of acquisition cost, and the relevant interest during the acquisition and construction period is capitalized.
- b. Subsequent costs are issued in the carrying amount of assets or recognized as a separate asset only when the future economic benefits related to the project are likely to flow into the Company and this project cost can be measured reliably.
- c. Subsequent measurement of property, plant and equipment adopts the cost model. Except for the land that issues not depreciation, the others are depreciated using the straight-line method and based on the estimated service life (i.e., the lease improvement will be the contract period).
- d. TCEIC reviews the residual value, service life and depreciation method of each asset at the end of each financial year. If the expected value of the residual value and service life is different from the previous estimate, or the expected consumption pattern of benefits of the future economic value in the asset occurs, a significant change in, it shall be handled in accordance with the accounting estimate change provisions of IASB No. 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change.
- e. Service life of each asset is as follows:
 Housing and construction: 20 to 50 years
 Machinery and equipment: 4 to 7 years
 Transport equipment: 4 to 6 years
 Office equipment: 2 to 6 years
 Lease Improvements: 6 years

(4.14) Lease Transactions of the Lessee regarding Right-of-use Assets and Lease Liabilities

- a. Lease assets are recognized as right-of-use assets and lease liabilities on the day being available for use by TCEIC. When the contract is a short-term lease or a lease of a low-value asset, the lease payment is recognized as an expense during the lease period accounted for using the straight-line method.
- b. Lease liabilities are recognized at the present value of unpaid lease payments discounted at the Company's incremental borrowing rate on the lease commencement date. Lease payments are fixed payments and any lease incentives that can be received are leased. Subsequent adoption of the interest method is measured by the amortized cost method, and interest expenses are issued during the lease period. When the lease period or lease payment changes not owing to contract modification, the lease liability will be re-assessed, and the re-measurement amount will be recorded at the right-of-use asset. °
- c. The right-of-use asset is recognized at cost on the lease commencement date, and the cost includes:
 - (i) The original measure of this lease liability.
 - (ii) Any lease payments occurred on or before the commencement date.
 Under the subsequent cost model, depreciation expense is recognized on the right-of-use assets when they reach the end of their useful lives or the lease term

expires, whichever is earlier. When lease liabilities are remeasured, any re-measurement amounts will adjust the right-of-use assets.

(4.15)Intangible Assets

Intangible assets, which mainly include computer software, patent rights, etc., are amortized using the straight-line method, and the depreciation period is 1 to 20 years.

(4.16)Impairment of Non-financial Assets

- a. On the balance sheet date, the Company estimates the recoverable amount of assets with signs of impairment, and recognizes the impairment loss when the recoverable amount is lower than its carrying amount. The recoverable amount is the higher of an asset's fair value minus its disposal cost, or its value in use. Except for goodwill, when the asset impairment recognized in the previous year vanishes or decreases, the impairment loss shall be reversed, while the carrying amount of the asset increased by the reversal of the impairment loss shall not exceed the carrying amount after depreciation if the asset had not been recognized for the impairment loss.
- b. For the intangible assets with undetermined service life and the ones not yet available for use, the impairment test shall be implemented to estimate their recoverable amount in regular yearly base. The impairment losses are recognized when the recoverable amount is lower than its carrying amount.

(4.17)Borrowings

Borrowings (Loans) are measured at fair value minus transaction costs at the time of original recognition and subsequently measured at amortized cost over the borrowing period for any difference between transaction costs and redemption value accounted for the use of the effective interest method.

(4.18)Accounts Payable

Accounts payable is an obligation to pay for goods or services obtained from suppliers in ordinary operation course. It is measured at fair value at the time of original recognition, and subsequently measured at cost after amortization accounted for the use of the effective interest method. For short-term accounts payable without interest bearing, the subsequent measurement will be based on the original invoice amount since the discounting impact is not significant.

(4.19)Derecognition of Financial Assets and Liabilities

Financial assets and financial liabilities can be offset only when there is a legally enforceable right to offset the recognized amounts of the aforementioned ones, and it is intended to deliver or realize assets and liquidate liabilities at the same time on a net basis, and issued in net amounts on the balance sheet.

(4.20)Corporate Bonds payable

The payable convertible bonds issued by TCEIC are embedded with conversion right (namely a right of the holder to convert into the Company's ordinary shares with converting a fixed number of shares for a fixed amount), puttable right and callable right. At the time of initial issue, the issue price is divided into financial assets, financial liabilities, or equity ("capital surplus - stock options") according to the issue conditions, and the treatment is as follows:

- a. The embedded puttable right and callable right are recorded as "financial assets or liabilities at fair value through profit or loss" at the time of original recognition at the net amount of their fair value. The difference is recognized as "financial asset (liability) profit or loss measured at fair value through profit or loss" based on fair value evaluation.
- b. The master contract is measured at fair value at the time of original recognition, and the difference between fair value and its redemption value is recognized as the premium or discount of the bond payable, which is issued as an addition or subtraction of the bond payable. The amortizations are recognized in profit or loss as an adjustment to finance costs during their circulation period.
- c. The embedded conversion right conforms to the definition of equity. At the time of original recognition, the remaining value after Lessing the aforementioned "financial

assets or liabilities measured at fair value through profit and loss" and "corporate bonds payable" is recorded in "capital surplus - stock option", and will not be re-measured in the future.

- d. Any directly attributable transaction costs of the issue are allocated to the components of liabilities and equity in proportion to the original carrying amount.
- e. When the holder switches, the components of book liabilities (including "corporate bonds payable" and "financial assets or liabilities measured at fair value through profit and loss") are treated according to the subsequent measurement method under their classifications, and then the carrying amount of the aforementioned dependent liabilities plus the carrying amount of "capital surplus - share options" is used as the issuance cost of the common stock exchanged.

(4.21) Employee Benefits

a. Short-term employee benefits

Short-term employee benefits are measured at expected non-discounted amounts to be paid and are recognized as an expense when the related service is rendered.

b. Pension

(i) Defined contribution plan

For the defined contribution plan, the amount of the pension fund that should be appropriated is recognized as the current pension cost on the accrual basis. Advance payments, when accords to the extent of refundable in cash or reduction of future payments, are recognized as assets.

(ii) Defined benefit plan

- A. The net obligation under the defined benefit plan is calculated by discounting the number of future benefits earned by the employee in the current or past service, and the fair value of the plan assets is leased from the present value of the defined benefit obligation on the balance sheet date. The net defined benefit obligation is calculated annually by the actuary using the projected unit credit method, and the discount rate refers to the yield rate of government bonds (on the balance sheet date) that are consistent with the currency and period of the defined benefit plan on the balance sheet date.
- B. The re-measurement amount generated by the defined benefit plan is recognized in other comprehensive income in the period in which it occurs, and issued in retained earnings.
- C. Expenses related to upfront service costs are recognized immediately in profit or loss.

c. Remuneration of Employees, Directors and Supervisors

Remuneration of Employees, Directors and Supervisors are recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be estimated rationally. If a discrepancy occurring between the actual distribution amount determined by the Board of Directors and the estimated amount, it shall be treated as a change in accounting estimate. For the employee remuneration paid by stock, the basis for calculating the number of shares is the closing price on the day before the resolution of the Board of Directors.

(4.22) Income Tax

- a. Income tax expenses include current and deferred income taxes. Income taxes are recognized in profit or loss except for income taxes that relate to the items being recognized in other comprehensive income or in equity directly.
- b. TCEIC calculates the current income tax based on the tax rate that has been enacted or substantively enacted on the balance sheet date in the country where TCEIC operates and generates taxable income. Management periodically assesses the status of income tax filings with respect to applicable income tax regulations and, where applicable, estimates income tax liabilities based on the expected tax payments to the taxing authorities. For undistributed earnings, additional income tax is levied in accordance with the Income Tax Act. The income tax expense on undistributed earnings is recognized only after the actual distribution of earnings following the resolution of shareholders' meeting from the year following the year in which the retained earnings were generated.
- c. Deferred income tax is accounted for using of the balance sheet method, which is recognized according to the temporary difference between the tax base of assets and liabilities and their

carrying amount in the parent-company-only balance sheet. Deferred income tax liabilities arising from the original recognition of goodwill are not recognized. The deferred income tax is also not recognized if the deferred income tax is derived from the original recognition of assets or liabilities in the transaction which does not affect accounting profit or taxation at the time of the transaction. For the temporary difference generated by the invested subsidiary, which the Company can control the timing of the reversal and this temporary difference is unlikely to reverse in foreseeable future, it will not be recognized. Deferred income tax is based on the tax rates (and tax regulation) that are expected to apply when the deferred income tax asset is realized or the deferred income tax liability is settled, using the tax rates that have been enacted or substantively enacted as of the balance sheet date.

- d. Deferred income tax assets are recognized within the extent of temporary differences that are likely to be used to offset future taxable income, and those unrecognized and recognized deferred income tax assets shall be re-assessed on each balance sheet date.
- e. When there is a legally enforceable right to offset the recognized current income tax assets and liabilities and there is an intention to pay off on a net basis or realize the assets and liabilities at the same time, the current income tax assets and current income tax liabilities will be offset. When there is a legally enforceable right to offset the current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are generated by the same taxpayer with income tax levying by the same tax authority, or different taxpayers but each subject intends to realize assets and paid off liabilities on the net basis at the same time, these deferred income tax assets and liabilities will be offset.

(4.23) Share Capital

Ordinary share is classified as equity. The incremental costs directly attributable to the issuance of new shares or stock options are recorded as a lessor of the price in equity after Lessing income tax.

(4.24) Dividend Distribution

The dividends distributed to TCEIC's shareholders are recognized in the financial statements when the TCEIC shareholders' meeting determines to distribute dividends, and the distribution of cash dividends is recognized as a liability.

(4.25) Revenue Recognition

- a. TCEIC manufactures and sells varieties of electronic equipment and capacitors and other related products. Sales revenue is recognized when the control of the product is transferred to the customer, that is, when the product is delivered to the customer, the customer has discretion over the channel and price of product sales, and the Company has no outstanding performance obligations that may affect the customer's acceptance of the product. The delivery of goods occurs when the product is delivered to the designated place, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the product in accordance with the sales contract, or there is objective evidence that all acceptance criteria have been met.
- b. Accounts receivable are recognized when the control of the product is transferred to the customer, due to that the Company has an unconditional right to the contract price from that point on, and it only takes time to collect the consideration from the customer.

5. Critical Accounting Judgments & Key Sources of Estimation & Uncertainty

When the parent-company-only financial statements issued, the management has used its judgment to determine the accounting policies adopted, and made accounting estimates and assumptions based on the current situation on the balance sheet date and rational expectations of future events. The major accounting estimates and assumptions made may differ from the actual results, and will be continuously valued and adjusted taking into account historical experience and other factors. TCEIC does not have significant accounting judgments adopted in its accounting policies. Please refer to our detailed explanations on the uncertainties of important accounting estimates and assumptions as follows:

Critical Accounting Estimates and Assumptions

The accounting estimates made by TCEIC are rational expectations of future events based on the current situation on the balance sheet date, but the actual results may differ from the estimates. For the possible risk of major adjustments to the carrying amount of assets and liabilities in the next financial year, the Company's estimates and assumptions states in details as follows:

a. Impairment assessment of tangible assets and intangible assets (except goodwill)

In the process of asset impairment assessment, the Company needs to rely on subjective judgments, which based on asset usage patterns and industry characteristics, for determining the independent cash flow of a specific asset group, the useful life of assets, and possible future income and expenses. Changes in estimates due to economics changes or corporate strategy could result in material impairment in the future.

b. Valuation of inventory

Since inventories must be measured at the lower of cost and net realizable value, the Company must use judgment and estimation to determine the net realizable value of inventories on the balance sheet date. Attributed to rapid changes in technology, the Company values the amount of inventory due to normal wear, tear, obsolescence or none of market value on the balance sheet date, and issue the inventory cost written down to the net realizable value. This inventory valuation, mainly based on the product demands estimated upon a specific future period, is likely to occur material changes.

On December 31, 2023 and 2022, the carrying amount of TCEIC's inventory was NT\$245,758 thousand and NT\$231,426 thousand respectively.

c. Investment impairment assessment using the equity method

When indication of impairment occurs for an investment accounted for use of the equity method may have been impaired to the extent that the carrying amount cannot be recovered, the Company immediately assesses the impairment of the investment. The Company values the recoverable amount based on the discounted present value of the expected future cash flow of the invested company, and analyzes the rationality of the relevant assumptions.

On December 31, 2023 and 2022, TCEIC's investment using the equity method after recognizing impairment losses was NT\$53,675 thousand and NT\$86,471 thousand respectively.

6. Explanation of Important Accounting Subjects

a. Cash and cash equivalents

	2023.12.31	2022.12.31
Cash on hand	\$ 290	\$ 271
Cash in banks	704,307	611,107
Cash equivalent (investment with original maturity within 3 months)	388,725	611,160
	<u>\$ 1,093,322</u>	<u>\$ 1,222,538</u>

(i) The financial institutions that the Company deals with have good credit quality, and the Company conducts transactions with multiple financial institutions to diversify credit risk. The possibility of default is expected to be very low.

(ii) The Company has not pledged cash and equivalent cash.

b. Financial assets and liabilities measured at fair value through profit or loss

	2023.12.31	2022.12.31
CURRENT:		
Financial assets that are required to be measured at fair value through profit or loss		
Listed shares	\$ 281,433	\$ 162,196
Beneficiary certificate	38,621	30,231
Valuation adjustment	20,297	(39,307)
	<u>\$ 340,351</u>	<u>\$ 153,120</u>

NONCURRENT:

Financial assets that are required to be measured at fair value through profit or loss

Listed shares	\$ 20,000	\$ 20,000
Unlisted or OTC shares	380,410	380,000
Beneficiary certificate	30,000	30,000
Valuation adjustment	61,701	67,011
	<u>\$ 492,111</u>	<u>\$ 497,011</u>

- (i) The breakdown of financial assets and liabilities at fair value through profit or loss recognized in profit or loss is as follows:

	2023	2022
Financial assets that are required to be measured at fair value through profit or loss		
Equity instrument	\$ 99,032	(\$ 5,291)
Debt instrument	2,276	1,606
Securities lending transaction	(2,916)	-
	<u>\$ 98,392</u>	<u>(\$ 3,685)</u>
Financial assets that are required to be measured at fair value through profit or loss		
Corporate bond puttable option and callable option (Note 4 and 6.11)	\$ -	(\$ 52)

- (ii) The Company has not pledged financial assets at fair value through profit or loss.
(iii) Please refer to Note 6.20.(c) for information on the credit risk of financial assets at fair value through profit or loss.

c. Financial assets measured at fair value through other comprehensive income

	2023.12.31	2022.12.31
NONCURRENT:		
Equity instrument		
Stocks of unlisted and emerging companies	\$ 36,660	\$ 36,660
Valuation adjustment	(22,843)	(20,502)
Total:	<u>\$ 13,817</u>	<u>\$ 16,158</u>

- (i) The Company chose to classify strategic investments as financial assets measured at fair value through other comprehensive income. The fair values of these investments on December 31, 2023 and 2022 were NT\$13,817 thousand and NT\$16,158 thousand respectively.
- (ii) Details of financial assets measured at fair value through other comprehensive income recognized in other comprehensive income are as follows:

Equity instrument measured at fair value through other comprehensive income	2023	2022
Changes in fair value recognized in other comprehensive income	(\$ 2,341)	(\$ 2,554)

- (iii) Regardless of the collateral or other credit enhancements held, the financial asset that best represents the TCEIC's holdings measured at fair value through other comprehensive income, the maximum exposure to credit risk as of December 31, 2023 and 2022 were NT\$13,817 thousand and NT\$16,158 thousand respectively.
- (iv) The Company has not provided financial assets measured at fair value through other comprehensive gains and losses as pledge guarantees.
- (v) Please refer to Note 6.20.(c) for information on the credit risk of financial assets measured at fair value through other comprehensive income.

d. Notes receivable and accounts receivable

- (i) Details are as follows:

	2023.12.31	2022.12.31
Notes receivable	\$ 162	\$ 41
Less: Provision	-	-
Net notes receivable	<u>\$ 162</u>	<u>\$ 41</u>

	2023.12.31	2022.12.31
Accounts receivable	\$ 914,765	\$ 990,230
Less: Provision	(55)	(55)
Net accounts receivable	<u>\$ 914,710</u>	<u>\$ 990,175</u>

The accounts receivable and notes receivable of the Company that are neither past due nor impaired comply with the credit standards established based on the counterparty's industry characteristics, business scale, and profitability.

(ii) The aging analysis of notes receivable and net accounts is as follows:

	2023.12.31	2022.12.31
Not overdue	\$ 895,896	\$ 970,591
Within 30 days	15,752	11,079
31 to 90 days	2,485	4,102
More than 91 days	739	4,444
Total	\$ 914,872	\$ 990,216

The above is an aging analysis based on the days overdue.

(iii) The Company has not provided notes receivable and accounts as pledge guarantees.

(iv) Regardless of the collateral or other credit enhancements held, the maximum exposure to credit risk for the Company's notes receivable on December 31, 2023 and 2022 were NT\$162 thousand and NT\$41 thousand respectively. The maximum exposure to credit risk for the Company's accounts receivable on December 31, 2023 and 2022 were NT\$914,710 thousand and NT\$990,175 thousand respectively.

(v) Please refer to Note 6.21(c) for the credit risk information of relevant accounts receivable and notes receivable.

e. Inventories

	2023.12.31	2022.12.31
Raw materials	\$ 4,234	\$ 5,114
Finished goods	1,136	42
Merchandise	244,122	230,076
Subtotal	249,492	235,232
Less: Allowance for inventory depreciation	(3,734)	(3,806)
Total	\$ 245,758	\$ 231,426

Inventory-related expenses and losses recognized in the current period

	2023	2022
Cost of inventories sold	\$ 2,222,643	\$ 2,624,953
Inventory depreciation and obsolesce (recovery benefit)	(72)	2,037
Total	\$ 2,222,571	\$ 2,626,990

f. Investments accounted for using the equity method

(i) Details are as follows:

	2023.12.31	2022.12.31
<u>Subsidiaries</u>		
Chinsan (Cayman) Enterprise Co., Ltd	\$ 5,366,099	\$ 5,418,730
Yue-Cheng Investment Co., Ltd.	11,245	10,779
<u>Associates</u>		
Sustainable Development Co., Ltd.	53,675	86,471
Total	\$ 5,431,019	\$ 5,515,980

(ii) Basic information of the TCEIC's major associates is as follows:

company name	principal place of business	shareholding ratio		nature of relationship	measurement method
		2023.12.31	2022.12.31		
Sustainable Development Co., Ltd.	Taiwan	7.88%	12.56%	significant influence	Equity method

TCEIC participated in the capital increase of Sustainable Development Co., Ltd. in August 2022. The amount per share was NT\$20 respectively. These investment shares increased by 765,157 shares, and the investment amount increased by NT\$15,303 thousand, respectively.

(iii) Consolidated financial information of TCEIC's major associates is as follows:

	Sustainable Development Co., Ltd.	
	2023.12.31	2022.12.31
Current assets	\$ 427,791	\$ 4,398
Noncurrent assets	678,813	884,837
Current liabilities	(225,505)	(42,467)
Noncurrent liabilities	(199,947)	(176,967)
Total net assets	\$ 681,152	\$ 669,801

	Sustainable Development Co., Ltd.	
	2023.12.31	2022.12.31
Share of net assets of associates	\$ 53,675	\$ 86,471
Goodwill	-	-
Carrying number of associates	\$ 53,675	\$ 86,471

	Sustainable Development Co., Ltd.	
	2023	2022
Revenue	\$ 10,740	\$ 11,386
Net loss for the period	(\$ 239,283)	(\$ 78,135)
Total comprehensive income for the period	(\$ 239,283)	(\$ 78,135)
Dividends received from associates	\$ -	\$ -

- (iv) The goodwill recognized by the Company for a premium acquisition of a portion of the equity of its associate Sustainable Development Co., Ltd., was evaluated by the management as having a recoverable amount lower than its carrying amount. Therefore, an impairment loss of NT\$ 82,972 thousand was recognized in 2022.
- (v) A portion of the Company's investment using the equity method is based on the valuation of the financial statements audited by other accountants appointed by respective associates. The shares of the profits and losses of associates and other comprehensive income in 2023 and 2022 are (NT\$26,925) thousand and (NT\$16,501) thousand respectively. On December 31, 2023 and 2022, the investments using the equity method were NT\$53,675 thousand and NT\$86,471 thousand respectively.
- (vi) For information about the Company's subsidiaries, please refer to Note 4(3).2 of TCEIC's 2023 consolidated financial statements.
- (vii) The Company has not pledged the investment accounted for using the equity method.

g. Property, plant and equipment

A. January 1 to December 31 of the year 2023

	Buildings	Machinery equipment	Transportati on equipment	Other equipment	Lease improvements	Total
Cost						
Balance Jan 1, 2023	\$ 79,728	\$ 11,192	\$ 2,863	\$ 4,091	\$ 432	\$ 98,306
Additions	-	3,015	-	-	-	3,015
Disposals	-	-	(850)	(96)	-	(946)
Balance Dec 31, 2023	<u>\$ 79,728</u>	<u>\$ 14,207</u>	<u>\$ 2,013</u>	<u>\$ 3,995</u>	<u>\$ 432</u>	<u>\$ 100,375</u>
Accumulated depreciation and impairment losses						
Balance Jan 1, 2023	\$ 16,426	\$ 8,976	\$ 1,575	\$ 3,919	\$ 212	\$ 31,108
Additions	1,537	763	323	64	73	2,760
Disposals	-	-	(850)	(96)	-	(946)
Balance Dec 31, 2023	<u>17,963</u>	<u>9,739</u>	<u>1,048</u>	<u>3,887</u>	<u>285</u>	<u>32,922</u>
Net amount	<u>\$ 61,765</u>	<u>\$ 4,468</u>	<u>\$ 965</u>	<u>\$ 108</u>	<u>\$ 147</u>	<u>\$ 67,453</u>

B. January 1 to December 31 of the year 2022

	Buildings	Machinery equipment	Transportatio n equipment	Other equipment	Lease improvements	Total
Cost						
Balance Jan 1, 2022	\$ 79,728	\$ 9,274	\$ 2,235	\$ 4,091	\$ 432	\$ 95,760
Additions	-	1,918	1,283	-	-	3,201
Disposals	-	-	(655)	-	-	(655)
Balance Dec 31, 2022	<u>\$ 79,728</u>	<u>\$ 11,192</u>	<u>\$ 2,863</u>	<u>\$ 4,091</u>	<u>\$ 432</u>	<u>\$ 98,306</u>
Accumulated depreciation and impairment losses						
Balance Jan 1, 2022	\$ 14,659	\$ 8,360	\$ 1,925	\$ 3,854	\$ 139	\$ 28,937
Additions	1,767	616	305	65	73	2,826
Disposals	-	-	(655)	-	-	(655)
Balance Dec 31, 2022	<u>16,426</u>	<u>8,976</u>	<u>1,575</u>	<u>3,919</u>	<u>212</u>	<u>31,108</u>
Net amount	<u>\$ 63,302</u>	<u>\$ 2,216</u>	<u>\$ 1,288</u>	<u>\$ 172</u>	<u>\$ 220</u>	<u>\$ 67,198</u>

h. Leaser Transactions - Lessee

- (i) The underlying assets of the Company's lease are houses and buildings, and the lease contract period is 50 years. The aforementioned contracts are negotiated individually and contain various terms and conditions. There are no other restrictions imposed, except that the leased assets cannot be used as collateral for borrowing.
- (ii) The carrying amount of the right-of-use asset and the recognized depreciation expenses is as follows:

Carrying amount

	2023.12.31	2022.12.31
Houses and buildings	<u>\$ 271,462</u>	<u>\$ 278,248</u>

Depreciation expense

	2023	2022
Houses and buildings	<u>\$ 6,786</u>	<u>\$ 6,705</u>

- (iii) The right-of-use asset of the Company in 2022 was no increased, and the right-of-use asset in 2022 was increased by NT\$41,075 thousand due to lease modification.

- (iv) The profit and loss items related to the leasing contract is as follows:

	2023	2022
Items affecting current profit and loss		
Interest expense on the lease liability	<u>\$ 2,799</u>	<u>\$ 2,820</u>
Expenses for short-term lease contracts	<u>\$ 2,438</u>	<u>\$ 3,188</u>

(v) The Company's total cash outflows for lease payments in 2023 and 2022 were NT\$10,838 thousand and NT\$11,488 thousand, respectively.

i. Short-term borrowings

	2023.12.31	2022.12.31
Credit borrowing	\$ 1,715,000	\$ 1,235,000
L/C borrowing	-	-
Total	\$ 1,715,000	\$ 1,235,000
Interest rate range	0.50%~1.82%	1.43%~1.93%
The available amount of the aforementioned borrowing is as follows:		
	2023.12.31	2022.12.31
NT\$	\$ 2,380,000	\$ 2,060,000
USD\$ (in thousands of USD)	4,500	4,500

j. Short-term notes payable

2022.12.31

Guarantee Acceptance Agency	Period	Interest rate	Amount	Collateral
Dah Chung Bills Finance Corp.	2022.12.23-2023.01.18	1.71%	\$ 80,000	None
Less: Discount of short-term notes payable			-	
Net amount			\$ 80,000	

k. Corporate bonds payable

The 5th-issued domestic unsecured convertible corporate bonds

(i) The Company issued the fifth unsecured convertible corporate bonds on July 10, 2018, with a total issuance of NT\$700,000 thousand. As of December 31, 2023 and 2022. Relevant information of these convertible corporate bonds in the parent-company-only financial statements is as follows:

A. Components of corporate bonds payable

	2023.12.31	2022.12.31
Issue denomination	\$ 700,000	\$ 700,000
Less: Corporate Bonds Redemption	(700,000)	(273,300)
Less: Corporate bonds discount	-	(2,902)
Less: Corporate bonds due within 1 year	-	(423,798)
Ending bond amount	\$ -	\$ -

B. Components of equities

	2023.12.31	2022.12.31
Original issue	\$ 44,450	\$ 44,450
Derecognition of corporate bond redemption	(44,450)	(17,355)
	\$ -	\$ 27,095

The aforementioned equity composition items are listed under "capital surplus - stock option".

C. Components of liabilities

	2023.12.31	2022.12.31
Original issue	\$ 4,060	\$ 4,060
Valuation adjustment of financial liabilities	(4,060)	(4,060)
	\$ -	\$ -

The components of the aforementioned financial liabilities are embedded derivative financial liabilities at the time of issuance, which are listed under "Financial Liabilities at Fair Value through Profit and Loss - Noncurrent" and "Financial Assets at Fair Value through Profit and Loss - Noncurrent". The profits and losses measured by fair value are listed as follows:

	2023	2022
Measurement of profit (loss)	\$ -	(\$ 52)

(ii) The Company's issuance conditions for the fifth domestic unsecured convertible corporate bonds are as follows:

- A. Issuance quota: The total issuance amount is NT\$ 700 million.
- B. Face value: NT\$ 100,000 per bond.
- C. Issue price: Issued at 100.5% of the face value.
- D. Coupon rate: 0%.
- E. Bond term: 5 years (from July 10, 2018 to July 10, 2023).
- F. Conversion price: NT\$ 62.2 per share.
- G. Restriction period for conversion: The bondholder may convert the bonds into the TCEIC's ordinary shares after 3 months from the issue date of the convertible bonds (starting from October 11, 2018) until the maturity date, except for the legally suspended transfer period.
- H. Lock-up period: 3 months after the issue date. °
- I. Potable option of the bondholders:
This bond has a put-back option for bondholders to sell the convertible bonds back to TCEIC before the third anniversary of the issue date. The Company shall send the "put-back option exercise notice" to bondholders by registered mail at least 40 days before the put-back option date. The bondholders shall notify TCEIC's stock registrar in writing through the aforementioned notice at least 40 days before the put-back option date, to claim that the Company redeems the bonds at a price of 100.75% of the face value (yielding a 0.25% yield) in cash on the put-back option date.
- J. Callable option of the Company:
 - a. From the day after 3 months after the issue date of the bond (October 11, 2018) until 40 days before the maturity date (May 31, 2023), if the closing price of the TCEIC's ordinary shares exceeds 130% (inclusive) of the then-current conversion price for 30 consecutive business days, the Company may redeem the convertible bonds in cash at their face value within the next 30 business days.
 - b. From the day after 3 months after the issue date of the bond (October 11, 2018) until 40 days before the maturity date (May 31, 2023), if the outstanding amount of the bond falls below 10% of the original issuance amount, the Company may repurchase the convertible bonds in cash. °
- K. Reset option: None.

l. Long-term borrowings

	2023.12.31	2022.12.31
Secured loans	\$ 1,000,000	\$ 1,136,667
Less: Portion due within 1 year	-	-
Total	\$ 1,000,000	\$ 1,135,667
Interest rate range	1.74%~1.80%	1.52%~2.01%
(i) The available amount for the above borrowings is as follows:		
	2023.12.31	2022.12.31
NT\$	\$ 1,350,000	\$ 1,460,000

m. Pension

(i) Defined Contribution Plan

Since July 1, 2005, the Company has implemented a defined pension-contribution plan in accordance with the Labor Pension Act. According to the plan, the Company contributes 6% of each employee's monthly salary to the employee's personal account of the Labor Insurance Bureau. Pension are paid to employees either in monthly installments or as a lump-sum pension based on the amount in their individual pension accounts and the accumulated interest. As this pension reserve is completely separated from the Company, it is not included in the parent-company-only financial statements.

The Company recognized the pension expenses related to the defined contribution plan of NT\$2,495 thousand and NT\$2,283 thousand for the years ended December 31, 2023 and 2022, respectively in comprehensive income statements.

(ii) Defined Benefit Plan

The Company has a defined benefit retirement plan in accordance with the Labor Standards Act, applicable to all regular employees with service periods before the implementation of the Labor Pension Act on July 1, 2005, and to subsequent service periods of employees who chose to continue to be covered under the Labor Standards Act after the Labor Pension Act implementation. Pension benefits are calculated based on years of service and the average salary for the six months preceding retirement. The service years within 15 years (inclusive) will be given 2 bases every year, and the service years exceeding 15 years will be paid 1 base every year, while the total accumulation is limited to a maximum of 45 bases. The Company contributes 2% of the total payroll each month to the pension fund, which is stored in an exclusive account with Bank of Taiwan under the name of the Labor Pension Supervisory Committee. In addition, the Company estimates the balance in the labor pension account at the end of each fiscal year. If the balance is insufficient to cover the estimated pension benefits for employees who are expected to retire in the following year, the Company will make a one-time contribution to cover the shortfall by the end of March of the following year.

- ① The total amount of pension expenses recognized in the statements of comprehensive income due to the defined benefit plan from January 1 to December 31 in 2023 and 2022 of the Company was NT\$49 thousand and NT\$0, and it was also recognized under other comprehensive income that the actuarial (profit) and losses were (NT\$136 thousand) and (NT\$3,209 thousand) respectively.
- ② The fund assets of TCEIC's defined benefit pension plan are entrusted by the Bank of Taiwan according to the ratio and amount of the fund's annual investment and operation plan, and are in accordance with Article 6 of the Labor Pension Fund Revenue and Expenditure Storage and Use Regulations (i.e. deposit in financial institutions at home and abroad, invest in domestic and foreign listed, over-the-counter or private equity securities, and investing in domestic and foreign

real estate securitization products, etc.) to handle entrusted operations, and the relevant application conditions are supervised by the Labor Pension Fund Supervisory Committee. The minimum annual distribution of the fund's utilization shall not be lower than the yield calculated based on the 2-year fixed deposit interest rate of the domestic bank. If any shortfall, it will be supplemented by the National Treasury after approval by the competent authority. As TCEIC has no right to participate in the operation and management of the fund, the Company is unable to disclose the classification of the fair value of plan assets according to paragraph 142 of IASB 19.

For the fair value of the total assets of the fund as of December 31, 2023 and 2022, please refer to the government's annual reports on the utilization of labor pension funds.

- ③ Main assumptions of the actuarial valuation of the defined benefit plan are as follows:

	2023.12.31	2022.12.31
Discount rate	1.10%	1.15%
Future salary increases	2.00%	3.00%

The assumptions about the future mortality rate are estimated based on the published statistics and experience of each country.

The analysis of the present value of the defined benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

	discount rate		future salary increases	
	increase 0.25%	decrease 0.25%	increase 0.25%	decrease 0.25%
December 31, 2023				
Influence on the present value of defined benefit obligations	(\$ 46)	\$ 46	\$ 46	(\$ 45)
December 31, 2022				
Influence on the present value of defined benefit obligations	(\$ 49)	\$ 50	\$ 48	(\$ 48)

The above sensitivity analysis is based on analyzing the influence of a single hypothesis change while holding other assumptions constant, while in practice, changes in many assumptions may be interdependent. Sensitivity analysis is consistent with the method used to calculate the net pension assets in the balance sheet.

The method and assumptions used in the sensitivity analysis prepared for this period are the same as those used in the previous period. The amounts recognized in the balance sheet are as follows:

	2023.12.31	2022.12.31
Present value of defined benefit obligations	(\$ 5,430)	(\$ 5,642)
Fair value of project assets	1	-
Net defined benefit assets (liabilities)	(\$ 5,429)	(\$ 5,642)

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

	Present value of defined benefit obligations	Fair value of project assets	Net defined benefit assets (liabilities)
2023			
Balance on January 1	(\$ 5,642)	\$ -	(\$ 5,642)
Interest (fee) income	(63)	-	(63)
	<u>(5,705)</u>	<u>-</u>	<u>(5,705)</u>
Amount of re-measurement:			
Impact of changes in financial assumptions	201	-	201
Impact of changes in demographic assumption	18	-	18
Adjustment via experience	(83)	-	(83)
	<u>136</u>	<u>-</u>	<u>136</u>
Return of pension fund settlement	-	1	1
Liquidation payment	139	-	139
Balance on December 31	<u>(\$ 5,430)</u>	<u>\$ 1</u>	<u>(\$ 5,429)</u>
2022			
Balance on January 1	(\$ 25,728)	\$ 37,424	\$ 11,696
Interest (fee) income	(165)	242	77
	<u>(25,893)</u>	<u>37,666</u>	<u>11,773</u>
Amount of re-measurement:			
Compensation for project assets (excluding the amounts included in interest income or expenses)	-	2,730	2,730
Impact of changes in financial assumptions	538	-	538
Impact of changes in demographic assumption	-	-	-
Adjustment via experience	(59)	-	(59)
	<u>479</u>	<u>2,730</u>	<u>3,209</u>
Return of pension fund settlement	-	(22,272)	(22,272)
Benefit payments	8,865	(8,865)	-
Liquidation payment	10,907	(9,259)	1,648
Balance on December 31	<u>(\$ 5,642)</u>	<u>\$ -</u>	<u>(\$ 5,642)</u>

- ④ As of December 31, 2023, the weighted average duration of the retirement pension plan is 3 years. °

n. Equity

(i) Capital of ordinary share

Authorized capital share

As of December 31, 2023 and 2022, the rated number of shares and the number of issued shares are as follows, with a par value of NT\$10 per share.

	2023.12.31	2022.12.31
Number of authorized shares (ordinary shares – 1,000 shares)	300,000	300,000
Issued shares (ordinary shares – 1,000 shares)	129,463	129,463

(ii) Capital surplus

In accordance with the Company Law, the surplus from the issuance of stocks exceeding the face value and the capital surplus obtained from receiving gifts must be distributed to shareholders in the form of new shares or cash, in proportion to their original shareholding, except when used to offset losses. Additionally, in accordance with the relevant provisions of the Securities and Exchange Act, when the aforementioned capital surplus is allocated to capital, the total amount shall not exceed 10% of the paid-in capital per year. If the Company's retained earnings are insufficient to make up for the capital deficit, the capital surplus cannot be used to make up for it.

(iii) Retained earnings and dividends

① Legal reserve

The legal reserve shall not be used except for offsetting the Company's losses and distributing new shares or cash in proportion to the shareholders' original shareholding, and only up to the portion of the surplus that exceeds 25% of the paid-in capital may be used for distributing new shares or cash.

② According to TCEIC's articles of association, the annual surplus after the financial settlement shall be handled in the following order:

A. Paying taxes.

B. Offset losses.

C. Set aside 10% as legal reserves, but this is not applicable when the legal reserves have reached the total capital of the Company.

D. Make provisions or reverse special reserves in accordance with relevant laws and regulations, if necessary.

E. The remaining amount, together with the undistributed profits at the beginning of the period, shall be accumulated as distributable retained earnings. The Board of Directors shall propose a profit distribution plan and submit it to the shareholders' meeting for approval.

③ TCEIC adopts a balanced dividend policy, and the Board of Directors shall propose a profit distribution plan of no less than 20%, however the Board may decide not to distribute dividends if no profit occurs in the current year or the Board of Directors considers the profit to be low. The Board of Directors, when proposing a profit distribution plan, may allocate a portion of the undistributed profits from the previous year to participate in the distribution. In the case of issuing new shares proposed for dividend distribution, it shall be submitted to the shareholders' meeting for approval. TCEIC's dividend policy is in line with current and future development plans. Considering various factors e.g., investment environment, capital needs, etc., the Company may distribute dividends to shareholders in cash or stock. The cash dividend shall not be less than 5% of the total dividend amount, but if the cash dividend per share is less than NT\$1, it may be fully replaced by stock dividends.

④ Special reserve

A. When distributing surplus, the Company must first set aside a special reserve from the balance of the other equity items on the balance sheet as of the end of the current fiscal year, in accordance with legal regulations. Later when the debit balance of other equity items is reversed, the reversed amount may be included in the distributable surplus.

- B. When adopting IFRSs for the first time, the Company is required by the FSC-TSXC-Letter No. 1010012865 on April 6, 2012 to set up a special reserve. TCEIC will reverse the proportion of the original special reserve when we using, disposing of, or reclassifying the related assets. If the aforementioned assets are investment properties, the proportion of land will be reversed when they are disposed of or reclassified, and the proportion of non-land assets will be reversed over the period of use
- ⑤ On June 8, 2022, the Company passed the resolution of the shareholders' meeting in 2021 which is as follows:

	2021	
	amount	dividend per share (NT\$)
Set aside special reserve	\$ 157,699	-
Shareholder cash dividend	129,462	\$ 1.0

The aforementioned profit distribution proposal for the fiscal year 2021 was approved by the shareholders' meeting, hence the financial statements have reflected the relevant impact, and information about the profit distribution situation can be inquired at the TWSE MOPS website.

- ⑥ On May 31, 2023, the Company passed the resolution of the shareholders' meeting in 2022 as follows:

	2022	
	amount	dividend per share (NT\$)
Legal capital reserve	\$ 10,745	-
Special capital reverse	(326,496)	-
Shareholder cash dividend	103,570	\$ 0.8

In addition, the company's shareholders' meeting approved the allocation of cash from capital reserve of 90,624 thousand (0.7 per share) on May 31, 2023.

The aforementioned profit distribution proposal for the fiscal year 2022 was approved by the shareholders' meeting, hence the financial statements have reflected the relevant impact, and information about the profit distribution situation can be inquired at the TWSE MOPS website.

The profit distribution proposes for 2023 is yet to be resolved by the Board of Directors of the Company, and the resolution is expected at the shareholders' meeting held on May 27, 2024.

Please refer to Note 6.16 for information on remunerations of employee and directors.

o. Financial cost

	2023	2022
Interest expense		
Bank loan	\$ 44,245	\$ 27,429
Corporate bonds payable	2,826	7,140
Lease liability	2,799	2,820
	<u>\$ 49,870</u>	<u>\$ 37,389</u>

p. Functional Information of Employee Benefits, Depreciation, Depletion and Amortization Expenses

	2023			2022		
	Business cost	Business expense	Total	Business cost	Business expense	Total
Employee Benefit Expenses						
Salary	\$ 543	\$ 50,607	\$ 51,150	\$ 549	\$ 48,742	\$ 49,291
Labor health insurance	65	4,897	4,962	64	4,884	4,948
Pension	4	2,491	2,495	-	2,283	2,283
Director remuneration	-	6,476	6,476	-	1,663	1,663
Other employee benefit expenses	24	3,865	3,889	24	4,078	4,102
Depreciation expense	-	9,546	9,546	27	9,504	9,531
Amortization	-	2,068	2,068	-	2,589	2,589

- (i) The number of TCEIC employees in 2023 and 2022 was 75 and 70 respectively, of which the number of directors who did not concurrently serve as employees was 7 and 6.
- (ii) The shares of the Company are listed on the TWSE stock exchange or traded on the Taipei Exchange OTC securities trading center, and the following information is added:
 - ① The average employee benefit cost for the 2023 is NT\$919 thousand (“a total employee of benefit expenses minus directors' remuneration” divided by “the number of employees minus the directors who are not concurrent employed”). The average employee benefit cost for 2022 was NT\$947 thousand (“a total employee of benefit expenses minus directors' remuneration” divided by “the number of employees minus the directors who are not concurrent employed”).
 - ② The average salary of employees 2023 is NT\$752 thousand (“a total employee of benefit expenses minus directors' remuneration” divided by “the number of employees minus the directors who are not concurrent employed”). The average salary cost of employees for 2022 was NT\$770 thousand (“total salary cost 2022” divided by “the number of employees minus the directors who are not concurrent employed in 2022”).
 - ③ The adjustment and change of the average employee salary cost is a decrease of 2.34% (“The 2023’s average employee salary cost subtracting the 2022’s average employee salary cost” divided by “The 2022’s average employee salary cost”).
 - ④ TCEIC's articles of association stipulate that employee and director remunerations shall be implemented by the Board of Directors with more than two-thirds of the directors present and a resolution approved by more than half of the directors present, and reported to the shareholders' meeting. The contribution criteria are as follows:
 - A. Makeup of the loss.
 - B. Allocate 1% to 5% of the pre-tax benefits as employees reward before subtracting the distribution of employee remuneration and director's remuneration in the current year.
 - C. Allocation of no more than 3% of the pre-tax benefits as director's remuneration before Lessing the distribution of employee remuneration and director's remuneration in the current year. °
 - ⑤ For ensuring of salary conditions sufficient to recruiting outstanding talents, TCEIC sets up the salary payment standards with reference to the same-industrial salary market, the Company's operating conditions and organizational structure, builds salary structure keeping highly competitive via timely considerations of changes in overall economy and industrial prosperity, market salary dynamics, and industry salary trends, and implement necessary adjustments along with relevant law and regulation updates, for the purpose of retaining outstanding talents correlated with factors of company operating performance as well as employee salary cost. The remuneration of directors is determined by the remuneration committee to evaluate the participation and contribution to the Company's operations, and refer to the industrial payment level. The performance valuation and salary of managers shall refer to the payment conditions of general industrial levels, be considered with the individual’s performance valuation, time invested, responsibilities, achievement of goals, performance in other positions, as well as the

salary remuneration of those who are given equivalent positions. The Company's salary proposal shall be valuated and determined based on the rational correlations among the individual performance, the Company operating performance which includes the achievement of short-term and long-term business goals, financial status, etc., and the payment level reference of the industry.

TCEIC's employee remuneration mainly includes basic salary (added with food allowance, professional allowance, etc.), year-end bonus and performance bonus, etc. Employee salaries and benefits are based on their academic and career experience, professional knowledge and skills, seniority and personal performance, and there is no difference due to age, gender, race, religion, political views, or marital status. Employee remuneration is determined according to their position, contribution, and performance as a motivation that employees and the Company keep growing together.

The remuneration of directors, managers and employees are all discussed and approved by the remuneration committee and then submitted to the Board of Directors for discussion and resolution.

(iii) The accounting treatment of employee compensation and director compensation, and their respective estimates are as follows:

	2023	2022
Employee compensation	\$ 1,651	\$ 1,663
Director compensation	3,302	1,663
	<u>\$ 4,953</u>	<u>\$ 3,326</u>

- A. The employee compensation and director compensation estimated by the Company are in accordance with the proportion specified in the bylaws. Those were at 1.5% and 3% for 2023 respectively, both 1.5% for 2022, and were based on the principle of distributing cash, and have been recognized as operating costs and expenses for the 2023 and 2022.
- B. The Company plans to distribute the employee compensation and director compensation for the fiscal year 2023 in April 2024 according to the Board of Directors' resolution. If any changes in the amounts after the approval of the annual financial statements, they will be adjusted and processed based on accounting estimates and recorded in the following fiscal year.
- C. The Board of Directors approved the employee compensation and director compensation for the fiscal year 2022 in April 2023. The difference from the amount estimated in the 2022 financial statements will be treated according to changes in accounting estimates, and the difference will be recognized as profit and loss in 2023, and further information can be about the profit distribution situation can be inquired at the TWSE MOPS.

	2022		
	Amount of the Board of Directors' resolution	Amount recognized in financial statements	Difference
Employee compensation - cash	\$ 1,663	\$ 1,663	\$ -
Director compensation - cash	3,325	1,663	1,662
Ending balance	<u>\$ 4,988</u>	<u>\$ 3,326</u>	<u>\$ 1,662</u>

q. Income Tax

1. Income tax expenses

(1) Components of income tax expense:

	2023	2022
Current income tax:		
Income tax arising from current income	\$ 8,299	\$ 4,681
Income tax underestimation for previous years	(2)	1,062
Total current income tax	8,297	5,743
Deferred income tax:		
Occurrence and reversal of temporary differences	4,133	(2,833)
Income tax expense	\$ 12,430	\$ 2,910

(2) Income tax amounts related to other comprehensive income:

	2023	2022
Defined benefit plan re-measurements	\$ 27	\$ 373

2. The accounting income for the current year and the income tax expenses recognized in profit and loss are adjusted as follows:

	2023	2022
Income tax amount calculated based on the statutory tax rate before tax net profit	\$ 21,020	\$ 21,505
Expenses that should be subtracted as required by tax law	(13,096)	(14,620)
Income exempts from taxation as required by tax law	(2,338)	(2,204)
Underestimated income tax from the previous year	(2)	1,062
Income tax impact of the minimum tax burden system	2,713	-
Changes in deferred income tax	4,133	(2,833)
Income tax expense	\$ 12,430	\$ 2,910

3. The amounts of deferred income tax assets (liabilities) arising from temporary differences are as follows:

(1) The fiscal year 2023

	Year-beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Year-ending balance
Unrealized exchange loss (profit)	\$ 2,534	(\$ 3,929)	\$ -	(\$ 1,395)
Allowance for doubtful debts overrun	(1,135)	(173)	-	(1,308)
Allowance for inventory depreciation losses	761	(15)	-	746
Others	604	-	-	604
Defined benefit plan actuarial profits and losses	1,129	(16)	(27)	1,086
	\$ 3,893	(\$ 4,133)	(\$ 27)	(\$ 267)

(2) The fiscal year 2022

	Year-beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Year-ending balance
Unrealized exchange loss (profit)	\$ 4,037	(\$ 1,503)	\$ -	\$ 2,534
Allowance for doubtful debts overrun	(1,222)	87	-	(1,135)
Allowance for inventory depreciation losses	353	408	-	761
Others	604	-	-	604
Defined benefit plan actuarial profits and losses	(2,339)	3,841	(373)	1,129
	\$ 1,433	\$ 2,833	(\$ 373)	\$ 3,893

4. Income tax assessment status

As of December 31, 2023, the tax assessment authorities have completed the assessment of the income tax filings for the years prior to 2021 for TCEIC.

r. Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to the holders of TCEIC's ordinary shares by the weighted average number of ordinary shares outstanding in the current year.

	2023	2022
Net profit after tax attributable to ordinary-shareholders for current period-A	\$ 92,670	\$ 104,614
Weighted average number of ordinary shares outstanding (1,000 shares)-B	129,463	129,463
Basic earnings per share (NT\$) (A÷B)	\$ 0.72	\$ 0.81

(ii) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the profit or loss attributable to TCEIC's ordinary equity holders and the weighted average number of outstanding shares based on the impact of all dilutive potential ordinary shares. If the inclusion of potential ordinary shares produces an anti-dilution effect, those are not included in the calculation of diluted earnings per share.

	2023	2022
Net profit after tax attributable to ordinary-share holders	\$ 92,670	\$ 104,614
Add: Increase in surplus from conversion of corporate bonds deemed to be exercised	-	5,712
Adjusted net profit after tax for current period-C	\$ 92,670	\$ 110,326
Weighted average number of ordinary shares outstanding	129,463	129,463
Add: Effect of dilutive potential ordinary shares:		
Convert corporate bonds	-	8,087
Employee compensation	55	116
Weighted average number of ordinary shares outstanding after dilution (1,000 shares)-D	129,518	137,666
Diluted earnings per share (NT\$) (C÷D)	\$ 0.72	\$ 0.80

s. Capital Management

TCEIC, based on the current operational features of its located industry, the scale of business, the potentiality of industry growth, our product developments, considerations regarding external environmental changes and industrial cyclical fluctuations, and other factors, has projected the necessary production capacity and the capital expenditures required to achieve this capacity. Which these capital issues include plant and equipment, operating capital, research and development expenses, and dividend payments for the future period, for ensuring that TCEIC continues to operate, provide returns to the shareholders, and also take into account the interests of other stakeholders, while maintain the optimal capital structure to enhance long term value for shareholders.

TCEIC's management regularly reviews the capital structure and considers the possible costs and risks involved in different capital structures. In general, the Company adopts a prudent risk management strategy.

t. Financial instrument

(i) Types of financial instruments

	2023.12.31	2022.12.31
Monetary assets		
Financial assets at fair value through profit or loss		
Mandatory financial assets at fair value through profit or loss	\$ 832,462	\$ 650,131
Financial assets at fair value through other comprehensive income		
Option of the specified equity instrument investment	13,817	16,158
Financial assets measured at amortized cost		
Cash and cash equivalents	1,093,322	1,222,538
Notes receivable	162	41
Accounts receivable	916,330	994,718
Other receivables	3,810	3,379
Refundable deposits	1,427	1,427
	<u>\$ 2,861,330</u>	<u>\$ 2,888,392</u>
	2023.12.31	2022.12.31
Financial liabilities		
Short-term loan	\$ 1,715,000	\$ 1,235,000
Short-term notes payable	-	80,000
Accounts payable	2,043,440	1,840,987
Other payables	23,976	21,965
Corporate bonds payable (including due within 1 year)	-	423,798
Long term loan	1,000,000	1,136,667
Lease liabilities (including due within 1 year)	276,837	282,438
	<u>\$ 5,059,253</u>	<u>\$ 5,020,855</u>

(ii) Financial risk management policy

- ① Daily operations of TCEI are affected by various financial risks, which are involved with market risk (including risks from exchange rate, interest and price), credit risk and liquidity risk. The Company's Board of Directors is fully responsible for establishing and supervising the TCEIC's financial risk management structure for managing exchange rate risk, interest rate risk, credit risk and liquidity risk related to operating activities. In order to reduce related financial risks, the Company is committed to identifying, assessing and avoiding market uncertainties, so as to reduce the potential adverse impact of market changes upon financial performance of the Company.
- ② The key financial activities of TCEIC are reviewed by the Board of Directors in according to relevant regulations and internal control systems. During the execution of the financial plan, the finance department of TCEIC is responsible for identifying, evaluating and avoiding financial risks through close cooperation with the operating units. The Board of Directors issues written principles for overall risk management, as well as written policies for specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus liquidity.

(iii) Nature and extent of material financial risks

①Market risk

A. Exchange rate risk

The Company is exposed to exchange rate risk arising from sales, purchases and borrowing transactions that are not denominated in the Company's functional currency. The functional currency of TCEIC is set to be New Taiwan dollars. Its strategy for exchange rate risk management is to regularly review the net positions of assets and liabilities denominated in various currencies, and maintain the net positions for risk management.

Since the net investment of foreign operations is a strategic investment, the Company does not hedge against it.

The nominal amount and sensitivity analysis of TCEIC's main exposure to foreign currency exchange rate risk is as follows:

2023.12.31						
	foreign currency (\$1,000)	exchange rate	carrying amount (NT\$)	range of change	impact amount of profit & loss	
Financial assets						
Monetary item						
US\$	\$ 57,718	30.705	\$ 1,772,231	5%	\$	88,612
Financial liabilities						
Monetary item						
US\$	\$ 66,114	30.705	\$ 2,030,030	5%	\$	101,502
2022.12.31						
	foreign currency (\$1,000)	exchange rate	carrying amount (NT\$)	range of change	impact amount of profit & loss	
Financial assets						
Monetary item						
US\$	\$ 68,107	30.71	\$ 2,091,566	5%	\$	104,578
Financial liabilities						
Monetary item						
US\$	\$ 59,767	30.71	\$ 1,835,445	5%	\$	91,772

B. Risks of cash flow and fair-value interest rate

Interest rate risk refers to the risk of changes in the fair value of financial instruments due to interest rate changes in market. TCEIC's interest rate risk mainly arises from long-term and short-term borrowings with floating and fixed interest rates; therefore, the interest rate changes in market will cause changes in the effective interest rates of debt financial products, which results in fluctuations in future cash flows. TCEIC's fair-value interest rate risk arises from the borrowings issued at a fixed interest rate.

Sensitivity analysis: The Company's long-term and short-term loans totaled NT\$2,715,000 thousand and NT\$2,371,667 thousand on December 31, 2023 and 2022 respectively. If the market interest rate increases (or decreases) by 1%, the Company's annual interest expenses will increase (or decrease) by NT\$27,150 thousand and NT\$23,717 thousand respectively.

C. Price risk

The equity instruments that the Company is exposed to price risk are financial assets held at fair value through profit or loss and financial assets at fair value through other comprehensive income. In order to manage the price risk of equity instrument investment, TCEIC disperses its investment portfolio via the method of diversification which based on the limit set by the Company. All these major equity instrument investments must be approved by the Board of Directors of the Company.

Prices of these equity instruments will be affected by the uncertainty of the future value of

the investment object. For if the situations that individual prices of these equity instruments increase or decreases by 5%, and all other factors remain unchanged, and the after-tax net profit and other comprehensive income in 2023 and 2022 come from fair value through profit and loss and other comprehensive income, the correlated sensitivity analysis of profit and loss on equity instruments of financial assets measured at fair value is as follows:

	2023.12.31			
	carrying amount (NT\$)	range of change	impact amount of profit & loss	impact amount of equity
Financial assets at fair value through profit or loss	\$ 832,462	5%	\$ 41,623	\$ -
Financial assets at fair value through other comprehensive income - noncurrent	13,817	5%	-	691

	2022.12.31			
	carrying amount (NT\$)	range of change	impact amount of profit & loss	impact amount of equity
Financial assets at fair value through profit or loss	\$ 650,131	5%	\$ 32,507	\$ -
Financial assets at fair value through other comprehensive income - noncurrent	16,158	5%	-	808

② Credit risk

The Company's credit risk arises from the risk of financial losses resulting from the inability of customers or counterparties of financial instruments to fulfill contractual obligations. This mainly comes from receivables that cannot be collected according to payment conditions and financial instruments whose contractual cash flows are settled according to transaction conditions.

TCEIC follows an internally established credit policy that requires management and credit risk analysis for each new customer before setting and delivery terms and conditions. Internal risk control is achieved by evaluating the credit quality of customers based on their financial status, come-and-go experiences, and other factors. Limits for individual risk are established by the credit control supervisor based on internal or external assessments, and credit limits are regularly monitored.

A. Financial credit risk

The credit risks associated with bank deposits, fixed income investments, and other financial instruments are measured and monitored by TCEIC's finance department. The exposure to credit risks of each financial institution is controlled, and the counterparties are reputable banks with good credit and financial institutions with investment-grade ratings or higher. There are no significant concerns about default, and therefore, there are no significant credit risks.

B. Operation-related credit risk

- TCEIC adopts the premise provided by IFRS 9 that when the payment terms of a contract are overdue for more than 90 days, the credit risk of the financial asset has significantly increased since initial recognition.
- TCEIC adopts the premise provided by IFRS 9 that when a contract receivable is transferred to a collection account due to expected inability to collect, it is deemed as a default occurrence.
- TCEIC categorizes accounts receivable and contract assets by customer type and uses a simplified approach based on the provision matrix to estimate expected credit losses.

C. The Company incorporates prospective considerations and adjusts the established loss rates for accounts receivable based on historical and current information for specific periods to estimate the provision. The provision matrices as of December 31, 2023 and 2022 are listed as follows:

2023.12.31					
	not overdue	1-30 days overdue	31-90 days overdue	more than 91 days overdue	total
Expected loss rate	0%	0.06%	0.16%	0.27%	
Total carrying amount	\$ 895,774	\$ 15,761	\$ 2,489	\$ 741	\$ 914,765
Losses allowance	\$ 40	\$ 9	\$ 4	\$ 2	\$ 55

2022.12.31					
	not overdue	1-30 days overdue	31-90 days overdue	more than 91 days overdue	total
Expected loss rate	0%	0%	0%	1.22%	
Total carrying amount	\$ 970,550	\$ 11,079	\$ 4,102	\$ 4,499	\$ 990,230
Losses allowance	\$ -	\$ -	\$ -	\$ 55	\$ 55

The table below, presenting the changes in the provision for accounts receivable and notes receivable using the simplified approach adopted by the Company, is listed as follows:

2023			
	notes receivable	accounts receivable	total
January 1	\$ -	\$ 55	\$ 55
Reversal of impairment loss	-	(465)	(465)
Other	-	465	465
December 31	\$ -	\$ 55	\$ 55

2022			
	notes receivable	accounts receivable	total
January 1	\$ 1,295	\$ 1,246	\$ 2,541
Reversal of impairment loss	(102)	(1,191)	(1,293)
Actual write-off due to uncollectible	(1,193)	-	(1,193)
December 31	\$ -	\$ 55	\$ 55

(iv) Liquidity risk

Cash flow forecasts are executed by various operating units within the Company and consolidated by its finance department. The finance department monitors TCEIC's forecasted working capital requirements, ensures the funding sufficiency to support operational needs, and maintains adequate unused borrowing capacity at all times. Please refer to Notes 6, 9, and 12 for details on maintaining sufficient cash and cash equivalents, high liquidity securities, and adequate bank financing to meet operational needs and to ensure sufficient financial flexibility of the Company.

The table below, providing an analysis of significant financial liabilities by scheduled repayment date and undiscounted maturity amounts, is as follows:

A. December 31, 2023:

	carrying amount	within 1 year	1-2 years	2-5 years	more than 5 years
Non-derivative financial liabilities					
Short-term loan	\$ 1,715,000	\$ 1,715,000	\$ -	\$ -	\$ -
Accounts payable	2,043,440	2,043,440	-	-	-
Other payables	23,976	23,976	-	-	-
Long term loan	1,000,000	-	1,000,000	-	-
Lease liabilities (including due within 1 year)	276,837	5,657	5,714	17,490	247,976

B. December 31, 2022:

	carrying amount	within 1 year	1-2 years	2-5 years	more than 5 years
Non-derivative financial liabilities					
Short-term loan	\$ 1,235,000	\$ 1,235,000	\$ -	\$ -	\$ -
Short-term notes payable	80,000	80,000	-	-	-
Accounts payable	1,840,987	1,840,987	-	-	-
Other payables	21,965	21,965	-	-	-
Corporate bonds payable (including due within 1 year)	423,798	423,798	-	-	-
Long term loan	1,136,667	-	1,136,667	-	-
Lease liabilities (including due within 1 year)	282,438	5,601	5,658	17,316	253,863

(v) Fair value information on financial instruments

A. Fair value measurement recognized on parent-company-only balance sheet

The definitions of various levels of valuation techniques used to measure the fair value of financial and non-financial instruments are as follows:

Level-1: Quoted prices (unadjusted) of the same assets or liabilities available to the Company on the measurement date. An active market means is a marketplace in which transactions in assets or liabilities occur with sufficient frequency and volume to providing pricing information on an ongoing basis.

Level-2: Observable inputs directly or indirectly to assets or liabilities, but excluded the quote prices provided in Level-1 reports.

Level-3: Unobservable inputs to assets or liabilities.

B. Financial instruments are the ones not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term loans, notes payable, accounts payable, other payables, and corporate bonds payable (due within 1 year) and long-term borrowings (including due within 1 year), and the carrying amount of which is a rational approximation of fair value.

C. Relevant information of the financial and non-financial instruments measured by fair value, which classified by the Company based on the nature, characteristics, risks and fair value levels of assets and liabilities, is as follows:

a. December 31, 2023

	Level-1	Level-2	Level-3	total
<u>Fair value on a recurring basis</u>				
Financial assets at fair value through profit or loss				
Listed or OTC shares	\$ 317,407	\$ -	\$ -	\$ 317,407
Beneficiary certificate	41,204	16,800	-	58,004
Unlisted or OTC shares	-	-	457,051	457,051
Financial assets at fair value through other comprehensive income				
Unlisted or OTC shares	-	-	13,817	13,817

b. December 31, 2022

	Level-1	Level-2	Level-3	total
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Listed or OTC shares	\$ 149,709	\$ -	\$ -	\$ 149,709
Beneficiary certificate	22,511	21,270	-	43,781
Unlisted or OTC shares	-	-	456,641	456,641
Financial assets at fair value through other comprehensive income				
Unlisted or OTC shares	-	-	16,158	16,158

D. Valuation techniques and assumptions used to measure fair value

The determination of the fair value of the Company's financial assets and financial liabilities is based on the following methods and assumptions:

- a. For financial instruments traded in active markets, their fair values are determined with reference to market quotations (including listed corporate bonds and shares of listed and over-the-counter companies). The market quotations are classified according to the features of the instruments as follows:

	listed or OTC shares	convertible corporate bond
Market quote	Closing price	Closing price

- b. For financial instruments that are not traded in an active market (e.g., derivatives traded over the counter), the fair value is determined using valuation techniques. Valuation techniques will utilize observable market data as best and rely as least possible on company-specific estimates.
- c. For financial instruments with high complexity, TCEIC uses valuation methods and techniques popularly used by market participants for fair value measurement. Such valuation models are usually used for derivative financial instruments.
- d. The fair value of the unlisted shares without an active market is estimated by the net asset value method and the discounted cash flow method. other economic indicators, etc. The determination is based on recent fundraising activities, valuations of similar companies, the Company's technology development, market status, and other economic indicators.
- e. When appraising non-standardized and less complex financial instruments, the Company uses valuation techniques popularly used by market participants. The parameters used in the valuation models of such financial instruments are usually market observable information.
- f. The output of the valuation model is an estimated value, and the valuation technology may not reflect all relevant factors of the financial instruments and non-financial instruments held by TCEIC. Therefore, the estimated value of the valuation model will be appropriately adjusted according to the additional parameters. According to TCEIC's fair value valuation management policy and related control procedures, management believes that in order to fairly express the fair value of financial instruments and non-financial instruments in parent-company-only balance sheets, valuation adjustments are appropriate and necessary. The price information and parameters used in the valuation process are carefully valued and appropriately adjusted according to the current market conditions.

- E. The Company did not have any transfers between Level-1 and Level-2 financial assets during the years 2023 and 2022 through the period from January 1 to December 31.

F. The table shows the changes in Level-3 as follows:

	2023.1.1~12.31	2022.1.1~12.31
January 1	\$ 472,799	\$ 491,712
Purchase	410	-
Profits or losses recognized in profit or loss for the period	-	31,753
Profits or losses recognized in other comprehensive income	(2,341)	(2,554)
Disposition or liquidation	-	(48,112)
December 31	\$ 470,868	\$ 472,799

G. The Company's valuation process for financial instruments classified as Level-3 fair value is carried out by the investment department, which is responsible for independent fair value verification of financial instruments, using independent sources of data to ensure that the valuation results reflect market conditions and are regularly reviewed to ensure rationality.

In addition, the Company's treasury department formulates fair value valuation policies, valuation procedures, and confirms compliance with relevant IFRS standards. Relevant valuation results are presented to the management on monthly basis, and the management is responsible for managing and reviewing of the valuation process.

H. The sensitivity analysis of significant unobservable input value changes, regarding the quantified information on significant unobservable inputs used in the valuation models for Level -3 fair value measurement items, are listed as follows:

	2023.12.31 Fair value	valuation technique	input of significant unobservable	interval (weighted average)	relation between input value & fair value
<u>Non-derivative equity instruments</u>					
Unlisted shares	\$ 410	Net Asset Value Method	Not applicable	-	Not applicable
	\$ 13,817	Comparable to the listing method	Discount for lack of marketability		Lack of market liquidity, the higher the discount, the lower the fair value
	\$ 456,641	Discounted Cash Flow method	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating profit, short-of-market-liquidity discount, minority-equity discount		The higher the long-term revenue growth rate and long-term pre-tax operating profit, the higher the fair value
	2022.12.31 Fair value	valuation technique	input of significant unobservable	interval (weighted average)	relation between input value & fair value
<u>Non-derivative equity instruments</u>					
Unlisted shares	\$ 16,158	Net Asset Value Method	Not applicable	-	Not applicable
	\$ 456,641	Discounted Cash Flow method	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating profit, short-of-market-liquidity discount, minority-equity discount		The higher the long-term revenue growth rate and long-term pre-tax operating profit, the higher the fair value

I. The valuation model and parameters to use are chosen via the Company's deliberate valuation, has chosen. However, using different valuation models or parameters may lead to different valuation results. For financial assets and liabilities classified as Level-3, if the valuation parameters change, the impact on profit or loss and other comprehensive income shows as follows:

2023.12.31						
	input value	change	recognized in profit or loss		recognized in other comprehensive income	
			favorable change	adverse change	favorable change	adverse change
Financial assets						
Equity instruments	Net Asset Value Method	±1%	\$ 4	(\$ 4)	\$ -	\$ -
	Discount for lack of marketability	±1%	-	-	138	(138)
	Long-term revenue growth rate	±1%	72,223	(53,528)	-	-
2022.12.31						
	input value	change	recognized in profit or loss		recognized in other comprehensive income	
			favorable change	adverse change	favorable change	adverse change
Financial assets						
Equity instruments	Net Asset Value Method	±1%	\$ -	\$ -	\$ 162	(\$ 162)
	Long-term revenue growth rate	±1%	34,368	(12,612)	-	-

7. Related Party Transactions

(1) Name and relationship of related-party

Name of related party	Relationship with the Company
Chinsan Electronics Industrial (Thailand) Co., Ltd. (Referred as "Chinsan Thailand Co.")	Subsidiary
Eagle Zone (Samoa) Co., Ltd. (Referred to as "Eagle Zone Co.")	Subsidiary
Chinsan (BVI) Enterprise Co., Ltd. (Referred to as "Chinsan (BVI) Co.")	Subsidiary
Guangzhou Kingtachi Electronics Co., Ltd. (Referred to as "Guangzhou Kingtachi Co.")	Subsidiary
Chinsan Tai-An Co., Ltd. (Referred to as "Chinsan Tai-An Co.")	The chairmen of this company and the Company are the same person.

(2) Significant transactions with related parties

a. Sales revenue

(i) Details as follows:

	2023	2022
	amount	amount
Subsidiary		
Chinsan (BVI) Co.	\$ 34,225	\$ 62,606
Eagle Zone Co.	42,362	-
Other	4,205	8,323
	<u>\$ 80,792</u>	<u>\$ 70,929</u>

(ii) The Company's sales transactions with related parties are conducted in accordance with the Company's established policy on related party transactions. There are no other similar and transactions for comparison, and they are carried out based on the agreed sales price and conditions.

b. Purchase of goods

(i) Details as follows:

	2023	2022
	amount	amount
Subsidiary		
Chinsan (BVI) Co.	\$ 1,532,585	\$ 1,685,035
Eagle Zone Co.	619,610	794,009
	<u>\$ 2,152,195</u>	<u>\$ 2,479,044</u>

(ii) The Company's purchase transactions with related parties are conducted in accordance with the Company's established policy on related party transactions. There are no other similar and transactions for comparison, and they are carried out based on the agreed sales price and conditions.

c. Accounts receivable

(i) Details as follows:

	2023.12.31	2022.12.31
	amount	amount
Subsidiary		
Chinsan Thailand Co.	\$ 1,620	\$ 4,543

(ii) The receivables to related parties, which sold by the Company, mainly come from the sales of goods and services. The payment condition is due within 270 days of the monthly balance. The receivables are unsecured and interest-bearing. These receivables from related parties have not been provisioned for liabilities. °

d. Notes receivable

(i) Details as follows:

	2023.12.31	2022.12.31
	amount	amount
Subsidiary		
Chinsan (BVI) Co.	\$ 1,465,203	\$ 1,155,784
Eagle Zone Co.	564,548	679,668
	<u>\$ 2,029,751</u>	<u>\$ 1,835,452</u>

(ii) The Company's payables to related parties are mainly from purchase transactions, and the payment terms are due within 270 days of the monthly balance, and these payables do not bear interest.

e. Guarantee deposits paid

	Lease location	2023.12.31	2022.12.31
Chinsan Tai-An Co.	1 st Floor, No. 1, Alley 11, Lane 68, Section 1, Guangfu Rd., Sanchong Dist., New Taipei City	\$ 1,400	\$ 1,400

f. Lease liability

	2023	2022
Chinsan Tai-An Co.	\$ 276,837	\$ 282,438

(3) Remuneration information of key management

	2023	2022
Short-term benefit (salary, bonus and employee remuneration, etc.)	\$ 12,536	\$ 10,209

8. Assets Pledged: None.

9. Significant Contingent Liabilities & Unrecognized Commitments

As of December 31, 2023 and 2022, the amount of unused letters of credit issued by the Company for the purchase of raw materials, machinery and equipment was NT\$0 thousand and NT\$2,712 thousand respectively.

10. Significant Damage Loss:

On January 5, 2023, a fire broke out on the third floor of the Thailand Plant 1 of our subsidiary, Jinshan Company. As a result, part of the company's inventory, factory buildings, and production equipment were damaged. The initial estimated loss is approximately NT\$30,102 thousand in book value. The aforementioned amount has been fully recognized under the miscellaneous expenditures in 2023. The company has purchased relevant property insurance, but the insurance claim involves disaster appraisal, and the complete amount of the insurance claim cannot be fully confirmed. As of December 31, 2023, the company has collected insurance claims of 13,508 thousand.

11. Material Subsequent Event: None

12. Additional Disclosures

(1) Information about major transactions

- a. Financings provided: See Table 1 attached.
- b. Endorsement/guarantee provided: See Table 2 attached.
- c. Marketable securities held: See Table 3 attached.
- d. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- e. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: See Table 4 attached .
- f. Disposal of individual real estate properties 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: See Table 5 attached.
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 6 attached.
- i. Information about the derivative financial instrument's transaction: None.

(2) Information about reinvestment business

Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in mainland China): See Table 7 attached.

(3) Information on investment in mainland China

- a. Basic information: See Table 8 attached.
- b. Significant direct or indirect transactions with the investee reinvested in mainland China directly or indirectly through third-region enterprises: See Table 8 and the Notes 7 "Related Party Transactions".

(4) Information of major shareholder: See Table 9 attached.

13. Operating Segment Information: Not applicable

Table 1

Taiwan Chinsan Electric Industrial Co., Ltd.
FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
1	Hongkong Kingtachi Co.	Guangzhou Kingtachi Co.	Other receivables	Yes	283,554	-	-	1.5%	Short-term financing	-	Operating capital need in short term	-	None	-	468,589	937,177
2	Eagle Zone Co.	Taiwan Chinsan Co.	Other receivables	Yes	134,610	127,470	127,470	0%	Short-term financing	-	Operating capital need in short term	-	None	-	152,109	304,219
3	Chinsan (BVI) Co.	Taiwan Chinsan Co.	Other receivables	Yes	154,521	146,324	146,324	0%	Short-term financing	-	Operating capital need in short term	-	None	-	225,842	451,683

Note 1: The limit of financing for individual objects is 20% of the net worth.

Note 2: The limit of loan totals is 40% of the net worth.

Table 2

Taiwan Chinsan Electric Industrial Co., Ltd.
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relati onship (Note 2)											
0	Taiwan Chinsan Electric Industrial Co., Ltd.	Guangzhou Kingtachi Co.	2	1,538,152	477,838	458,662	204,416	-	11.93%	1,922,691	Y	N	Y	
1	Hongkong Kingtachi Co.	Guangzhou Kingtachi Co.	2	937,177	313,650	262,408	168,532	182,971	11.20%	1,171,472	Y	N	Y	

Note 1: Descriptions of the number column are as follows:

- (1) "0" represents for the issuer.
(2) Invested companies are numbered sequentially starting from "1".

Note 2: There are 7 types of relationships between the endorser and the guaranteed object, which listed as follows:

- (1) Companies with business transactions.
(2) A companies that directly or indirectly hold over 50% of voting shares in another company.
(3) A companies that directly or indirectly be held over 50% of voting rights by another company.
(4) A group of affiliated companies that directly or indirectly hold over 90% of voting rights in a company.
(5) Companies that mutually provide insurance according to contract provisions among industry peers or co-constructors required for contract work.
(6) Companies that provide joint guarantees based on their shareholding ratios from all shareholders contributing to joint investment.
(7) Industry peers that jointly provide performance guarantees and collateral in accordance with the Consumer Protection Act for pre-sale real-estate contracts.

Note 3: The operation procedures for the endorsement guarantees of the Company stipulate that the total amount of endorsement guarantees provided by the Company to external parties shall not exceed 50% of the Company's net worth.

For endorsement guarantees provided to a single business, except for subsidiaries directly or indirectly held by the Company, which are limited to no more than 40% of the Company's net worth, the remaining amount is limited to no more than 20% of the Company's net worth. The net worth is based on the financial statements audited and signed by the accountant in the most recent period.

Table 3

Taiwan Chinsan Electric Industrial Co., Ltd.
MARKETABLE SECURITIES HELD
(Excluding investments in subsidiaries, associates, and joint venture control portions)
DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars,One share)									
Held Company Name	Marketable Securities Type and Name		Relationship with the company	Financial Statement Account31-	December 31, 2023				Note
					Shares/Units Note(In Thousands)	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Company	Stock	GIS-KY	No related-party	Current financial assets measured at fair value through profit or loss	23,000	1,518	-	1,518	
	Stock	Ventec-KY	No related-party		32,000	2,886	-	2,886	
	Stock	Billion Electric	No related-party		200,000	8,550	-	8,550	
	Stock	uPI Semiconductor	No related-party		116,000	36,424	-	36,424	
	Stock	Acer Cyber Security Inc.	No related-party		24,000	4,602	-	4,602	
	Stock	Jinan Acetate Chemical	No related-party		2,000	1,596	-	1,596	
	Stock	MPI CORPORATION	No related-party		6,000	1,305	-	1,305	
	Stock	Castles Technology	No related-party		11,000	1,364	-	1,364	
	Stock	ASPEED TECHNOLOGY	No related-party		15,000	46,800	-	46,800	
	Stock	GUC	No related-party		6,000	10,440	-	10,440	
	Stock	Wiwynn	No related-party		10,000	18,250	-	18,250	
	Stock	KING SLIDE WORKS	No related-party		20,000	18,280	-	18,280	
	Stock	Powerchip Semiconductor Manufacturing	No related-party		50,000	1,473	-	1,473	
	Stock	Gogolook	No related-party		12,000	2,040	-	2,040	
	Stock	Zilltek Technology	No related-party		170,000	77,350	-	77,350	
	Stock	WPG Holdings	No related-party		18,000	1,469	-	1,469	
	Stock	Taishin Financial Holding	No related-party		55,728	1,009	-	1,009	
	Stock	New Advanced Eelectronics Technologies	No related-party		21,000	1,623	-	1,623	
	Stock	Shun On Electronic	No related-party		60,000	1,698	-	1,698	
	Stock	Amazing	No related-party		20,000	2,420	-	2,420	
	Stock	TPK-KY	No related-party		300,000	10,860	-	10,860	
	Stock	PharmaEssentia	No related-party		30,000	10,380	-	10,380	
	Stock	Delta Electronics	No related-party		20,000	6,270	-	6,270	
	Stock	Grand Fortune Securities	No related-party		489,000	6,308	-	6,308	
	Stock	Foxtron Vehicle Technologies	No related-party		500,000	22,300	-	22,300	
	Stock	Lin BioScience	No related-party		16,000	1,815	-	1,815	
	Fund	Yuanta Japan Leaders Equity Fund-TWD(A)	No related-party		997,009	9,970	-	9,970	
	Fund	CAPITAL TIP Taiwan ESG Low Carbon ETF	No related-party		500,000	8,715	-	8,715	
	Fund	CTBC Vietnam Equity Fund USD	No related-party		20,000	7,535	-	7,535	
	Fund	Nomura Private Equity 2026 Mature Markets Flexible Maturity Bond Fund	No related-party		30,000	9,461	-	9,461	
	Fund	Fuh Hwa 3-8 Year Maturity A-Rated Bond Fund TWD	No related-party		544,302	5,523	-	5,523	
	Stock	PINDA Technology	No related-party	Noncurrent financial assets measured at fair value through profit or loss	8,918,448	456,641	6.80%	456,641	
	Fund	Fuh Hwa Taiwan Intelligence Fund	No related-party		3,000,000	16,800	-	16,800	
	Stock	WT MICROELECTRONICS	No related-party		400,000	18,260	0.30%	18,260	
	Stock	Beiley Biofund	No related-party		40,959	410	0.02%	410	
		Stock	CeNtRa Science	No related-party	Noncurrent financial assets measured at fair value through other comprehensive income	2,062,267	13,817	9.93%	13,817
Yue-Cheng InvestmentCo.	Stock	H & M Hennes & Mauritz AB B	No related-party	Noncurrent financial assets measured at fair value through other comprehensive income	1,000,597	10,046	5.88%	10,046	
Chinsan (BVI) Co.	Stock	Grand Twins International (Cambodia)	No related-party	Noncurrent financial assets measured at fair value through profit or loss	999,700	21,337	-	21,337	
	Stock	ConneXionONE Corp.(OTC: CNNN)	No related-party	Noncurrent financial assets measured at fair value through other comprehensive income	2,479,727	-	3.238%	-	
Guangzhou Kingtachi Co.	Fund	Ping-An Consumer Tech Private Equity Fund Phase-2 No. 8	No related-party	Noncurrent financial assets measured at fair value through profit or loss	5,000,000	18,857	-	18,857	
Guangzhou Hang-Lungi Co.	Stock	Shihezi Zhongjin Electrode Co.	No related-party	Noncurrent financial assets measured at fair value through other comprehensive income	2,400,000	132,337	6.37%	132,337	

Table 4

Taiwan Chinsan Electric Industrial Co., Ltd.
Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital
FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Company acquires real estate	property name	Date of occurrence	Amount of the transaction	Price payment status	Trading partners	relatio n	If the transaction object is a related party, the data transferred previously				Reference basis for price determination	Purpose of acquisition and usage	Other agreed matters
							Owner	relationship with person	Transfer date	Amoun t			
Chinsan Thailand Co.	real estate	March 16,2023	417,309	According to contract	KWANG TA CONSTRUCTION CO., LTD.,etc.	None		Not applicable	Not applicable	Not applica ble	Price comparison and negotiation	production use	None

Table 5

Taiwan Chinsan Eelectric Industrial Co., Ltd.
**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Payable or Receivable			Note
			Purchases /Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% to Total	
The Company	Chinsan (BVI) Co.	Sub-subsiidiary	Purchases	1,532,585	68.54	as above	as above	Note 1	Payable	1,465,204	71.70	
The Company	Eagle Zone Co.	Sub-subsiidiary	Purchases	619,610	27.71	as above	as above	as above	Payable	564,548	27.63	
Chinsan (BVI) Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	Purchases	1,603,677	94.31	as above	as above	as above	Payable	517,667	99.32	
Eagle Zone Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	Sales	116,992	15.16	as above	as above	as above	Receiva ble	25,607	5.24	
Eagle Zone Co.	Chinsan Thailand Co.	Affiliated enterprise	Purchases	607,811	88.56	as above	as above	as above	Payable	25,755	63.69	
Guangzhou Kingtachi Co.	Guangzhou Youmao Co.	Affiliated enterprise	Purchases	323,703	12.57	as above	as above	as above	Payable	58,404	7.14	
Guangzhou KingNichi Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	Sales	574,028	90.15	as above	as above	as above	Receiva ble	404,445	96.93	
Guangzhou KingNichi Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	Purchases	536,734	99.71	as above	as above	as above	Payable	8,048	99.67	

Note 1: Transactions among the Ccompany and its affiliated enterprises are based on the intra-group transaction policies. It is difficult to make comparisons as that no external transactions occur.

Table 6

Taiwan Chinsan Eelectric Industrial Co., Ltd. and Subsidiaries
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Ending Balance (Note 1)	Turnover Days	Overdue		Amounts Received in Subsequent Period	Loss Allowance for Bad Debts
					Amount	Action Taken		
Chinsan (BVI) Co.	The Company	Sub-subsidiary	1,465,203	1.17	-	-	257,922 (Note 1)	-
Guangzhou KingNichi Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	404,445	1.39	-	-	15,958 (Note 1)	-
Guangzhou Kingtachi Co.	Chinsan (BVI) Co.	Affiliated enterprise	517,667	5.27	-	-	206,982 (Note1)	-
Eagle Zone Co.	The Company	Sub-subsidiary	564,548	1.00	-	-	113,609 (Note 1)	-

Note 1: Data is as of the end of February 29, 2024.

Table 7

Taiwan Chinsan Electric Industrial Co., Ltd.
**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES
SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2023**

(Amounts in Thousands of New Taiwan Dollars ; Thousands of US Dollars ; Thousands of Shares)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount(Note 1)		Balance as of December 31, 2023			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2023	December 31, 2022	Shares	% of Ownership	Book value			
The Company	Chinsan (Cayman) Co.	Cayman Islands	Tradings of aluminum capacitor and investment business	745,751 USD 23,093	750,693 USD 23,251	9,797 (註2)	100%	5,366,099	15,185	16,240	
	Royal Cheng Investment Co., Ltd.	Taiwan	General investment business	14,000	14,000	-	100%	11,245	7	7	
	Sustainable Development Co., Ltd.	Taiwan	Waste disposal business	245,159	245,159	5,059	7.88%	53,675	(239,283)	(26,925)	
Chinsan (Cayman) Co.	Chinsan Thailand Co.	Bangkok Thailand	Manufacturing and trading of aluminum capacitors	479,271 USD 15,424	479,271 USD 15,424	5,057	94.52%	695,408	(35,391)	(13,376)	
as above	Chinsan (BVI) Co.	BVI	Tradings of aluminum capacitor and investment business	134,862 USD 4,200	134,862 USD 4,200	2,500 (Note 3)	100%	1,129,288	(73,585)	(74,073)	
as above	Eagle Zone Co.	Samoa Islands	Tradings of aluminum capacitor and investment business	297,199 USD 10,000	205,444 USD 7,000	1,000 (Note 4)	100%	760,547	(12,069)	12,620	
as above	Hongkong Kingtachi Co.	Hongkong	Tradings of aluminum capacitor and investment business	1,883,822 USD 60,407	1,888,764 USD 60,565	6,200 (Note 5)	100%	2,342,943	84,985	84,985	
as above	Spotlight Co.	Samoa Islands	General investment business	386,537 USD 12,610	114,446 USD 3,710	12,610	100%	390,610	16,314	16,314	
Spotlight Co.	Wealthy Success Co.	Hongkong	General investment business	114,048 USD 3,700	114,048 USD 3,700	29,136	100%	145,093	6,966	6,966	

Note 1: The above-listed original investment amounts are calculated in actual New Taiwan Dollar amounts based on historical exchange rates.

Note 2: The cumulative capital increase has not yet been registered for share-capital changes, and the amount of the proceeds-new issued is NT\$309,591 thousands.

Note 3: The cumulative capital increase has not yet been registered for share-capital changes, and the amount of the proceeds-new issued is USD\$1,700 thousands.

Note 4: The cumulative capital increase has not yet been registered for share-capital changes, and the amount of the proceeds-new issued is USD\$9,000 thousands.

Note 5: The cumulative capital increase has not yet been registered for share-capital changes, and the amount of the proceeds-new issued is HKD\$404,936 thousands.

Table 8

Taiwan Chinsan Electric Industrial Co., Ltd.
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

(1) Basic information on investees in China

(Amounts in Thousands of New Taiwan Dollars ; A dollar of Foreign Currency)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Guangzhou KingNichi Co.	Aluminum capacitor	322,403 (USD10,500,000)	(2)	252,004 (USD8,207,260)	-	-	252,004 (USD8,207,260)	10,273	95.22%	10,068 (Note 2 、 (2) 、 B)	409,968	
Guangzhou Kingtachi Co.	Aluminum capacitor	1,793,172 (USD58,400,000)	(2)	1,519,898 (USD49,500,000)	273,274 (USD8,900,000)	-	1,793,172 (USD58,400,000)	78,951	100.00% (Note6)	78,951 (Note 2 、 (2) 、 B)	1,314,395	
Guangzhou Heng Long Co.	General investment	103,848 (RMB24,000,000)	(2)	103,848 (RMB24,000,000)	-	-	103,848 (RMB24,000,000)	6,961	100.00%	6,961 (Note 2 、 (2) 、 B)	139,143	
Guangzhou Youmao Co.	Aluminum capacitor	21,635 (RMB5,000,000)	(3)	-	-	-	-	9,524	100.00%	9,524 (Note 2 、 (2) 、 B)	18,318	

Note 1: Investment methods are classified into the following 3 types as below:

- (1) Direct investment in Mainland China.
- (2) Investment in Mainland China through a third-party offshore company.
- (3) Other methods.

Note 2: In the investment profits and losses recognized in this period:

- (1) No investment profits and losses yet as the investments are still in the preparatory stage.
- (2) The basis for recognizing investment profits and losses is defined as 3 types listed as below:
 - A. Financial statements audited and certified by an international accounting firm cooperating with a Taiwanese accounting firm.
 - B. Financial statements audited by the certified public accountant of the Taiwan parent company.
 - C. Other methods.

Note 3: The figures in this table are presented in New Taiwan Dollars.

Note 4: The above table is converted into New Taiwan Dollars using the spot exchange rate of USD 30.705 and RMB 4.327.

Note 5: Due to that the Company acquires the original shares of Guangzhou KingNichi Co. and Guangzhou Kingtachi Co. via the indirect investment in Hongkong Kingtachi Tech Co., it is no solution of separating the amount of profits and losses and fair value adjustments related to the investment in the aforementioned companies, only except revealing the amounts recorded for Hongkong KingTachi Tech Co. The correlated accounts of Hongkong Kingtachi Co., which include investment carrying amount, investment profit and losses, and fair value adjustments, are listed as the table.

Note 6: Hongkong Kingtachi Co. and Spotlight Co. hold 84.76% and 15.24% of Guangzhou Kingtachi Co. respectively.

Taiwan Chinsan Electric Industrial Co., Ltd.
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

(2) Investment limit for the investees in China

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 6)
2,149,024 (Note 8)	2,149,024 (Note 8)	-

Note 6: The Company is free of restrictions based on the document issued by Industrial Development Bureau, MOEA in August 2021, which certifies that it conforms to the identification method of the operation headquarters, valid through the period from August 2021 to August 2024.

Note 7: The above table is converted into New Taiwan Dollars using the spot exchange rate of USD 30.705 and RMB 4.327.

Note 8: The Company's total investment in China amounted to USD 66,607,260 and RMB 24,000,000, of which USD 8,207,260 was remitted directly by the Company, USD 58,400,000 was remitted by the profits of its subsidiary, Chinsan (Cayman) Co. , and RMB 24,000,000 was remitted by Wealthy Success Co.

Table 9

Taiwan Chinsan Electric Industrial Co., Ltd.
 INFORMATION ON MAJOR SHAREHOLDERS
 DECEMBER 31, 2023

Major Shareholders (Note 1)	Shares	
	Total Shares Owned	Ownership Percentage
KaiMei Electronic Corp.	23,548,546	18.19%
Han-Lin Investment Co., Ltd.	8,509,767	6.57%
Hong-Pu Investment Co., Ltd.	7,428,154	5.74%

Note 1: The major shareholder information in this table is based on the ordinary shares, preferred shares and treasury stocks that have been completed with dematerialized delivery and the individual total holding is 5% or more via the calculation by Taiwan Depository & Clearing Corp. on the last business day of the quarter. The number of shares recorded in the Company's parent-company-only financial statements and the actual number of dematerialized shares may differ due to differences in the calculation basis.

Taiwan Chinsan Electric Industrial Co., Ltd.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		\$ 290
Cash in banks		
Checking accounts		165
Foreign currency deposits	USD \$16,745,029.32 @exchange-rate 30.705	514,156
	EUR \$154,432.12 @exchange-rate 33.98	5,248
	JPY \$257,167,169.73 @exchange-rate 0.2172	55,857
	HKD \$21,025.61 @exchange-rate 3.929	83
Demand deposits		128,798
Cash equivalents		
Time deposits	USD \$11,000,000 @exchange-rate 30.705	337,755
	EUR \$1,500,000 @exchange-rate 33.98	50,970
Total		<u>1,093,322</u>

STATEMENT OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Client A		\$ 285,342	
Client B		192,824	
Client C		111,257	
Client D		47,067	
Others		278,275	
		<u>914,765</u>	
Less: Provision		(55)	
		<u>\$ 914,710</u>	The amount of individual client does not exceed 5% of the account balance

Note: The above customer names are represented by code, as the Company has a contract agreement with those customers regarding prohibition of name disclosures.

Contents of Lists of Major Accounting Items

Taiwan Chinsan Electric Industrial Co., Ltd.

STATEMENT OF INVENTORIES

DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Market price	
Finished goods	\$ 244,122	\$ 318,909	Market price is measured by net realizable value
Work in progress	1,136	1,665	Market price is measured by net realizable value
Raw materials	4,234	4,150	Market price is measured by replacement cost
Sub-Total	249,492	\$ 324,724	
Less: Provision for valuation and obsolescence	(3,734)		
Net	\$ 245,758		

STATEMENT OF NON-CURRENT FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFITS OR LOSS

DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Financial instrument	Number of shares	Acquisition cost	Fair value		Fair value changes attributed to credit-risk changes	Note
			Net value (NT\$)	Total amount		
PINDA Technology	8,918,448	380,000	51.20	456,641	None	
Fuh Hwa Taiwan Intelligence Fund	3,000,000	30,000	5.60	16,800	None	
WT MICROELECTRONICS	400,000	20,000	45.65	18,260	None	
Beiley Biofund	40,959	410	10.00	410	None	
Total		\$ 430,410		\$ 492,111		

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

FISCAL YEAR 2023

(Amounts in Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2022		Additions in Investment		Decreases in Investment		Balance, December 31, 2022			Market Value or Assets Value	Net
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	% of holding	Amount	Unit price (NT\$)	Total amount
Chinsan (Cayman) Co.	9,797,002	\$ 5,418,730	-	\$ -	-	(\$ 52,631)	9,797,002	100%	\$ 5,366,099	\$ 547.73	\$ 5,366,099
Yue-Cheng Investment Co., Ltd.	-	10,779	-	466	-	-	-	100%	11,245	-	11,245
Sustainable Development Co., Ltd.	5,058,519	86,471	-	-	-	(32,796)	5,058,519	7.88%	53,675	10.61	53,675
Total		<u>\$ 5,515,980</u>		<u>\$ 466</u>		<u>(\$ 85,427)</u>			<u>\$ 5,431,019</u>		

Note: The investees provide no any guarantees or pledges.

Contents of Lists of Major Accounting Items

Taiwan Chinsan Electric Industrial Co., Ltd.

STATEMENT OF CHANGE IN RIGHT-OF-USE ASSETS FISCAL YEAR 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2023	Additions	Decreases	Balance, December 31, 2023	Note
Houses and Buildings					
Cost	\$ 300,011	\$ -	\$ -	\$ 300,011	
Accumulated depreciation	(21,763)	(6,786)	-	(28,549)	
Total	<u>\$ 278,248</u>	<u>(\$ 6,786)</u>	<u>\$ -</u>	<u>\$ 271,462</u>	

STATEMENT OF SHORT-TERM BORROWINGS DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Type of loan	Description	Balance, December 31, 2023	Loan period	Interest rate	Financing Amount	Mortgage or collateral	Note
Credit loan	EXIM Bank ROC	\$ 300,000	2023.07.20~2024.07.19	1.7376%	NT\$300,000	None	
	Hua Nan Bank	35,000	2023.09.25~2024.09.25	0.5000%	NT\$35,000	None	
	Yuantan Bank	200,000	2023.10.30~2024.01.27	1.7300%	NT\$200,000	None	
	Fubon Bank	200,000	2023.11.10~2024.05.10	1.7500%	NT\$200,000	None	
	DBS Bank	200,000	2023.12.15~2024.03.15	1.7500%	NT\$200,000	None	
	Shin Kong Bank	100,000	2023.12.18~2024.01.18	1.7800%	NT\$100,000	None	
	First Bank	300,000	2023.12.22~2024.01.19	1.7900%	NT\$300,000	None	
	E.Sun Bank	200,000	2023.12.22~2024.01.19	1.8000%	NT\$200,000	None	
	ChangHwa Bank	100,000	2023.12.29~2024.01.31	1.8200%	NT\$100,000	None	
	Mega Bank	80,000	2023.12.29~2024.03.28	1.7900%	NT\$80,000	None	
Total of short-term borrowings		<u>\$ 1,715,000</u>					

STATEMENT OF LONG-TERM BORROWINGS DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Creditor	Description	Balance, December 31, 2023	Loan period	Interest rate	Mortgage or collateral	Note
Hua Nan Bank	Credit loan	\$ 155,000	2022.12.05~2024.12.05	1.7700%	None	
Hua Nan Bank	Credit loan	145,000	2022.12.07~2024.12.07	1.7700%	None	
Hua Nan Bank	Credit loan	100,000	2023.02.15~2025.02.15	1.7700%	None	
Bank SinoPac	Credit loan	400,000	2023.12.29~2025.12.31	1.8000%	None	
Taipei Fubon Bank	Credit loan	200,000	2023.12.28~2024.06.28	1.7376%	None	
Total of long-term borrowings		<u>\$ 1,000,000</u>				

Contents of Lists of Major Accounting Items

Taiwan Chinsan Electric Industrial Co., Ltd. STATEMENT OF BONDS PAYABLE DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Bonds Name	Trustee	Issuance Date	Interest Payment Date	Coupon Rate	Total Amount	Repayment Paid	Balance, End of Year	Premiums (Discounts)	Carrying Value	Unamortized Repayment	Collateral	Note
The 5 th domestic unsecured convertible corporate bond	Bank SinoPac	2018.07.10 ~ 2023.07.10	-	-	\$ 700,000	(\$ 700,000)	\$ -	\$ -	\$ -	(Note 6.11)	None	Transfer to current liabilities in whole

STATEMENT OF LEASE LIABILITIES DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Lease Term	Discount rate	Balance, End of Year	Note
Houses and Buildings	Mainly for the use of offices	50 years	1%	\$ 276,837	
Less: Noncurrent portion				(5,657)	
				<u>\$ 271,180</u>	

Contents of Lists of Major Accounting Items

Taiwan Chinsan Electric Industrial Co., Ltd.

STATEMENT OF NET REVENUE

FISCAL YEAR 2023

(Amounts in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Note</u>
Liquid objects	516,923 KPCS	\$ 1,650,699	
Solid objects	418,616 KPCS	632,925	
Others		80,792	
Total		<u>\$ 2,364,416</u>	

Contents of Lists of Major Accounting Items

Taiwan Chinsan Electric Industrial Co., Ltd.

STATEMENT OF COST OF REVENUE

FISCAL YEAR 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Sub-Total	Total
Cost of sales, Manufacturing sector		
Balance, beginning of year	\$ 5,114	
Raw materials purchased (Net)	7,950	
Raw materials, end of year	(4,234)	
Less: Other raw materials(Deletion)	(372)	
Less: Raw material scrapped	-	
Consumption of direct raw materials		\$ 8,458
Direct labor		543
Manufacturing expenses		993
Total of manufacturing cost		9,994
Work in process, beginning of year		-
Less: Work in process, end of year		-
Cost of finished goods		-
Finished goods, beginning of year		42
Less: Finished goods, end of year		(1,136)
Add: Other manufacturing cost (Addition)		-
Cost of sales, Manufacturing sector		8,900
Cost of sales, Merchandising-sector		
Inventory, beginning of year	230,076	
Add: Purchase of goods (Net)	2,228,248	
Less: Inventory, end of year	(244,122)	
Add: Other sales cost (Addition)	-	
Less: Other sales cost (Deletion)	(459)	
Cost of sales, Merchandising-sector		2,213,743
Add: Inventory scrapped		-
Add: Inventory loss		-
Less: Inventory surplus		-
Add: Inventory valuation and obsolesce		-
Less: Reverse benefit of inventory valuation		(72)
Total of Cost of Revenue		\$ 2,222,571

Contents of Lists of Major Accounting Items

Taiwan Chinsan Eelectric Industrial Co., Ltd.

STATEMENT OF OPERATING EXPENSES

FISCAL YEAR 2023

(Amounts in Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Reverse Benefit of Predicted Credit Loss	Total
Payroll expense	\$ 23,265	\$ 20,444	\$ 6,898	\$ -	\$ 50,607
Pension contribution	2,251	1,826	820	-	4,897
Depreciation expense	334	8,396	816	-	9,546
Traveling expense	4,165	926	57	-	5,148
Commission expense	2,737	-	-	-	2,737
Frieght expense	2,832	6	58	-	2,896
Entertainment expense	5,976	1,701	-	-	7,677
Export expense	3,093	-	-	-	3,093
Director compensation	-	6,476	-	-	6,476
Miscellaneous purchases	228	100	1,193	-	1,521
Services expense	489	4,240	16	-	4,745
Others (Note)	6,508	18,527	1,718	-	26,753
Reverse Benefit of Predicted Credit Loss	-	-	-	(465)	(465)
Total	<u>\$ 51,878</u>	<u>\$ 62,642</u>	<u>\$ 11,576</u>	<u>(\$ 465)</u>	<u>\$ 125,631</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD.

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