

TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD.

2022 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.tse.com.tw>

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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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III. Stock Transfer Agent

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Tel : (02) 2371-1658

IV. Auditors

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

Accounting firm: Ever Fortune CPAs & Co.

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Website: <http://efcpas.com.tw/>

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V. Trading venues of Overseas Securities Exchange: None.

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

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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 2022, the COVID-19 pandemic continued to affect the world with the emergence of the Omicron variant. Although the virus was more contagious, the severity and fatality rates decreased, showing a trend towards flu-like symptoms. However, the ongoing conflict between Russia and Ukraine caused many raw material prices to skyrocket to record highs. Additionally, rising raw material and shipping costs, along with an increase in global speculative funds, led to a rapid rise in global inflation. The issue of rapid inflation pushed the Federal Reserve to accelerate its interest rate hike pace, followed by other countries around the world, resulting in weakened investment, reduced consumer purchasing power, increased corporate costs, and ultimately a downward economic trend globally. In the short term, the economic outlook is in decline, with revenue for 2022 decreasing by 13.29% compared to 2021. However, due to effective cost control, the gross profit margin for the year increased by 1.85% compared to 2021.

Looking ahead to 2023, the COVID-19 pandemic has gradually reached a level similar to the flu, with countries beginning to lift restrictions and people returning to normal life. Although inflation still exists, the interest rate hike is nearing its end, indicating that the economy will soon begin to reverse its downward trend. As of now, the passive component industry continues to face inventory liquidation, but the worst situation of inventory adjustment has passed, and the market is expected to improve in the second half of the year. Therefore, there is a chance for revenue in the coming year to match that of 2022.

1. Operating Performance

(1) Consolidated financial results:

Total consolidated revenue for 2022 was NT\$3,729,360 thousands, a 13.29% decrease compare with the year before (NT\$4,300,713 thousands), the net income was NT\$104,614 thousands, creating an earning per shares of NT\$0.81.

Unit: NT\$ thousands		
Item \ Year	2022	2021
Operating Revenue	3,729,360	4,300,713
Operating Margin	665,767	687,981
Operating Expenses	480,916	490,725
Operating net profit	184,851	197,256
Income from continuing operations before income tax	129,836	210,693
Net profit after tax	104,614	161,131
Earning per share after shares(NT\$)	0.81	1.24

(2) Budget Implementation:

The company did not disclose any financial forecasts for year 2022, hence, the budget execution status will not be disclosed.

(3) Analysis of Financial Structure and Profitability

Unit: %

Item	Financial Ratio	2022	2021
Financial Structure	Debt to asset ratio	50.21	53.10
	Long-term capital to property, plant and equipment	292.07	337.37
Solvency	Current ratio	183.65	212.85
	Acid-test ratio	137.95	147.62
Profitability	Inventory turnover	1.74	2.39
	Return on assets	2.75	4.26
	Profit before tax to capital stock	10.03	16.27
	Net profit margin	2.87	3.74
	Basic after-tax EPS	0.81	1.24

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

2. Business Plan for 2022

(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.

Looking forward in Year 2023, the COVID-19 pandemic is gradually reaching the level of the flu, and countries have begun to reopen, allowing people to resume normal activities. Although inflation still exists, the interest rate hike is coming to an end, which suggests that the economy will begin to rebound in the near future. While the overall passive component industry continues to face inventory clearance, the worst situation regarding inventory adjustments has passed, and the market is expected to improve in the second half of the year. Therefore, there is still a chance for revenue to catch up with that of the Year 2022 in the coming year.

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 2023) as the COVID-19 situation is gradually improving, countries are lifting restrictions, 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

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 as the COVID-19 situation is gradually improving, countries are lifting restrictions, 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 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

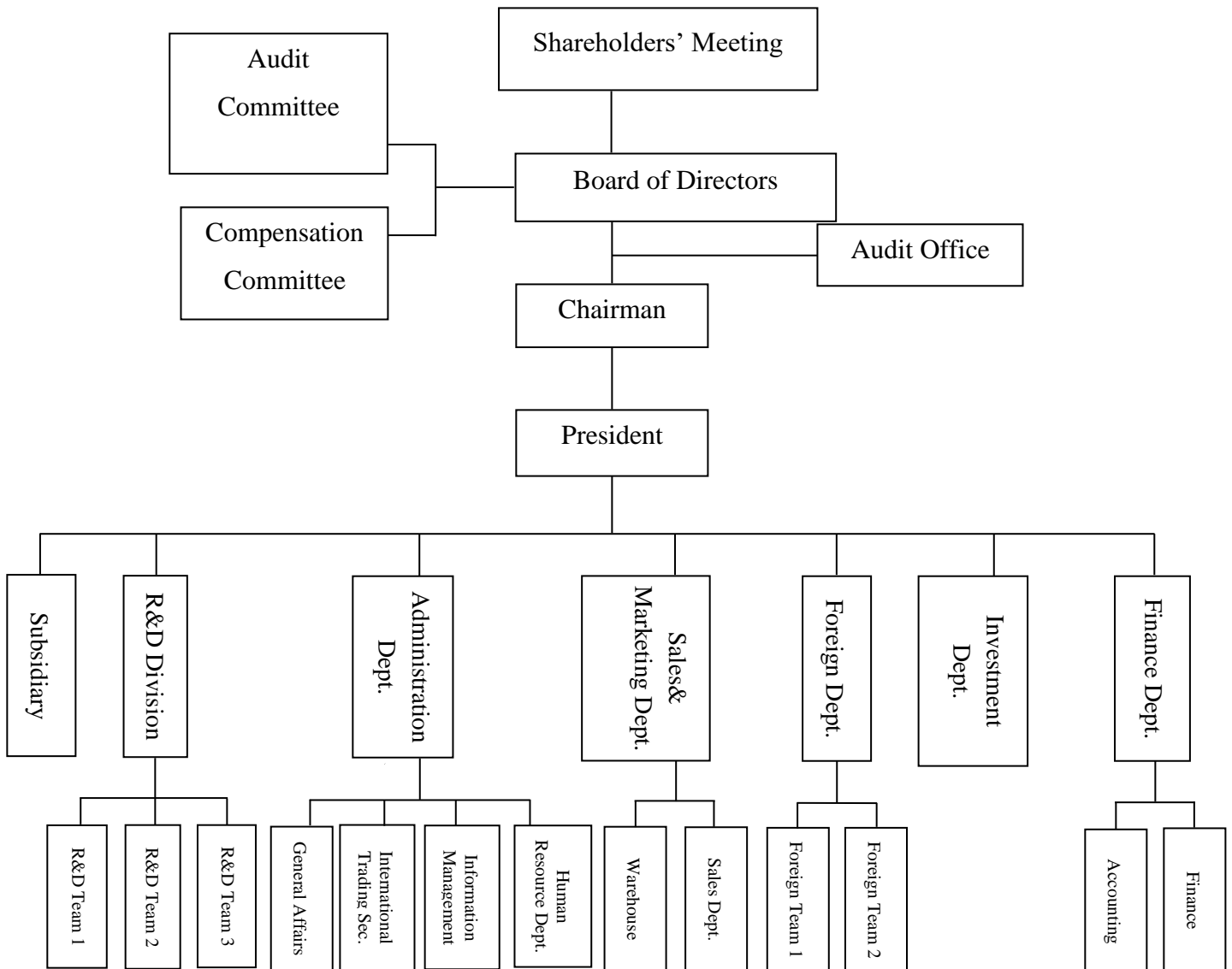
- 1970 (1)Established in Sanchong District, New Taipei City with NT\$1 million capital. Engaged in production of aluminium electrolytic capacitors.
- 1981 (1)Increased capital to NT\$5 million and the paid-in capital totaled NT\$6 million.
- 1984 (1)Increased capital to NT\$10 million and the paid-in 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.

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, network design, procurement and responsible for imports/exports including shipment scheduling.

2. Directors, Supervisors and Management Team

(1) Directors and Supervisors(I)

April 2, 2023

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	
Chairman	ROC	HONG PU Investment CO., LTD		06.12.2020	3years	09.20.2000	7,001,748	574%	7,428,154	574%					None	None	N/A	N/A	N/A	N/A
	ROC	Representative: CHIANG, SHIH-HSIN	Male 60-70	06.12.2020	3years	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 ELITE (BVI) 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 KING NICHU TECHNOLOGY GUANGZHOU CO., LTD. Director of JIN RI ELECTRONICS (SHANGHAI) 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	HONGLIN Investment CO., LTD		06.12.2020	3years	06.15.2002	3,000,000	246%	3,182,700	246%					None	None	N/A	N/A	N/A	N/A
	ROC	Representative: CHANG, HUNG-HAO	Male 60-70	06.12.2020	3years	06.15.2002	0	0	364,631	0.28%	0	0	0	0	Department of Mechanical from Ching Yun University Representative director of TASIN MACHINERY CO. LTD	Director of TAIWAN NITRIDE MATERIAL INC.	N/A	N/A	N/A	N/A
Director	ROC	CHANG, TIEN-CHEN	Male 80-90	06.12.2020	3years	06.15.2022	518,165	0.42%	549,720	0.42%	0	0	0	0	Taipei Municipal Mu Zha Junior Highschool	Director of TRICKLE CO. LTD. Director of SHIN FA STEEL MFG. CO. LTD. Director of SHIN SHING FA INVESTMENT CO. LTD. Director of TAI XIN FA Co. LTD Legal representative director of TAIWAN STEEL TOWER CO., LTD. Legal Representative Director of HSIN KUANG STEEL CO. LTD. Legal Representative Director of AN GANG METAL CO. LTD.	N/A	N/A	N/A	N/A

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	
Director	ROC	CHEN, SHIH-YANG	Male 60-70	06.12.2020	3 years	06.15.2022	79,286	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 Deputy Editor of Angle Review of Finance and Taxation	N/A	N/A	N/A	N/A
Director	ROC	HUANG, YU-SAN	Male 80-90	06.12.2020	3 years	06.18.2012	0	0	0	0	0	0	0	0	Director of SUN RICH STEEL INDUSTRIAL CO. LTD.	Director of SUN RICH STEEL INDUSTRIAL CO. LTD.	N/A	N/A	N/A	N/A
Director	ROC	CHIANG, CHING-SHIN	Male 40-50	06.12.2020	3 years	06.13.2008	1,108,222	0.91%	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 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	06.12.2020	3 years	06.24.2011	0	0	0	0	0	0	0	0	NCCU Master Program of Accounting Accountant of CHIANYE ACCOUNTING FIRM	Accountant of CHIANYE ACCOUNTING FIRM Director of UNIVERSAL MICROWAVE TECHNOLOGY INC. Director of YANKEE ENGINEERING CO. LTD. Director of CELEXPART	N/A	N/A	N/A	N/A
Independent Director	ROC	SHEN, HSUEH-JEN	Male 50-60	06.12.2020	3 years	06.12.2020	0	0	0	0	0	0	0	0	Department of Business Administration from FuJen University	TA of 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	06.12.2020	3 years	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

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.

Major Shareholders of the institutional shareholders

April 2, 2023

Name of Institutional Shareholders	Major Shareholders
HONG PU INVESTMENT CO., LTD	CHIANG, SHIH-HSIN 37.5% 、 CHIANG, HUANG BAI LIEN 47.51% 、 CHIANG, I-ZHE12.81% 、 CHIANG BAO CHAI 1.25% 、 CHIANG,CHING YING 0.31% 、 CHIANG,CHING-SHIN 0.31% 、 CHIANG,CHING YANG 0.31%
HONG LIN INVESTMENT CO., LTD	CHANG, HUNG-HAO 7.33% 、 CHANG, JING RONG 37.73% 、 CHANG, CHING YAO 54.94%

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.

Major Shareholder are Corporate Shareholder: N/A

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 INVESTMENT CO., LTD REPRESENTATIVE: CHIANG, SHIH-HSIN	Have Work Experience in the Areas of Commerce, Law, Finance, Industry knowledge, Crisis management ability or Accounting, or Otherwise Necessary for the Business of the Company Director of CHINSAN ELECTRONIC INDUSTRIAL (THAILAND) CO., LTD. Director of KING NICHTECHNOLOGY GUANGZHOU CO., LTD. Director of JIN RI ELECTRONICS (SHANGHAI) CO. LTD. Director of CHINSAN TAI AN ELECTRONIC CO. LTD. Director of TAIWAN STEEL TOWER CO., LTD. Director of ROYAL CHENG INVESTMENT CO., LTD.	(1)More than half of the company's director positions or voting shares are controlled by someone who also controls directors, supervisors, or employees of other companies. (2)The directors and supervisors of the companies shouldn't have a lawsuit relationship with those who also holds the position of chairman, general manager, or an equivalent position in the other company. (3)Shareholders who own more than 5% of the company's shares should not engage in any business dealings with the company. (4)Professionals, partners, directors, managers, and their spouses who have provided commercial, legal, accounting, or related services to the company for audit purposes, or have received monetary reward from the company within the past two years, couldn't entitled the position.	N/A
HONG LIN INVESTMENT CO., LTD REPRESENTATIVE: CHANG, HUNG-HAO	Have Work Experience in the Areas of Commerce, Finance, Industry knowledge, Crisis management ability or Accounting, or Otherwise Necessary for the Business of the Company Director of Taiwan Nitride Material Inc. Not been a person of any conditions defined in Article 30 of the Company Law.	(1)Directors or supervisors of corporate shareholder that hold more than 5% of the total issued shares of the company, are within the top five shareholders of the company, or appointed to serve as director of the company under the basis of Article 27, Item 1 or Item 2 of the Company Act are not allowed to serve as directors. (2)Directors, supervisors of other companies who are controlled by the same individual and hold more than half of the director positions or voting shares in the company are excluded. (3)Directors or supervisor of other companies who are not the chairman, general manager, or equivalent position of the company, and who are not the spouse of the aforementioned, may not serve as directors supervisors, or auditor of this company. (4)Directors, managers, or shareholders holding more than 5% of shares of specific companies with no financial or business transactions with this company are allowed to serve in this company. (5)The following individuals aren't allowed to provide professional services related to business, legal, finance, accounting, or auditing to the company, nor can they serve as the owner, partner, director, supervisor manager, or spouse of the aforementioned individuals who have provided such services or received compensation from the company within the past two years. (6)Director of the company shouldn't have any spouse or	N/A

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
		first-degree relatives (such as parents, siblings, or children) who are also directors of the company.	
CHANG,TIE N-CHEN	Have Work Experience in the Areas of Commerce, Crisis management ability, Accounting, Global market outlook or Otherwise Necessary for the Business of the Company Director of TRICKLE CO. LTD. Director of SHIN FA STEEL MFG. CO. LTD. Director of SHIN SHING FA INVESTMENT CO. LTD. Director of TAI XIN FA Co. LTD Legal representative director of TAIWAN STEEL TOWER CO., LTD. Legal Representative Director of HSIN KUANG STEEL CO. LTD. Legal Representative Director of AN GANG METAL CO. LTD. Not been a person of any conditions defined in Article 30 of the Company Law.	(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)Spouses of individuals not listed in (1) or relatives within the second degree of consanguinity of individuals listed in (2) or (3), or relatives within the third degree of consanguinity of direct lineal relatives. (5)Not a director, supervisor, or employee of a corporate shareholder that directly holds five 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 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 shares. (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 elected as a government, legal entity, or representative thereof, as specified in Article 27 of the Company Act.	N/A
CHIANG,C HING-SHIN	Have Work Experience in the Areas of Commerce, Law, Finance, Crisis management ability, Global market outlook, Industry knowledge or Otherwise Necessary for the Business of the Company Director of CHINSAN ELECTRONIC INDUSTRIAL (THAILAND) CO., LTD. Not been a person of any conditions defined in Article 30 of the Company Law.	(1)They cannot be a director, supervisor, or employee of a corporate shareholder that holds 5% or more of the company's shares, is among the top five shareholders, or has appointed a representative as a director or supervisor according to Article 27 of the Company Act. (2)No director, supervisor, or employee of a company that controls over half of the company's board seats or voting rights can serve as a director, supervisor, or employee of the company. (3)The spouse of the chairman, general manager, or equivalent position in the company cannot serve as a director, trustee, or employee of the company or organization. (4)Directors, supervisors, managers, or shareholders holding more than 5% of the company's shares cannot be from a specific company or institution that has financial or business dealings with the company. (5)They cannot be professional individuals, sole proprietors, partnerships, companies, or institutions that provide auditing or related services to the company or its related enterprises, or their owners, partners, directors, trustees, supervisors, auditors, managers, and spouses. (6)They cannot be elected as a director or supervisor of the company under the provisions of Article 27 of the Company Act as a representative of the government, legal person, or its representative.	N/A

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
CHEN, SHIH-YAN G	<p>Have Work Experience in the Areas of Commerce, Law, Finance, ability to operate the management or Accounting, or Otherwise Necessary for the Business of the Company</p> <p>Certification of the National Accountant Examination</p> <p>Accountant from CHUNGSUN PRIME CPA</p> <p>Chairman of National Federation of CPA Associations of ROC</p> <p>Director of HSIN KUANG STEEL CO.</p> <p>Director of WONDERFUL HI-TECH</p> <p>Deputy Editor of Angle Review of Finance and Taxation</p> <p>Not been a person of any conditions defined in Article 30 of the Company Law.</p>	<p>(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, or employee of a corporate shareholder that directly holds five 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 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 elected as a government, legal entity, or representative thereof, as specified in Article 27 of the Company Act.</p>	N/A
HUANG, YU-SAN	<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>Director of SUN RICH STEEL INDUSTRIAL CO. LTD.</p> <p>Not been a person of any conditions defined in Article 30 of the Company Law.</p>	<p>(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, or employee of a corporate shareholder that directly holds five 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 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</p>	N/A

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
		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 elected as a government, legal entity, or representative thereof, as specified in Article 27 of the Company Act.	
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 of CHIANYE ACCOUNTING FIRM Director of UNIVERSAL MICROWAVE TECHNOLOGY INC. Director of YANKEE ENGINEERING CO LTD. Director of CELEXPART Not been a person of any conditions defined in Article 30 of the Company Law.	(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 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 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.	3
SHEN,HSU EH-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 General Manager of AI Investment Consulting Corporation TA of FuJen University Director of LINETEK Director of THERMALTAKE TECH CO. LTD. Director of LIDA-KY Not been a person of any conditions defined in Article 30 of the Company Law.	(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 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 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.	2
SHEN,CHIH -CHENG	Have Work Experience in the Areas of Commerce, Law, Crisis management ability, or Accounting, or Otherwise Necessary for the Business of the Company Certification of the National Law Qualification Director of SHEN,CHIH-CHENG Law Firm Chairman of ROC Car Accident Care Association Independent Director of CPC Corporation Not been a person of any conditions defined in Article 30 of the Company Law.	(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 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 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.	1

Note: 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 3 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:
 - a. 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:
 - a. Able to make operational judgments professionally.
 - b. Ability in accounting and financial analysis.
 - c. The ability to operate the management.
 - d. Crisis management.
 - e. Industrial knowledge.
 - f. Global market outlook.
 - g. Leadership.
 - h. Decision-making ability.
- C. The proportion of independent directors among the members of the board of our company is 33%, and the proportion of directors with employee status is 33%. 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%; 5 directors are between 50-70 years old, accounting for 55.56%; 2 directors are over 70 years old, accounting for 22.22%.
- E. Distribution of the main expertise of the board of directors: 3 directors have an accounting background, about 33.34%; 1 director has a legal background, which occupies about 11.11%; 2 directors have a business and technical background, accounts for 22.22%; 2 directors have a management background, which occupies about 22.22%; 1 director has a background in finance and management, about 11.11%. 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.

6. 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	Accounting and financial analysis	Operation Management	Crisis Management	Industry Knowledge	Global market outlook	Leadership	Decision-making ability
HONG PU INVESTMENT CO., LTD REPRESENTATIVE: CHIANG, SHIH-HSIN	Male	R.O.C	✓	✓		✓	✓	✓	✓	✓	✓
HONG LIN INVESTMENT CO., LTD REPRESENTATIVE: CHANG, HUNG-HAO	Male		✓	✓		✓	✓	✓	✓	✓	✓
CHIANG, CHING-SHIN	Male		✓	✓	✓	✓	✓	✓	✓	✓	✓
CHANG, TIEN-CHEN	Male			✓		✓	✓	✓	✓		
CHEN, SHIH-YANG	Male			✓	✓	✓	✓		✓	✓	✓
HUANG, YU-SAN	Male			✓		✓	✓			✓	✓
TSAI, CHIH-WEI	Male			✓	✓	✓	✓	✓	✓		✓
SHEN, HSUEH-JEN	Male			✓		✓	✓	✓	✓		
SHEN, CHIH-CHENG	Male			✓		✓	✓			✓	✓

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

April 2, 2023

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 (Note 3)
					Shares	%	Shares	%	Shares	%			Position	Name	Relationship	
General Manager	R.O.C	Chiang, Ching-Shin	Male	102.06.01	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-HSIN	Father-son relationship	To augment the number of seats for independent directors
R&D Division Director	R.O.C	Hsu, Wan Xing	Male	111.08.09	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	97.09.01	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	107.12.14	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 will also increase 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, Supervisors, President, and Vice Presidents

A. Remuneration of Directors and Independent Directors

Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D)to Net Income (%) (Note 10)		Relevant Remuneration received by Directors who are also Employees								Ratio of Total Compensation (A+B+C+D+E+F +G) to Net Income (%) (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 mp any	Compan ies in the consolid ated financial stateme nts (Note 7)	The Comp any	Compan ies in the consolid ated financial statemen ts (Note 7)	The Compa ny	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 Com pany	Compan ies in the consolid ated financial stateme nts (Note 7)	
Direc tors	HONG PU INVESTMENT CO., LTD REPRESENTATIVE:CHIANG, SHIH-HSIN	0	0	0	0	2,217	2,217	1,008	1,008	3.08	3.08	3,887	8,11	58	58	0	0	0	0	6.85	10.89	N/A
	HONG LIN INVESTMENT CO., LTD REPRESENTATIVE:CHANG, HUNG-HAO																					
	CHANG,TIEN-C HEN																					
	CHIANG,CHIN G-SHIN																					
	CHEN, SHIH-YANG																					
	HUANG, YU-SAN																					
Indep ende nt Direc tor	TSAI, CHIH-WEI	0	0	0	0	1,108	1,108	504	504	1.54	1.54	0	0	0	0	0	0	0	0	1.54	1.54	N/A
	SHEN,HSUEH-J EN																					
	SHEN,CHIH-CH ENG																					
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 and CHANG, HUNG-HAO.																						

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 HONGLIN INVESTMENT CO., LTD REPRESENTATIVE: CHANG, HUNG-HAO CHANG, TIEN-CHEN, CHEN, SHIH-YANG · HUANG, YU-SAN · CHIANG, CHING-SHIN · TSAI, CHIH-WEI · SHEN, HSUEH-JEN · SHEN, CHIH-CHENG	HONGPU INVESTMENT CO., LTD REPRESENTATIVE: CHIANG, SHIH-HSIN HONGLIN INVESTMENT CO., LTD REPRESENTATIVE: CHANG, HUNG-HAO CHANG, TIEN-CHEN, CHEN, SHIH-YANG, HUANG, YU-SAN · CHIANG, CHING-SHIN · TSAI, CHIH-WEI · SHEN, HSUEH-JEN · SHEN, CHIH-CHENG	CHANG, TIEN-CHEN · CHEN, SHIH-YANG · HUANG, YU-SAN · TSAI, CHIH-WEI · SHEN, HSUEH-JEN · SHEN, CHIH-CHENG · HONGLIN INVESTMENT CO., LTD REPRESENTATIVE: CHANG, HUNG-HAO	CHANG, TIEN-CHEN · CHEN, SHIH-YANG · HUANG, YU-SAN · TSAI, CHIH-WEI, SHEN, HSUEH-JEN · SHEN, CHIH-CHENG · HONGLIN INVESTMENT CO., LTD REPRESENTATIVE: CHANG, HUNG-HAO
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	9	9	9	9

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

Title	Name	Basic Compensation(A)(Note 2)		Retirement Pension(B)		Allowances(C)(Note 3)		Remuneration Amount for employee(D)(Note 4)				Ratio of Total Remuneration (A+B+C+D) to Net Income(%) (Note 9)		Employee Stock Certificates Obtained(Note 5)		Restricted employee rights to new shares (Note 11)		Remuneration from ventures other than subsidiaries or from the parent company (Note 10)
		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)	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	1,054	3,958	58	58	0	0	0	0	0	0	1.06	3.84	0	0	0	0	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)	
	2022		2021			
	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	8.39%	12.43%	10.74%	13.26%	(2.35%)	(0.83%)
Supervisors	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
General Manager and Deputy Manager	1.06%	3.84%	5.78%	7.58%	(4.72%)	(3.74%)

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 2022, 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	6	1	85.71%	N/A
Director	HONG LIN INVESTMENT CO., LTD REPRESENTATIVE:CHANG, HUNG-HAO	4	3	57.14%	N/A
Director	CHIANG, CHING-SHIN	7	0	100.00%	N/A
Director	CHANG, TIEN-CHEN	4	3	57.14%	N/A
Director	CHEN, SHIH-YANG	6	1	85.71%	N/A
Director	HUANG, YU-SAN	5	2	71.43%	N/A
Independent Director	TSAI, CHIH-WEI	7	0	100.00%	N/A
Independent Director	SHEN, HSUEH-JEN	7	0	100.00%	N/A
Independent Director	SHEN, CHIH-CHENG	7	0	100.00%	N/A
Average attendance of the Board of Directors				84.13%	

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 2022, 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 51~53)

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
2022.01.26	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 2021.	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.
2022.01.26	HONG PU INVESTMENT CO., LTD REPRESENTATIVE:CHIANG, SHIH-HSIN	Rent renewal and rent adjustment for the operational headquarters of the Golden Peak Technology	CHIANG, SHIH-HSIN concurrently serve as CEO of the company	Recusal in accordance with legal interests, not participating in discussion and voting.
2022.04.25	HONG PU INVESTMENT CO., LTD REPRESENTATIVE:CHIANG, SHIH-HSIN HONG LIN INVESTMENT CO., LTD REPRESENTATIVE:CHANG,	Distribution of remuneration for individual directors for the year 2021	Director of the company	Recusal in accordance with legal interests, not participating in discussion and voting.

	HUNG-HAO CHIANG, CHING-SHIN、 CHANG, TIEN-CHEN、CHEN, SHIH-YANG、HUANG, YU-SAN, TSAI, CHIH-WEI, SHEN, HSUEH-JEN 、SHEN, CHIH-CHENG			
2022.04. 25	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 2021.	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 2022	First Time	Second Time	Third Time	Fourth Time	Fifth Time	Sixth Time	Seventh Time
TSAI, CHIH-WEI	◎	◎	◎	◎	◎	◎	◎
SHEN, HSUEH-JEN	◎	◎	◎	◎	◎	◎	◎
SHEN, CHIH-CHENG	◎	◎	◎	◎	◎	◎	◎

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	2022/01~ 2022/12	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	2022/01~ 2022/12	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	2022/01~ 2022/12	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.

1. 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.

2. 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.
3. In the year 2022, 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 CHANG HUNG-HAO, Director CHIANG CHING-SHIN, Director CHANG TIEN-CHEN, Director CHEN SHIH-YANG, Director HUANG YU-SAN, Independent Director TSAI CHIH-WEI, Independent Director SHEN HSUEH-JEN, Independent Director SHEN CHIH-CHENG. Total 9 members

Examination	Number of question	Total scores	Self-evaluation	Proportion	Scores
A. Understanding the company's goals and mission.	3	135	130	15%	14.44
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	127	15%	14.11
E. Professionalism and continuous education of directors	2	90	87	10%	9.67
F. Internal Control	3	135	130	15%	14.44
Total	20	900	848	100%	95.88
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.

(3) Functional Committee (Compensation and Remuneration 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.

Overall evaluation: The members and committees of the 2022 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, 2022, to December 31, 2022

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		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 Certification of the National Law Qualification Accountant of CHIANYE ACCOUNTING FIRM Director of UNIVERSAL MICROWAVE TECHNOLOGY INC. Director of YANKEE ENGINEERING CO LTD. Director of CELEXPART on Not being a person of any conditions defined in Article 30 of the Company	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, HSUE H-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 TA of FuJen University Director of LINETEK Director of THERMALTAKE TECH CO. LTD. Director of LIDA-KY Not been a person of any conditions defined in Article 30 of the Company Law.	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-CHENG	Have Work Experience in the Areas of Commerce, Law, Crisis management ability, or Accounting, or Otherwise Necessary for the Business of the Company Certification of the National Law Qualification Director of SHEN, CHIH-CHENG Law Firm Chairman of ROC Car Accident Care Association Independent Director of CPC Corporation Not been a person of any conditions defined in Article 30 of the Company Law.	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

***There are three 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 has an economic background and is an industry expert, currently serving as the CEO of a management consulting company. Two members are in the

age range of 40-50 years old, one distributed at age 50-60 and one member is in the age range of 60-70 years old. All three 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
January 26, 2022	1. The adjustments of the rental renewal in CHINSHAN Headquarters	It has been approved by all the committee members.
March 17, 2022	1. The 'Assessment of the effectiveness of internal control system' and 'Statement of internal control system' of 2021. 2. The assessment and remuneration of the appointed auditors 3. The Operational and Financial Report of 2021. 4. Revised the 'acquisition and disposal of assets'. 5. Revised "The Company Articles of Association(AA)". 6. Application for the Company to provide endorsement guarantee to GUANGZHOU KINGTACHI ELECTRONIC CO., LTD. (hereinafter referred to as "KINGTAICHI Company") with the amount of CNY 37.5 million.	It has been approved by all the committee members.
April 25, 2022	1. Distribution of the Profit in Year 2021. 2. Private Placement of the Common Shares. 3. An endorsement guarantee for its subsidiary KINGTAICHI with a guaranteed limit of CNY 50 million (guarantee limit to be renewed upon expiration).	It has been approved by all the committee members.
May 12, 2022	1. The Consolidated Financial Statement Report in the first quarters of 2021.	Nothing to Discuss.
August 9, 2022	1. The Consolidated Financial Statement Report in the second quarters of 2021.	Nothing to Discuss.

Date	Evaluation Item	Major Resolutions
October 6, 2022	1. Proposed revocation of indirect investment in GUANGZHOU KINGTAICHI through investment in third-party companies with the amount of USD 30 million. 2. Proposed transfer of investment from CHINSHAN(Cayman) Enterprise Co., Ltd to Spotlight Int'l Co., Ltd, followed by a phased transfer of USD 10 million to GUANGZHOU KINGTAICHI.	It has been approved by all the committee members.
November 9, 2022	1. Audit Plan for Year 2023. 2. An amendment to the "Prevention of Internal Trading such as Handling Procedures for Significant Internal Information" policy. 3. Amendment to the "Intergirty Management" policy 4. Amendment to the "Corporate Governance Operation" policy.	It has been approved by all the committee members.
January 9, 2023	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.
March 14, 2023	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.
April 18, 2023	1. Distribution of the Profit in Year 2022.	It has been approved by all the committee members.

D. 2022 The Audit Committee held 7 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	TSAL, CHIH-WEI	7	0	100.00%	N/A
Independent Director	SHEN, HSUEH-JEN	7	0	100.00%	N/A
Independent Director	SHEN, CHIH-CHENG	7	0	100.00%	N/A

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 2022 are as follows:

Date	Communication criteria	Communication's results
January 26, 2022	Declaration on Improvements to Internal Control Deficiencies and Anomalies in 2021	The communication was in good condition, the independent directors have no objection.
March 14, 2022	1>Key Audit Matters of the Consolidated and Individual Financial Statements for the Year 2021. 2>Results and report of the internal control execution.	The communication was in good condition, the independent directors have no objection.
May 12, 2022	1>The Consolidated Financial Statement Report in the first quarters of 2022 2> Report on Improvements to Internal Control Deficiencies and Anomalies in the 1st Quarter of 2022	The communication was in good condition, the independent directors have no objection.
Aug 9, 2022	1> The Consolidated Financial Statement Report in the second quarters of 2022 2>Report on Improvements to Internal Control Deficiencies and Anomalies in the 2nd Quarter of 2022	The communication was in good condition, the independent directors have no objection.
November 9, 2022	1> The Consolidated Financial Statement Report in the third quarters of 2022 2> Report on Improvements to Internal Control Deficiencies and Anomalies in the 3rd Quarter of 2022 3> Operational and competitiveness comparison within the company and the peers 4>Reviewed the changes of CHINSHAN's bank deposit in 3 rd Quarters of 2021 5> Audit Plan for Year 2022	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 November 9th, 2022 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 November 9, 2022, 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 November 9, 2022, 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 33%, and the proportion of directors with employee status is 33%. 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%; 5 directors are between 50-70 years old, accounting for 55.56%; 2 directors are over 70 years old, accounting for 22.22%. 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%; 1 directors has a Sales and production background, accounts for 11.11%; 3 directors have a management background, which occupies about 33.34%; 1 director has a background in finance and management, about 11.11%. 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 18th board of directors of our company consists of 9 directors, including 3 independent directors and 6 non-independent directors. Their relevant backgrounds are listed below: Management Background: Chairman Chiang, Shih-Hsin, Director Chang, Tien-Chen, Director Huang Yu-San. 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. Sales and	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		production background: Director Chang, Hung-Hao. Each director has expertise in their respective fields 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. (2) The Compensation Committee and Audit Committee of our company consist of three independent directors. The establishment of other functional committees will be considered and evaluated as needed in the future.	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		(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 14, 2023, the 18th Board of Directors of our company was presented with the results of the 2022 board of directors performance evaluation	None
(4) Does the company regularly evaluate the independence of CPAs?	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. In 2022, 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 2022 have also been approved by the 1st Audit Committee meeting and the 18th Board of Directors meeting on March 14, 2023, and the documents are on file.	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	V		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. This includes handling matters related	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	
information for directors and 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)?			to the board of directors, audit committee, compensation committee, and shareholder meetings in accordance with the law; assisting directors in their appointment and continuing education; providing directors with the necessary information to carry out their duties; and assisting directors in compliance with laws and regulations. The qualifications of our company's corporate governance head comply with Item 1, Paragraph 1 of Article 3-1 of the Practical Guidelines for Corporate Governance of Listed and OTC Companies	
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		(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. Financial information: Investor Relations\Financial Information\Financial Reports\Financial Statements Business Information: Product Section Corporate Governance: Investor Relations\Corporate Governance\Board of Directors\ Audit Committee\ Compensation Committee and Investor Relations\Corporate Governance\Important Laws and Regulations and Information Related to Corporate Governance.	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
(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

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	
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
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 (1) The company has fully disclosed the policy and implementation of board diversity on the company website, including individual director backgrounds, corporate governance structure (including the board and functional committees), and the composition and operation of functional committee members. (2) The company has quantitatively disclosed the effectiveness of its implementation of corporate social responsibility in the annual report. (3) The company has formulated specific management plans to safeguard human rights in reference to the International Covenant on Human Rights, which are disclosed in the annual report. (4) The company has obtained professional environmental certification with a valid period. (5) On April 18th, 2023, the company appointed a corporate governance officer through the Board of Directors to oversee and promote the corporate governance efforts.				

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’ and supervisors’ training records:

The training records of directors and supervisors in Year 2022:

Title	Name	Course	Sponsoring Organization	Training hours
Director	CHANG, TIEN-CHEN	The board of directors monitor ESG risks and build enterprises sustainable competitiveness	Taiwan Corporate Governance Association	3
		Cyber security governance and intellectual property management	Taiwan Corporate Governance Association	3
Chairman	CHIANG, SHIH-HSIN	Strategy management for enterprise upgrading and transformation	Corporate Operating and Sustainable Development Association	3
Director	CHIANG, CHING-SHIN	Strategy management for enterprise upgrading and transformation	Corporate Operating and Sustainable Development Association	3
Director	CHEN, SHIH-YANG	Cash-Out Merger and Protection of Shareholders' Equity and Avoidance of Director Conflicts of Interest in Corporate Mergers and Acquisitions	CPA Associations R.O.C	4
		Regulatory Requirements and Best Practices for Anti-Money Laundering by Auditors	CPA Associations R.O.C	3
Independent Directors	TSAI, CHIH-WEI	Understanding Venture Capital Investment Terms and Conditions - a primer for corporate VC	Taiwan Corporate Governance Association	3
		Competitiveness vs. Existence: New Trend and Strategy of ESG	Taiwan Corporate Governance Association	3

Title	Name	Course	Sponsoring Organization	Training hours
Independent Directors	SHEN, HSUEH-JEN	Embracing the ESG era	Securities & Futures Institute	3
		Code of Ethics for Business Integrity and Conduct	Securities & Futures Institute	3
		Strategy management for enterprise upgrading and transformation	Corporate Operating and Sustainable Development Association	3
Independent Directors	SHEN, CHIH-C HENG	Directors' Roles and Responsibilities in Annual Report Disclosure	Taiwan Corporate Governance Association	3
		Shareholder Meetings and Equity Management	Taiwan Corporate Governance Association	3
Financial Executive	TSAI, MAO-SUNG	Continuous Education for Issuers, Securities Firms, Stock Exchanges, and Accounting Executives	Accounting Research and Development Foundation	12
Auditing Officer	QIU WEI-SHENG	Analysis of Regulations and Best Practices for Loans, Endorsements, Guarantees, and Disposal of Assets	Institute of Internal Auditors R.O.C	6
		Practical Audit of Sales Receipts and Purchase Payments Cycle.	Institute of Internal Auditors R.O.C	6

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. Lastly, it also 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 & Marketing 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.

No.	Auditor's Independence Criteria	Evaluation	
		Yes	No
1	An employee of the company or any of its affiliates ?		V
2	A director or supervisor of the company or any of its affiliates? (Not applicable 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.)		V
3	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?		V
4	A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs?		V
5	A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings?		V
6	Directors (board members), supervisors (audit committee members), executives or shareholders holding more than 5% of shares who have financial or business dealings with the company with specific companies or organizations?		V
7	Any significant financial interests or inappropriate relationships with the company?		V
8	Is there any of the situations listed in Article 30 of the Company Act?		V
9	Elected by the government, legal entity, or their representatives in accordance with Article 27 of the Company Act?		V
10	Has a relationship of co-investment in a non-publicly issued company or sharing of benefits with the company or its affiliated enterprises?		V
11	Other supporting information: Independence declaration of the auditor		V

(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 Certification of the National Law Qualification Accountant of CHIANYE ACCOUNTING FIRM Director of UNIVERSAL MICROWAVE TECHNOLOGY INC. Director of YANKEE ENGINEERING CO LTD. Director of CELEXPART on Not being a person of any conditions defined in Article 30 of the Company	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 TA of FuJen University Director of LINETEK Director of THERMALTAKE TECH CO. LTD. Director of LIDA-KY Not been a person of any conditions defined in Article 30 of the Company Law.	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-CHENG	Have Work Experience in the Areas of Commerce, Law, Crisis management ability, or Accounting, or Otherwise Necessary for the Business of the Company Certification of the National Law Qualification Director of SHEN,CHIH-CHENG Law Firm Chairman of ROC Car Accident Care Association Independent Director of CPC Corporation Not been a person of any conditions defined in Article 30 of the Company Law.	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 independence 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

- 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.
- 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.
- 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.

- The committees has 3 members.
- The presidency of the committees:12/06/2020~11/06/2023, Recent annual Remuneration Committee meeting: 3 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	3	0	100%	
Committee member	SHEN,HSUEH-JEN	3	0	100%	
Committee member	SHEN,CHIH-CHENG	3	0	100%	
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,agenda, 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
26.01.2022	1. Distribution of year-end bonuses for directors who are also managers and employees in the Year 2021	The case was approved after the chairperson consulted with all attending committee members and no objections were raised.
25.04.2022	1. Distribution of bonus to employee and director in the Year 2021. 2. Distribution of bonus to individual director in Year 2021. 3. Payment of director transportation expenses in Year 2021.	The case was approved after the chairperson consulted with all attending committee members and no objections were raised.
09.08.2022	1. Amended "Regulations for the Payment of Managerial Remuneration" 2. Bonus payment for the R&D supervisor of the company.	The case was approved after the chairperson consulted with all attending committee members and no objections were raised.
09.01.2023	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.
18.04.2023	1. Distribution of employee and director compensation for the year 2022. 2. Distribution of individual director compensation for the year 2022. 3. Payment of transportation expenses for directors in the year 2022.	The case was approved after the chairperson consulted with all attending committee members and no objections were raised.

(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 established a governance framework to promote sustainable development, and set up a dedicated ESG unit, which is authorized by the board of directors and supervised by the board to handle ESG-related issues.</p> <p>2.(1) The General Manager's Office of the company serves as the ESG unit, responsible for supervising each subgroup to develop the company's sustainable development policies, systems, or related management guidelines, as well as specific promotion plans and implementation.</p> <p>(2) The ESG unit is divided into three subgroups, each of which is convened by the relevant department head and responsible for formulating sustainable development policies, systems, or related management guidelines, as well as specific promotion plans and implementation.</p> <p>1> Environmental Protection (E): including <1> environmental product development <2> energy conservation, carbon reduction, and resource recycling <3> environmental safety system management <4> quality assurance and customer service <5> supplier management.</p> <p>2> Social Welfare (S): including <1> community participation <2> social care (including social donations) <3> employee relations <4> employee training <5> employee welfare.</p> <p>3> Corporate Governance (G): including <1> safeguarding shareholder rights and treating shareholders equally <2> strengthening the structure and operation of the board of directors <3> enhancing information transparency <4> operating with integrity.</p> <p>3.The ESG unit meets regularly every month, chaired by the chairman of the board or the general manager.</p> <p>4.Relevant unit heads of the company participate in the Taiwan Climate Alliance's routine Climate Roundtable Action Meeting</p> <p>5.The ESG implementation status was reported to the board of directors on April 14, 2023, and the board had no objections to the implementation status.</p>	None
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		The company conducts risk assessments on significant issues related to corporate social responsibility in accordance with the principle of materiality, and establishes corresponding risk management policies or strategies based on the assessed risks. Please refer to Note 3 for details	None
3.Environmental issues (1)Does the company establish proper environmental management systems based on the characteristics of their industries?	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 obtained in 2010, ISO 45001:2018 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	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													
(2)Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		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, and ISO 14001:2015 environmental management system certification in 2015 (valid from 2015/12-2020/12). 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 2020/12-2023/12 in 2020. (2)1.The company obtained the AFNOR ISO 14001:2015 certification for environmental management system, which is valid from 2020-12-11 to 2023-12-10, with the subject of production of aluminum electrolytic capacitors and certificate number of 2020/89544.1. 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 Guangzhou branch, we have started to promote GHG greenhouse gas inventory, water usage, and total waste management, 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 management?	V		(4)The GHG emissions management: <table><tr><th>Year</th><th>1st category</th><th>2nd category(t CO2e)</th><th>Emission of one product(KG t Co2e /pcs)</th></tr><tr><td>2022</td><td>256.80</td><td>11,328.13</td><td>0.0148</td></tr><tr><td>2021</td><td>285.76</td><td>15,281.94</td><td>0.0156</td></tr></table> ●The Management policies and results: In order to continuously achieve the international requirements for reducing emissions, our company has established a greenhouse gas inventory and reduction management team to calculate greenhouse gas emissions data on a monthly basis, and set a yearly greenhouse gas reduction target of 1% as our company's carbon reduction goal. The unit emissions per	Year	1 st category	2 nd category(t CO2e)	Emission of one product(KG t Co2e /pcs)	2022	256.80	11,328.13	0.0148	2021	285.76	15,281.94	0.0156	None
Year	1 st category	2 nd category(t CO2e)	Emission of one product(KG t Co2e /pcs)													
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2021	285.76	15,281.94	0.0156													

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	Y es	N o	Abstract Explanation																												
			<p>production in 2022 were 0.0148kgCO2e/cm2, a decrease of 5.13% compared to 2021's 0.0156kg, mainly due to a decrease in production capacity, which also led to a decrease in carbon emissions. Our company's goal is to achieve a 1% reduction, which was achieved this year, and we have set the same 1% reduction target for 2023. The main reduction and emission reduction measures include converting the air compressor from fixed frequency to variable frequency, waste heat recovery from the air compressor, saving diesel consumption, and strengthening energy-saving and carbon reduction performance in the production process. The Company also cooperating with the local government to set up solar panels and use green energy.</p> <p>●Our Guangzhou’s plant has completed ISO14064-1 Category 1 and 2 inventories in both 2022 and 2021.</p> <p>Water Management policies:</p> <table><tr><th>Year</th><th>Total water consumption M3</th><th>Water Recovery Process</th><th>Water consumption unit M3/PCS</th></tr><tr><td>2022</td><td>50,446</td><td>10,465</td><td>0.06427</td></tr><tr><td>2021</td><td>66,134</td><td>10,816</td><td>0.06430</td></tr></table> <p>●The Management policies and results: The overall water consumption intensity during the process was low, however, we continues to ameliorate through technologies, trying to increase the water recovery % during the process. In Year 2021, The % of water recovered in the process was 41.79%, the total water recovery was 20,745%. In Year 2022, the results was way better than in Year 2021. The major reasons was to improve the quality of water used by using purified water, and to save the amount of purified water used.</p> <p>Waste Management:</p> <table><tr><th>Year</th><th>Hazardous waste t</th><th>Non-hazardous waste t</th><th>Total waste</th><th>Product output per unit</th></tr><tr><td>2022</td><td>63.153</td><td>437.438</td><td>500.591</td><td>0.000637</td></tr><tr><td>2021</td><td>78.039</td><td>576.749</td><td>654.788</td><td>0.000637</td></tr></table> <p>●The Management policies and results: In 2022, the amount of wastewater treated was 6,552 tons, which generated 9.762 tons of waste sludge, resulting in a waste generation rate of 0.15%. In 2021, the amount of wastewater treated was 9,838 tons, which generated 18.931 tons of waste sludge, resulting in a waste generation rate of 0.19%. Therefore, the waste treatment ratio of wastewater after treatment decreased by 0.04%. The original target was to reduce the waste treatment ratio of wastewater after treatment by 0.02% in 2022. The company has implemented waste management measures such as garbage sorting, paper box recycling, and old pallet recycling in the production process to achieve</p>	Year	Total water consumption M3	Water Recovery Process	Water consumption unit M3/PCS	2022	50,446	10,465	0.06427	2021	66,134	10,816	0.06430	Year	Hazardous waste t	Non-hazardous waste t	Total waste	Product output per unit	2022	63.153	437.438	500.591	0.000637	2021	78.039	576.749	654.788	0.000637	
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	Y es	N o	Abstract Explanation	
			<p>waste reduction goals.</p> <p>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.</p>	
<p>4.Social Issues</p> <p>(1)Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	V		<p>(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.</p> <p>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 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>	None
<p>(2)Does the company have reasonable employee benefit measures (including</p>	V		<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</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	
salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?			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.	
(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		(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. 2.The company has obtained ISO 45001:2022/1/2-2025/1/27 occupational health and safety management system certification, covering the Thailand plant and Guangzhou plant 3.There were no work-related accidents at CHISHAN Corporate in 2022.	None
(4)Does the company provide its employees with career development and training sessions?	V		(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.	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		(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	None
(6)Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection,	V		(6)The company has established a supplier management policy that requires all suppliers to comply with RBA Code of Conduct in issues related to environmental protection, occupational safety and health, and labor rights. In addition, they must pass the ISO-9001 quality management system certification and have no record of violating integrity principles.	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	
occupational health and safety, or labor and human rights? If so, describe the results.			<p>Implementation: According to the company's supplier management procedure, the following steps are taken:</p> <p>Supplier self-assessment: Suppliers must use the standardized risk assessment template (SAQ) designed by RBA (in accordance with the content of the company's supplier management policy) to assess the highest human rights, occupational health and safety, environmental protection, risk management, quality, and conflict mineral control management in their business each year.</p> <p>Supplier audit: The company conducts on-site visits to major suppliers based on the SAQ completed by the supplier. The SQM department and related units complete and submit the "Supplier Audit Report."</p> <p>Supplier guidance and re-education: If there are deficiencies identified through the assessment, and the supplier can improve, the supplier is given guidance and re-education. After a period, the purchasing unit applies for a re-evaluation. If the supplier meets the requirements, and the evaluation is approved by the general manager, the supplier is considered a qualified supplier of the company.</p> <p>Continuous evaluation: For suppliers currently conducting transactions, if they fail the supplier audit and fail to pass the re-evaluation after guidance and re-education, the company will terminate their supplier qualification.</p> <p>Handling of contract violations: The company and its contractors have established contractual requirements for compliance with international environmental regulations, such as compliance with the EU RoHS regulations. If a supplier violates the contract, the company will automatically terminate the contract and request legal compensation from the supplier.</p> <p>Integrity principle: Prior to transactions with suppliers and subcontractors, the company requires the signing of a clean contract clause to explicitly state integrity management behavior in the contract. If there is any dishonest behavior, the contract may be terminated or rescinded, and the contract also specifies penalties for breach of contract. Any breaches of the contract shall be handled in accordance with the law.</p> <p>Whistleblowing: If internal personnel observe any illegal or unethical behavior by a supplier, the company has a whistleblower mailbox for reporting purposes.</p>	
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 from a third party verification unit?	V		According to the regulations, the company doesn't have to provide a sustainability report	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	
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: 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.			
7.Other useful information for explaining the status of corporate social responsibility practices: 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). 2.CHINSHAN Electronics adheres to environmental policies that promote innovation, involving all employees, and prevent pollution in compliance with relevant laws and regulations. 3.CHINSHAN Electronics joining the Conflict-Free Sourcing Initiative: 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: 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 2>Thoroughly implement energy-saving, resource-saving, and recycling measures to reduce resource waste. 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. 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. 5>Prioritize industrial safety and employee health over profits, and make safety and health the foundation of all activities. 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. 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. 4.Description of Green Engineering 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. 1>RADIAL LEAD TYPE & SNAP-IN TYPE 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. 2>SPECIAL TYPE 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.			

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>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>October 22, 2022 【Inspect and learn in TzuChi San Chong Recycling Education Station】</p> <p><2>September 17, 2022 【CHINSHAN Company beach cleanup activity】</p> <p>2>Social Care:</p> <p><1>September 2, 2022 [Mid-Autumn Festival Care to the solitary elderly]- Visited and presented gift boxes and materials to 13 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>2.1>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>Sponsor the Purple Lotus Charitable Foundation "Thousand-People Walking with Children" fundraising event for the construction of a child-care home, with 500 bottles of mineral water</p> <p><3>Contribute to the 1919 Food Bank, which can support five families for one month with the necessary daily necessities.</p> <p><4>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>3>Labor Relations:</p> <p><1>October 11, 2022 [2022 Day 6888 Walking Event].</p> <p><2>December 17, 2022 [Jingmei Xianjiyan Trail Climbing Fun].</p> <p>4>Employees Educations:</p> <p><1>November 25, 2022 【2022 Happiness Seminar: Eat Well, Stay Healthy】 Nutrition Seminar.</p> <p>5>Employees welfare:</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><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>Directors and supervisors' liability insurance is covered by the company.</p> <p><5>Employees' group insurance and overseas travel safety insurance are covered by the company</p> <p><6>An allowance is provided to employees for travel and departmental gatherings.</p> <p><7>Regularly provides Tea time snacks to employees.</p> <p>7.Over the years, our company has received the following environmental certifications:</p> <p>1>ISO 14001:2015 Environmental Management System Certification from December 2020 to December 2023.</p> <p>2>ISO/ 9001:2015 New Version Quality Management System Certification from December 2020 to December 2023.</p> <p>3>ISO 45001 Occupational Health and Safety Management System Certification from January 2, 2022 to January 27, 2025.</p>			

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:

Significant Issues	Risk Evaluation Item	Risk Management Policy or Strategy
Social	Occupational Safety	<p>1. In 2010, the Company obtained the OHSAS 18001 certification for Occupational Health and Safety Management System. Through the "Group Safety and Health Partner Regional Joint Defense" system, related enterprises supervise and exchange experiences with each other to further implement occupational safety and health management system.</p> <p>2. We also hold regular fire/flood protection exercise and first aid training classes for our employees in order to boost our disaster response and relief skills. A total of 60 people and 60 hours were trained.</p> <p>3. Conduct employees regular health checkups and hygiene and safety lectures to provide adequate protection.</p>
	Product Safety	<p>All products produced by the Company are environmentally friendly products that comply with the EU's hazardous substance restriction directive. The Company first complies with the EU RoHS regulations and implements environmental policies effective from July 2006. It guarantees that the metals contained in the products sold to customers comply with the conflict-free regulations and do not contain any hazardous substances. Through strict quality system management, stable product quality is provided to customers, and environmental and occupational health and safety commitments agreed with customers/stakeholders are complied with (such as SONY SS-00259 prohibited substances).</p>
Corporate Governance Social	Socioeconomic and legal compliance	Economic and Legal Compliance By establishing governance organizations and implementing internal control mechanisms, the Company ensures that all personnel and operations comply with relevant laws and regulations.

(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.	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)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.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	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	
(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		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. (2)To promote and maintain a culture of integrity in our operations, our company's management department (under the Board of Directors) is responsible for developing and promoting our integrity policies, as well as monitoring and enforcing compliance with them. Regular reports are submitted to the Board of Directors.	None
(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. 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.	None
(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		(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) On November 9th, 2022, our company held training sessions (including courses on integrity policies, consequences of breaching integrity, and related topics) for 33 individuals, totaling 33 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	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	
(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		announced on the company's internal website and promoted during new employee training. (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 Harassment Prevention Act. During the investigation period, the company strictly observes relevant confidentiality and protection mechanisms.	None
(3)Does the company provide proper whistleblower protection?	V		(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.	None
4.Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		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.	None
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: 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,				

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	
and requires suppliers and subcontractors to sign anti-corruption clauses before transactions. Therefore, the company's actual operations are consistent with the established criteria.				
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>(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 November 9, 2022) to prevent improper disclosure of information and ensure the accuracy and integrity of the company's public disclosures.</p> <p>(3) On November 9th, 2022, 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 November 9th, 2022, a one-hour training session on "Prevention of Insider Trading Education" was conducted for current directors (including independent directors), managers, and employees, with 30 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.

(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 14th, 2023

Regarding the internal control system of the company for the Year 2022, 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 14, 2023. 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 2022

Major Evaluation Item	Implementation Status
1. Approval of the 2021 annual business report and financial statements.	The financial statements of our company for the year 2021 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 2021.	The resolution of the Year 2021 Annual Shareholders' Meeting to distribute a cash dividend of New Taiwan Dollars 129,462,549 has been executed.
3. Approval of privately placed common shares	The case has already been approved by the shareholders' meeting. However, considering that the deadline for processing is approaching and no suitable subscribers have been identified at present, the board of directors on April 18, 2023 decided not to continue the aforementioned private placement within the remaining period and has arranged to report it at Year 2023 shareholders' meeting.
4. Approval of the amendment of "Asset Acquisition or Disposal Procedure"	The resolution was passed and completed in accordance with the resolution of the shareholders' meeting.
5. Approval of the amendment of the "Articles of Incorporation" has been passed.	The resolution was passed and completed in accordance with the resolution of the shareholders' meeting.
6. Approval of the amendment to the "Rules of Procedure for Shareholders' Meetings"	The resolution was passed and completed in accordance with the resolution of the shareholders' meeting.

B. Important resolutions from Board of Director

Conference	Date	Important resolution
Board of Director	26.01.2022	<ol style="list-style-type: none"> Bonus payment plan for directors who are also managers and employees in the year 2021. Rent adjustment plan for the renewal of the lease of the operating headquarters of the Gold Peak Technology Group Limited Plan to apply for a new comprehensive credit line of NT\$200 million to the First Commercial Bank. Plan to apply for a renewal of a short-term credit line of NT\$100 million and an increase of NT\$100 million loan to the Yuanta Commercial Bank, totaling NT\$200 million. Plan to apply for a renewal of a short-term credit line of NT\$100 million to the Far Eastern International Bank. Plan to apply for a renewal of the first short-term loan and import/export credit line of NT\$400 million, and a new second medium-to-long-term loan of NT\$400 million to the Bank SinoPac. The total credit line for both the first and second plans is NT\$400 million.
Board of Director	17.03.2022	<ol style="list-style-type: none"> Internal control system effectiveness assessment and internal control system statement for the Year 2021. Company operational plan for the Year 2022. Independent evaluation, appointment, and remuneration payment of the signing certified public accountant. Business report and financial statement for the Year 2021. Amendment of the "Asset Acquisition or Disposal Processing Procedure". Amendment of the "Articles of Incorporation". Amendment of the "Corporate Social Responsibility Practice Guidelines". Plan to apply for an endorsement guarantee of CNY 37.5 million to GUANGZHOU KINGTACHI ELECTRONIC CO., LTD. on behalf of the company. Matters related to shareholders' proposals to be addressed in Annual shareholder meeting Year 2022 Matters related to the 2022 annual shareholder meeting. Plan to apply for a short-term export loan financing of NT\$300 million from the Export-Import Bank of the R.O.C. Plan to apply for a renewal of the comprehensive credit line of NT\$200 million and a short-term financial transaction limit of NT\$10 million for hedging to the KGI Bank. Plan to apply for a renewal of the total credit line of NT\$100 million from the Chang Hwa Commercial Bank (including a short-term loan limit of NT\$100 million and a foreign currency loan limit of USD 2.5 million, with a total limit not exceeding NT\$100 million).
Board of Director	25.04.2022	<ol style="list-style-type: none"> Distribution of Employee and Director Compensation for the Year 2021 Distribution of Individual Director's Compensation for the Year 2021 Payment for Transportation and Miscellaneous Expenses for the Year 2021 Profit Distribution Plan for the Year 2021

Conference	Date	Important resolution
		5. Cash Dividend Distribution Plan for the Year 2021 6. Termination of Private Placement of Common Shares Approved by the 2021 Shareholders' Meeting 7. Private Placement of Common Shares 8. Amendment to Certain Articles of the Rules of Shareholders' Meetings 9. Addition of Items for the 2022 Shareholders' Meeting Agenda 10. Proposed Guarantee Endorsement for GUANGZHOU KINGTACHI ELECTRONIC CO., LTD in the Amount of CNY 50 million (Renewable upon Expiration) 11. Application for Credit Line of NTD 80 million from International Bills Finance Corporation
Board of Director	12.05.2022	1. The company plans to apply for a renewal of the comprehensive credit limit of NTD 200 million from E.SUN Commercial Bank 2. The company plans to apply for a renewal of the short-term and medium-term comprehensive credit limit of NTD 210 million and NTD 210 million respectively from Taipei Fubon Commercial Bank (Ltd.), with a total not exceeding NTD 210 million. 3. The company plans to apply for a renewal of the credit limit of NTD 100 million from Mega Bills Commercial Bank Co., Ltd.
Board of Director	09.08.2022	1. Amendment to the "Manager's Salary and Compensation Payment Regulations" case 2. Appointment of R&D Manager case 3. Planned application to Mega Bills Commercial Bank for a short-term comprehensive credit line of NTD 15 million 4. Planned application to Bangkok Bank for the renewal of a credit line of USD 4.55 million 5. Planned application to Hua Nan Commercial Bank for the renewal of a comprehensive credit line of NTD 300 million with an additional NTD 100 million, totaling NTD 400 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 Jih Sun International Commercial Bank for the renewal of a short-term credit line of NTD 230 million 8. Planned application to DAH CHUNG BILLS FINANCE CORP. for a credit line of NTD 8 million 9. Planned application to Ta Ching Bills Finance Corporation for a credit line of NTD 5 million
Board of Director	06.10.2022	1. Proposal to revoke the indirect investment in GUANGZHOU KINGTACHI ELECTRONIC CO., LTD. through third-party investments in the amount of USD 30 million. 2. Proposal to transfer investments from CHINSAN (CAYMAN) ENTERPRISE CO., LTD. to Spotlight Int'l Co., Ltd., and then to gradually invest in GUANGZHOU KINGTACHI ELECTRONIC CO., LTD. in the amount of USD 10 million. 3. Proposal to apply for a credit line of NTD 15 million for mid-term loans for corporate working capital from Entie Commercial Bank Ltd. (new case). 4. Proposal to apply for a short-term comprehensive credit line of NTD 100 million from Taiwan Shin Kong Commercial Bank Ltd. (new case).
Board of Director	09.11.2022	1. Audit plan for the year 2023 2. Amendment to the "Procedures for Preventing Insider Trading and Handling of Material Non-public Information" 3. Amendment to the "Code of Ethics for Business Operations" 4. Amendment to the "Practical Guidelines for Corporate Governance"
Board of Director	09.01.2023	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	14.03.2023	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.

Conference	Date	Important resolution
		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	18.04.2023	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. 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.

(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

April 02, 2023

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
R&D Deputy General Manager	Song Tian Qing	16.11.2015	09.08.2022	Job reassignment

Note: company-related personnel refers to the chairman, general manager, accounting manager, finance manager, internal audit manager, R&D manager, etc.

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	01/01/2022~31/12/2022	2,800	124	2,924	N/A
	JUAN LU, SHAO WEI	01/01/2022~31/12/2022				

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	124	2,924
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: None in past 2 years.

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	2022		As of April 2, 2023	
		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	HONG LIN INVESTMENT CO., LTD	0	0	0	0
	Representative: Chang, Hung-Hao	0	0	0	0
Director and General Manager	Chiang, Ching-Shin	0	0	0	0
Director	Chang, Tien-Chen	0	0	0	0
Director	Chen, Shih-Yang	0	0	0	0
Director	Huang, Yu-San	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
Deputy General Manager	Song, Tien-Ching (Dismissal Date: August 9, 2022)	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 (Accession Date: October 26, 2020)	0	6,000,000	0	0
Other	Hsu Wan Shin (Accession Date: August 9, 2022)	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

April 2, 2023

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	8,481,767	6.55%	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%	459,477	0.35%	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
	1,200,257	0.93%	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
	1,250,267	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	3,127,069	2.42%	0	0	0	0	None	None	None
	1,200,257	0.93%	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	2,617,127	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
	2,617,127	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%
ELITE (BVI) ENTERPRISE CO., LTD.	0	0.00%	50,000	100.00%	50,000	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%	2,000,000	100.00%	2,000,000	100.00%
WEALTHY SUCCESS ENTERPRISE LIMITED	0	0.00%	10,000	100.00%	10,000	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.	5,058,519	12.91%	0	0.00%	5,058,519	12.91%

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					Remarks
	Issued Shares			Un-issued Shares	Total Shares	
	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

April 2, 2023

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	174	35	22,343	22,554
Shareholding (shares)	21	100	73,057,895	6,006,433	50,398,100	129,462,549
Percentage	0.00%	0.00%	56.43%	4.64%	38.93%	100.00%

(3) Shareholding Distribution Status

April 2, 2023 Unit: person; shares

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	Shareholding %
1~999	15,204	718,678	0.56%
1,000 ~5,000	5,759	10,275,755	7.94%
5,001 ~10,000	819	5,298,342	4.09%
10,001 ~15,000	343	3,904,242	3.02%
15,001 ~20,000	93	1,600,492	1.24%
20,001 ~30,000	130	2,997,656	2.32%
30,001 ~40,000	43	1,466,032	1.13%
40,001 ~50,000	41	1,818,707	1.41%
50,001 ~100,000	52	3,474,535	2.68%
100,001 ~200,000	21	2,727,429	2.11%
200,001 ~400,000	14	4,301,706	3.32%
400,001 ~600,000	8	3,884,471	3.00%
600,001 ~800,000	2	1,407,901	1.08%
800,001 ~1,000,000	2	1,905,017	1.47%
1,000,001 or over	23	83,681,586	64.63%
Total	22,554	129,462,549	100.00%

(4) List of Major Shareholders

April 2, 2023 Unit: Shares

Shareholder's Name	Shareholding Shares	%
Kaimei Electronics CORP Co., Ltd	23,548,546	18.19%
Han Lin Investment Co., Ltd Representative: Chiang, Huang Bai Lien	8,481,767	6.55%
Hong Pu Investment Co., Ltd	7,428,154	5.74%
Feng Xi Investment Co., Ltd	4,853,485	3.75%
China World Bank Trustees Phillip Securities (Hong Kong) Co., Ltd. investment account	3,883,114	3.00%

Shareholding Shareholder's Name	Shares	%
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	3,127,069	2.42%
Chiang, Ching-Ying	2,621,127	2.03%
Fu An Investment Co., Ltd	2,286,481	1.77%

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

Item		Year	2021	2022	As of April 28, 2023
Market Price per Share (Note 1)	Highest Market Price		63.00	47.80	38.5
	Lowest Market Price		38.40	32.75	34.25
	Average Market Price		51.07	38.87	36.36
Net Worth per Share (Note 2)	Before Distribution		28.39	30.74	Not Applicable
	After Distribution		27.39	29.24	
Earnings per Share	Weighted Average Shares(thousands shares)		129,463	129,463	
	Diluted Earnings Per Share (Note 3)		1.24	0.81	
Dividends per Share	Cash Dividends		1.0	1.5	
	Stock Dividends	Dividends from Retained Earnings	0	0	
		Dividends from Capital Surplus	0.3	0	
	Accumulated Undistributed Dividends (Note 4)		0	0	
Return on Investment	Price/ Earnings Ratio (Note 5)		41.19	47.99	
	Price/ Dividend Ratio (Note 6)		51.07	25.91	
	Cash Dividend Yield Rate(Note 7)		1.96	3.86	

* 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 2022 profits was passed at the meeting of the Board of Directors at April 18, 2023. The proposal for a cash dividend of NT\$ 103,570,039 (NT\$0.8 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 18, 2023, 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.
- 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 actual distribution of employee cash and director/supervisor remuneration for our company was NT\$2,848,900 and NT\$2,848,899, respectively, which was consistent with the recognized amount of employee, director, and supervisor remuneration.

(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

Corporate bond type		5th Unsecured Convertible Corporate Bond		
Item	Year	2021	2022	As of April 28, 2023
Market price of the convertible bond	Highest	109.45	103.8	99.95
	Lowest	96.50	95.00	99.10
	Average	103.94	99.09	99.80
Convertible Price		67.7	62.2	62.2
Issue date and conversion price at issuance		July 10, 2018 NT\$75.00/share		
Conversion methods		Issuing of new stocks		

Note: The company's 5th unsecured convertible corporate bonds in domestic market have started trading on July 10, 2018.

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.

(1) Details on the Plan: Up until the end of the previous quarter prior to the printing of the annual report, for any issuance or private placement of securities that has not been completed or that has been completed within the past three years but has not yet demonstrated its effectiveness, the company shall provide a detailed description of the plan content for such issuance or private placement, including any changes made to the plan, the sources and uses of funds, the reasons for the changes, the pre-and post-change benefits, and the date on which the changes to the plan were submitted to the shareholders' meeting. The company should also disclose the date on which this information was reported on the designated information reporting website of the competent authority.

A. fifth times of unsecured corporate bonds

In 2018, the company issued unsecured convertible bonds for the fourth time, and the funds were used to repay bank loans. The repayment was completed in the third quarter of 2018.

(2) Execution Status: As of the end of the quarter prior to the printing of the annual report, the execution status of each of the aforementioned plans is as follows:

A. fifth times of unsecured corporate bonds

The company's bond issuance plan, which was filed with the financial supervisory commission and became effective on May 28, 2018 with No. Financial-Supervisory-Securities-Auditing-10703164691 was fully subscribed on July 6, 2018 and all transactions were completed by the end of the third quarter of 2018.

Unit: NT\$ thousands

Projects Plan	Execution Status		By the 3 rd quarter of 2018	Reasons for being ahead or behind schedule.
Repaying bank loans	Fund Disturbed	Scheduled	703,500	Completed according to the plan
		Actual	703,500	
	Execution Progress	Scheduled(%)	100	
		Actual(%)	100	

Items	2017	March 31, 2018 (Before fundraising)	September 30, 2018
Current Ratio(%)	49.62	48.03	50.23
Quick Ratio(%)	54.56	55.45	56.57
Debt Ratio(%)	49.60	49.38	47.54
Sales Revenue(NT\$ thousands)	2,089,202	497,618	1,807,899
Earning per shares (NT\$)	4.10	0.82	1.18

Note: The information above is based on the financial data of the parent company.

The convertible corporate bonds issued this time were used to repay bank loans in order to improve debt repayment ability and competitiveness with peers. The repayment of bank loans was completed in the third quarter of 2018. Based on the interest rate of the original loan, the company is expected to save about NTD 10,675 thousand in interest expenses annually.

After using the funds raised to repay bank loans, our company has reduced its financial burden. Furthermore, in the future, when our operating performance improves, the long-term capital outlay will help enhance the company's long-term development and its overall competitiveness. Therefore, a fundraising plan is necessary.

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	2022	
	Total Sales in Year 2022	(%) of Total Sales
Electrolytic liquid capacitor	2,850,870	76%
Electrolytic solid capacitor	878,490	24%
Total	3,729,360	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
- b. Development of long-life liquid capacitors with a maximum temperature of 105°C and voltage of 550V.
- 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.
- d. Development of miniaturized solid DIP capacitors with a voltage range of 50-63V
- e. Development of solid and solid-liquid capacitors that meet the specifications for automotive applications.

(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.

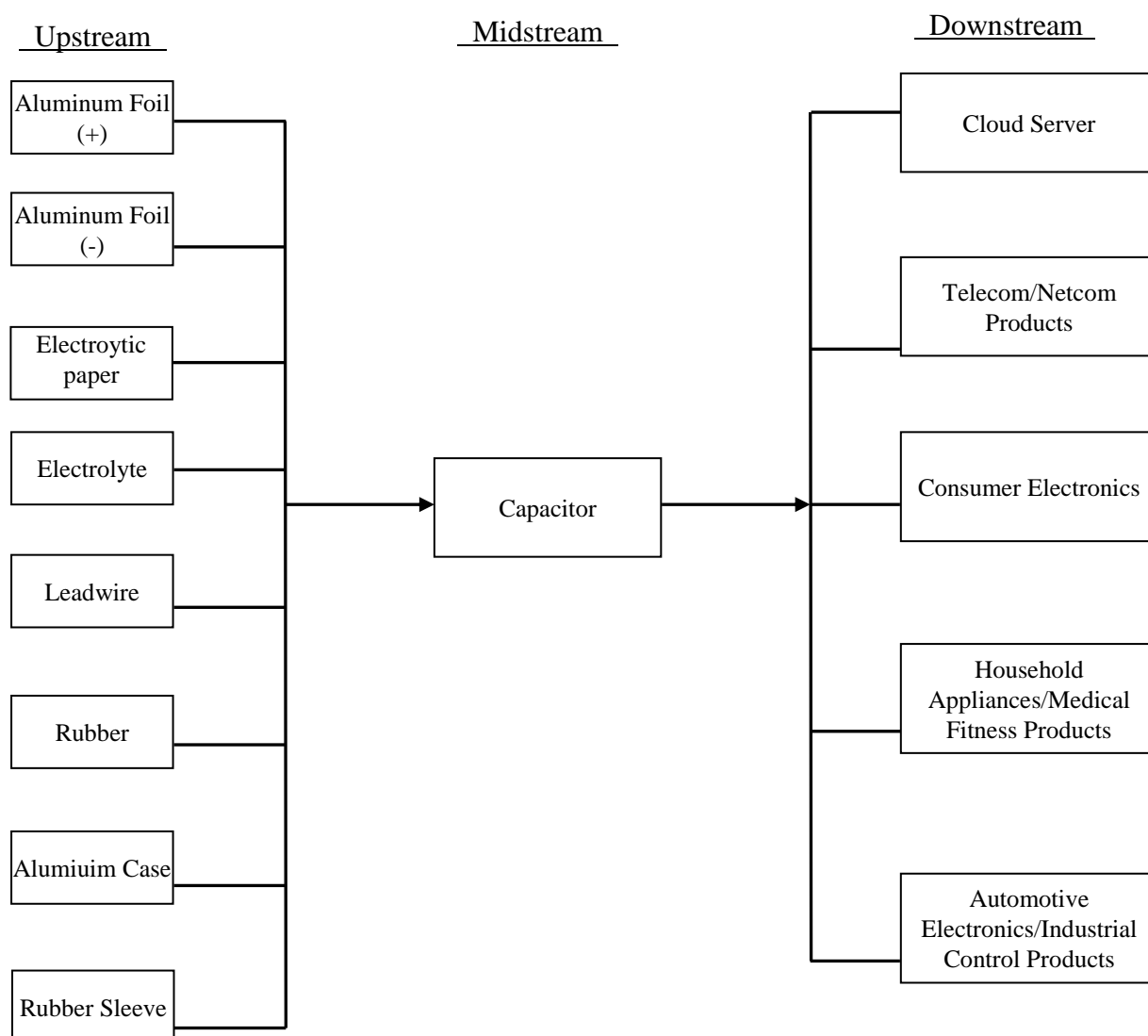
The solid-liquid hybrid capacitor is an improvement over solid-state capacitor technology, so most of its performance is actually biased towards solid-state capacitors. However, due to the introduction of electrolyte, it is naturally different from solid-state capacitors.

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 for 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	2020	2021	2022
R&D expenses	59,737	80,960	77,974
Net operating income	3,746,016	4,300,713	3,729,360
% of Revenue	1.59%	1.88%	2.09%

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.
	Development of solid-liquid V-CHIP aluminum electrolytic capacitors.	For automotive applications.

(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	2021		2022	
	Amount	%	Amount	%
Domestic(Taiwan)	87,037	2.02	71,774	1.92
Asia	3,748,377	87.16	3,238,282	86.84
Europe	137,606	3.20	144,430	3.87
America	37,881	0.88	67,847	1.82
Middle East and Near East	289,812	6.74	207,027	5.55
Total	4,300,713	100.00	3,729,360	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

Looking ahead to Year 2023, as the COVID-19 pandemic gradually subsides to influenza-like levels and countries start to lift restrictions, people will return to normal activities. Although inflation remains a concern, the end of interest rate hikes is in sight, suggesting an upward turn in the economy in the near future. While the overall passive component industry continues to face inventory clearance challenges, the worst of the inventory adjustment period has passed, and market conditions are expected to improve in the second half of the year. Therefore, there is a chance that revenue for the upcoming year will be on par with that of 2022.

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.

Strategies:

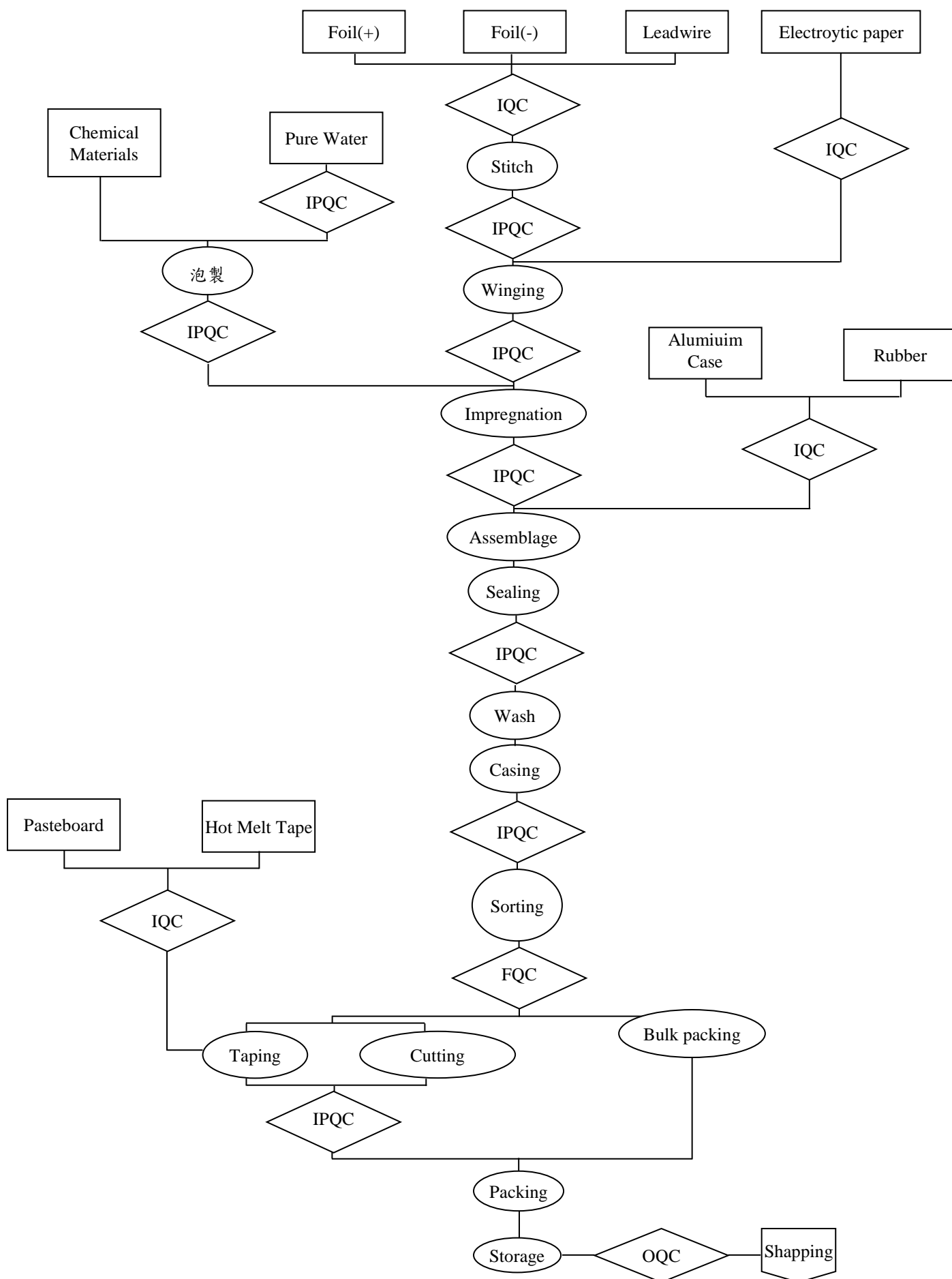
- (i) Directly invest in an aluminum foil factory to obtain a stable source of supply and a reasonable purchase price.
- (ii) Form strategic alliances with aluminum foil factories to strengthen technical exchanges with upstream raw material producers. Actively develop high-quality materials, improve 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	2021				2022			
	Company Name	Amount	Sales (%)	Relation with Clients	Company Name	Amount	Sales (%)	Relation with Clients
1	Liteon	712,854	16.58	N/A	Liteon	638,344	17.12	N/A
2	Chicony	559,968	13.02	N/A	Chicony	479,590	12.86	N/A
	Others	3,027,891	70.42	N/A	Others	2,611,426	70.02	N/A
	Net Revenue	4,300,713	100.00		Net Revenue	3,729,360	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. In 2021, due to the recovery of the economy, revenue grew by 14.81%. However, starting from the second quarter of 2022, the economy began to reverse and revenue declined by 13.29% for the whole year. 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 2021 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	2021				2022			
	Company Name	Amount	Purchase(%)	Relation with Issuer	Company Name	Amount	Purchase(%)	Relation with Issuer
1	Xinjiang Joinworld	458,569	15.43	None	Xinjiang Joinworld	506,560	25.63	None
2	Hilevel Tech	304,957	10.26	None	Hilevel Tech	306,469	15.51	None
3	Maxcomm	253,933	8.55	None	Maxcomm	72,729	3.68	None
	Others	1,953,981	65.76	None	Others	1,090,336	55.18	None
	Net Purchase	2,971,440	100.00		Net Purchase	1,976,094	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 2021-2022 remain the same, but the amount of purchases from Xinjiang Zhonghe has increased while purchases from Zhongjin have decreased. This is mainly due to the decrease in aluminum foil prices in 2022. Zhongjin is an aluminum foil factory invested in by our company. When prices fall, our company will purchase less from it, and when prices rise, we will purchase more. Zhongjin is a strategic company for our company to obtain a stable supply and control prices. When prices rise, Zhongjin can help to control the price increase. When prices fall, our company will focus on price-oriented purchases, and Zhongjin will sell to other companies with better profits. 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	2021			2022		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Capacitors		2,150,000	1,731,443	1,466,924	2,150,000	984,948	1,120,262
Total		2,150,000	1,731,443	1,466,924	2,150,000	984,948	1,120,262

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	2021				2022			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Capacitors		27,472	87,037	1,891,952	4,213,676	19,928	71,774	941,337	3,657,586
Total		27,472	87,037	1,891,952	4,213,676	19,928	71,774	941,337	3,657,586

3. Human Resources:

March 31, 2023

Year		2021	2022	As of March 31
Number of Employees	Direct	1,144	731	892
	Indirect	510	399	403
	Management	199	209	204
	R&D	73	64	74
	Practioners Employees	32	33	35
	Total	1,958	1,436	1,566
Average Age		30.14	35.31	34.95
Average Years of Service		4.34	6.42	5.86
Education ratio	Ph.D.	1	1	1
	Masters	23	24	23
	Bachelor's Degree	471	360	396
	Senior High School	754	590	519
	Below Senior High School	709	461	669

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 2022, 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	371	1,638	341,257
Internal Training	15,093	32,018	0
Total	15,464	33,656	341,257

- 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

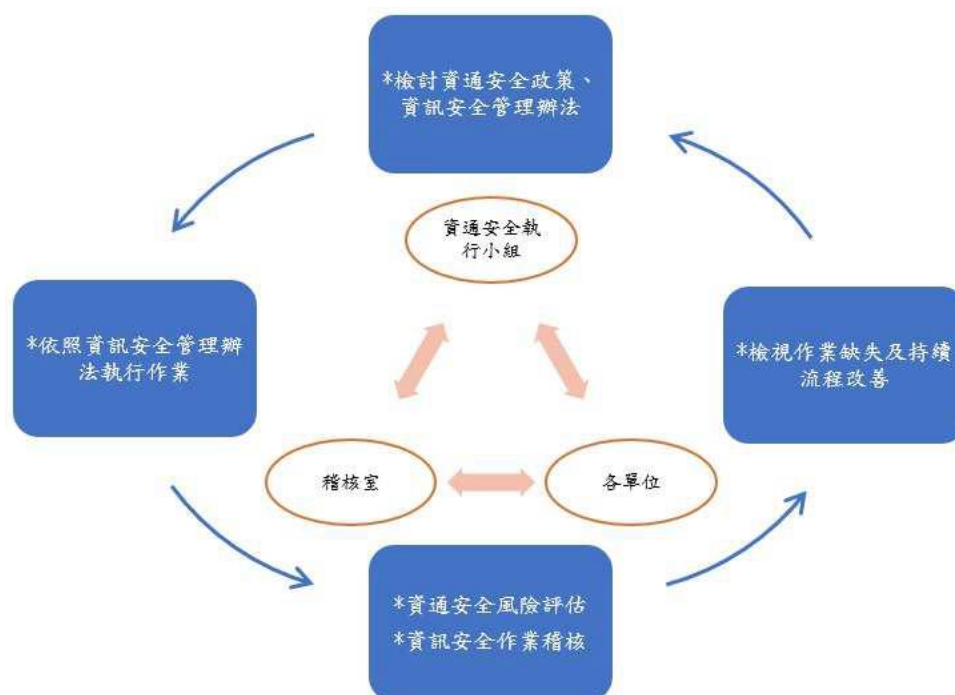
All employees should implement ISMS to ensure the confidentiality, integrity, and availability of business data, and prevent the risk of leakage, destruction, or loss due to external threats or improper internal management. Choose appropriate protection measures to continuously monitor, review, and audit 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	2022/12-2024/12	Mid-long term Working Capital	According to the acceptance in the contracts
Mid-long term debt payable	Hua Nan Bank	2022/09-2024/09	Mid-long term Working Capital	According to the acceptance in the contracts
Mid-long term debt payable	Fubon Bank	2022/06-2024/04	Mid-long term Working Capital	According to the acceptance in the contracts
Mid-long term debt payable	Entie Bank	2022/09-2024/09	Mid-long term Working Capital	According to the acceptance in the contracts
Mid-long term debt payable	KGI Bank	2023/01-2025/01	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)				
			2018	2019	2020	2021	2022
Current Assets			4,477,455	4,378,758	4,534,207	4,747,317	4,728,233
Property, Plant and Equipment			1,704,657	1,685,922	1,662,940	1,700,823	1,901,141
Intangible Assets			0	0	0	0	0
Other Assets			1,441,131	1,561,172	1,353,943	1,520,247	1,497,908
Total Assets			7,623,243	7,625,852	7,551,090	7,968,387	8,127,282
Current Liabilities	Before Distribution		2,594,787	2,444,137	2,503,796	2,230,382	2,574,643
	After distribution		2,838,849	2,444,137	2,591,780	2,359,844	2,678,213 (Note 2)
Non-current liabilities			696,203	1,225,850	1,214,828	2,000,957	1,506,298
Total liabilities	Before distribution		3,290,990	3,669,987	3,718,624	4,231,339	4,080,941
	After distribution		3,535,052	3,669,987	3,806,608	4,360,801	4,184,511 (Note 2)
Equity attributable to shareholders of the parent			4,275,128	3,896,505	3,773,083	3,675,217	3,979,725
Capital stock			1,220,309	1,220,309	1,256,918	1,294,625	1,294,625
Capital Surplus			1,506,260	1,485,097	1,459,178	1,412,607	1,412,631
Retained Earnings	Before distribution		1,798,780	1,534,295	1,520,145	1,588,842	1,566,830
	After distribution		1,554,718	1,534,295	1,432,161	1,459,380	1,463,260 (Note 2)
Other equity interest			(250,221)	(343,196)	(463,158)	(620,857)	(294,361)
Treasury stock			0	0	0	0	0
Non-controlling interest			57,125	59,360	59,383	61,831	66,616
Total equity	Before distribution		4,332,253	3,955,865	3,832,466	3,737,048	4,046,341
	After distribution		4,088,191	3,955,865	3,744,482	3,607,586	3,852,147 (Note 2)

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

Note 2: The financial information as of April 18, 2023, has been reviewed by a certified public accountant.

B. Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating Revenue	3,750,112	3,727,911	3,746,016	4,300,713	3,729,360
Gross profit	739,384	510,801	596,063	687,981	665,767
P&L from operations	233,512	62,816	189,005	197,256	184,851
Non-operating income& expenses	(85,176)	(13,639)	(127,442)	13,437	(55,015)
Income before tax	148,336	49,177	61,563	210,693	129,836
Income from operations of continued segments Net income (Loss)	127,071	6,096	7,568	163,587	107,024
Loss of discontinued operations	0	0	0	0	0
Net income (Loss)	127,071	6,096	7,568	163,587	107,024
Other comprehensive income (Income after tax)	22,164	(100,544)	(124,947)	(167,845)	331,707
Total comprehensive income	149,235	(94,448)	(117,379)	(4,258)	438,731
Net income attributable to shareholders of the parent	119,849	3,632	10,717	161,131	104,614
Net income attributable to non-controlling interest	7,222	2,464	(3,149)	2,456	2,410
Comprehensive income attributable to Shareholders of the parent	144,642	(97,100)	(112,238)	(1,018)	433,946
Comprehensive income attributable to non-controlling interest	4,593	2,652	(5,141)	(3,240)	4,785
Earnings per share	1.02	0.03	0.09	1.24	0.81

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

Year		Financial Summary for The Last Five Years (Note 1)				
		2018	2019	2020	2021	2022
Item						
Current Assets		1,804,836	2,167,886	2,199,315	2,198,366	2,619,681
Property, Plant and Equipment		73,534	71,071	68,974	66,823	67,198
Intangible assets		0	0	0	0	0
Other assets		5,948,112	5,905,357	5,717,039	5,888,233	6,324,074
Total assets		7,826,482	8,144,314	7,985,328	8,153,422	9,010,953
Current Liabilities	Before distribution	2,881,488	3,055,170	3,038,676	2,509,152	3,610,918
	After distribution	3,125,550	3,055,170	3,126,660	2,638,614	3,714,488 (Note 2)
Non-current liabilities		669,866	1,192,639	1,173,569	1,969,053	1,420,310
Total liabilities	Before distribution	3,551,354	4,247,809	4,212,245	4,478,205	5,031,228
	After distribution	3,795,416	4,247,809	4,300,229	4,607,667	5,134,798 (Note 2)
Equity attributable to shareholders of the parent		4,275,128	3,896,505	3,773,083	3,675,217	3,979,725
Capital stock		1,220,309	1,220,309	1,256,918	1,294,625	1,294,625
Capital surplus		1,506,260	1,485,097	1,459,178	1,412,607	1,412,631
Retained Earnings	Before distribution	1,798,780	1,534,295	1,520,145	1,588,842	1,566,830
	After distribution	1,554,718	1,534,295	1,432,161	1,459,380	1,463,260 (Note 2)
Other equity interest		(250,221)	(343,196)	(463,158)	(620,857)	(294,361)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	4,275,128	3,896,505	3,773,083	3,675,217	3,979,725
	After distribution	4,031,066	3,896,505	3,685,099	3,545,755	3,785,531 (Note 2)

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

Note 2: The profit distribution plan for the Year 2022 has been approved by the board of directors on April 18, 2023.

D. Consolidated Condensed Statement of Income- Individual

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenue	2,435,838	2,593,668	2,488,874	3,014,599	2,750,870
Gross profit	329,259	132,066	156,616	252,868	123,880
Income from operations	204,960	38,783	64,544	142,411	9,344
Non-operating income and expenses	(52,567)	(28,570)	(45,795)	41,818	98,180
Income before tax	152,393	10,213	18,749	184,229	107,524
Income from operations of continued segments - after tax	119,849	3,632	10,717	161,131	104,614
Income from discontinued operations	0	0	0	0	0
Extraordinary gain or loss	119,849	3,632	10,717	161,131	104,614
Other comprehensive income (Income after tax)	24,793	(100,732)	(122,955)	(122,955)	329,332
Total comprehensive Income	144,642	(97,100)	(112,238)	(1,018)	433,946
Net income attributable to shareholders of the parent	119,849	3,632	10,717	161,131	104,614
Net income attributable to non-controlling interest	7,222	2,464	(3,149)	2,456	0
Comprehensive income attributable to Shareholders of the parent	144,642	(97,100)	(112,238)	(1,018)	433,946
Comprehensive income attributable to non-controlling interest	4,593	2,652	(5,141)	(3,240)	0
Earnings per share	1.02	0.03	0.08	1.24	0.81

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
2018	Lin Yu-Hsuan, Juan Lu Shao-Wei	Ever Fortune CPA	Unqualified 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

2. Financial Analysis for the Last 5 Years

(1) Consolidated Financial Analysis - Based on IFRS

Evaluation Item (Note 3)		Financial Information for the Most Recent 5 Years (Note 1)				
		2018	2019	2020	2021	2022
Financial Structure (%)	Debt to assets ratio	43.17	48.50	49.24	53.10	50.21
	Ratio of long-term capital to property, plant and equipment	294.98	307.35	303.52	337.37	292.07
Solvency (%)	Current ratio	172.56	179.15	181.09	212.85	183.65
	Quick ratio	123.80	124.21	133.29	147.62	137.95
	Times interest earned	745.14	259.23	287.79	791.20	423.69
Operating performance	Accounts receivable turnover (times)	2.46	2.50	2.37	2.63	2.50
	Average collection days	148.37	146.00	154	138.78	146.00
	Inventory turnover (times)	2.71	2.47	2.48	2.72	2.33
	Average payable turnover (times)	4.42	4.69	3.75	3.54	3.57
	Average inventory turnover (days)	134.68	147.77	147.17	134.19	156.65
	Property, plant and equipment turnover (times)	2.46	2.20	2.24	2.56	2.07
	Total asset turnover (times)	0.51	0.49	0.49	0.55	0.48
Profitability %	Return on total assets (%)	1.89	0.37	0.49	2.39	1.74
	Return on equity (%)	2.87	0.09	0.28	4.26	2.75
	Ratio to paid-in capital (%)	12.16	4.03	4.90	16.27	10.03
	Net profit margin (%)	3.20	0.10	0.29	3.74	2.87
	Earnings per share (NT\$)	1.02	0.03	0.09	1.24	0.81
Cash flow %	Cash flow ratio (%)	7.4	5.12	30.52	11.45	26.7
	Cash flow adequacy ratio (%)	41.2	38.59	66.34	56.49	80.50
	Cash reinvestment ratio (%)	(3.50)	(2.6)	16.89	3.35	8.11
Leverage %	Operating leverage	281.99	820.85	354.48	310.73	334.03
	Financial leverage	110.92	196.72	120.98	118.28	127.71

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. Interest coverage ratio (%): mainly due to the decrease in current income tax expense compared to the previous period.
2. Return on assets (ROA) (%): mainly due to the decrease in after-tax net profit compared to the previous period.
3. Return on equity (ROE) (%): mainly due to the decrease in after-tax net profit compared to the previous period.
4. Ratio of pre-tax income to paid-in capital (%): mainly due to the decrease in pre-tax net profit compared to the previous period.
5. Net profit margin (%): mainly due to the decrease in after-tax net profit compared to the previous period.
6. Earnings per share (EPS) (NTD): mainly due to the decrease in net profit attributable to owners of the parent company compared to the previous period.
7. Cash flow ratio (%): mainly due to the increase in net cash flow from operating activities compared to the previous period.
8. 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.
9. Cash reinvestment rate (%): mainly due to the increase in net cash flow from operating activities 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)				
		2018	2019	2020	2021	2022
Financial Structure (%)	Debt to assets ratio	45.38	52.16	52.75	54.92	55.82
	Ratio of long-term capital to property, plant and equipment	6724.77	7160.65	7171.76	8446.60	8036.01
Solvency (%)	Current ratio	62.64	70.96	72.38	87.61	72.55
	Quick ratio	53.94	62.78	63.62	75.76	66.14
	Times interest earned	782.89	259.23	161.92	600.57	372.02
Operating performance	Accounts receivable turnover (times)	2.91	4.10	2.54	2.75	2.54
	Average collection days	125.42	89.02	143.70	132.72	143.70
	Inventory turnover (times)	10.11	12.86	9.04	9.80	9.93
	Average payable turnover (times)	1.42	2.42	1.51	1.78	1.58
	Average inventory turnover (days)	36.10	28.38	40.38	37.24	36.75
	Property, plant and equipment turnover (times)	32.79	51.56	35.54	44.40	41.05
	Total asset turnover (times)	0.31	0.49	0.31	0.37	0.32
Profitability	Return on total assets (%)	1.75	0.37	0.43	2.28	1.57
	Return on equity (%)	2.91	0.09	0.28	4.33	2.73
	Ratio to paid-in capital (%)	12.49	4.03	1.49	14.23	8.31
	Net profit margin (%)	4.91	0.10	0.42	3.74	3.77
	Earnings per share (NT\$)	1.02	0.03	0.09	1.24	0.81
Cash flow	Cash flow ratio (%)	(24.80)	4.10	4.18	(6.95)	16.93
	Cash flow adequacy ratio (%)	5.13	38.59	14.37	(48.40)	11.11
	Cash reinvestment ratio (%)	(7.52)	(2.43)	18.73	(1.64)	9.36
Leverage	Operating leverage	131.98	221.13	172.51	137.28	793.71
	Financial leverage	112.22	350.72	188.38	124.55	(33.32)

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 decrease in income tax expenses in the current period compared to the previous period.
2. Return on assets (ROA) (%): Mainly due to the decrease in net profit after tax in the current period compared to the previous period.
3. Return on equity (ROE) (%): Mainly due to the decrease in net profit after tax in the current period compared to the previous period.
4. Pre-tax net profit to paid-in capital ratio (%): Mainly due to the decrease in pre-tax net profit in the current period compared to the previous period.
5. Earnings per share (EPS) (NTD): Mainly due to the decrease in net profit after tax in the current period compared to the previous period.
6. Cash flow ratio (%): Mainly due to the increase in net cash inflow from operating activities in the current period compared to the previous period.
7. 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.
8. Cash reinvestment ratio (%): Mainly due to the increase in net cash inflow from operating activities in the current period compared to the previous period.
9. Operating leverage (%): Mainly due to the decrease in operating profit in the current period compared to the previous period.
10. Financial leverage (%): Mainly due to the decrease in operating profit 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 90~91
- 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 page 92~154
- 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 155~218
- 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 2022 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 2022 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. 2023 Annual General Meeting of Shareholders

Convenor of the Audit Committee: TSAI, CHIH-WEI

March 30, 2023

Taiwan Chinsan Electronic Industrial Co., Ltd.

Audit Committee Audit Report

The board of directors has prepared the 2022 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. 2023 Annual General Meeting of Shareholders

Convenor of the Audit Committee: TSAI, CHIH-WEI

April 18, 2023

Taiwan Chinsan Electronic Industrial Co., Ltd.

REPRESENTATION LETTER FOR

Consolidated Financial Statements of its Associates

The entities that are required to be included in the consolidated financial statements of Taiwan Chinsan Electronic Industrial Co., Ltd. as of and for the year ended December 31, 2022, under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Associates, are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Taiwan Chinsan Electronic Industrial Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare and sincerely yours,

TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD.

By

CHIANG, SHIH-HSIN

Chairman

14th March, 2023



吳興聯合會計師事務所

EVER-FORTUNE CPAs & Co.

24158 新北市三重區 興德路 96 號 12 樓之 1

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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, 2022 and 2021, as well as the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows for the 2022 and 2021 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the 2022 and 2021 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 2022 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 2022 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, 2022 and 2021, the balance of investment accounted for using equity method in the aforementioned companies was NT\$86,471 thousand and NT\$170,070 thousand respectively, which account for 1.06% and 2.13% of the consolidated asset totals. As of the all-year run from 1st

January to December 31, of 2022 and 2021, the comprehensive income using equity method for the aforementioned companies was (NT\$16,501) thousand and (NT\$22,606) thousand respectively, accounting for (3.76%) and 530.91% 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 2022 and 2021, 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, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare 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.:
Jin-Guan-Certificate No. 106001453

Approved-certified No.:
Jin-Guan-Certificate No. 106001453

Issued in 30st-March-2023

Notice to Readers

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

The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

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

Taiwan Chinsan Electronic Industrial Co., Ltd. & Subsidiaries
CONSOLIDATED BALANCE SHEETS
The Years Ended December 31, 2022 and 2021

		(In Thousands of New Taiwan Dollars)			
CODE	ASSET	December 31 2022		December 31 2021	
		AMOUNT	%	AMOUNT	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 and 6.1)	\$ 1,753,538	21.58	\$ 1,206,516	15.14
1110	Financial assets at fair value through profit or loss, Current (Note 4, 6.2 and 6.23)	153,120	1.88	169,775	2.13
1136	Financial assets measured at amortized cost (Note 4 and 8)	212,414	2.61	178,274	2.24
1150	Notes receivable, net (Note 4 and 6.4)	18,067	0.22	17,319	0.22
1170	Accounts receivable, net (Note 4 and 6.4)	1,314,721	16.18	1,633,001	20.49
1200	Other receivables	29,912	0.37	33,567	0.42
1220	Current tax asset (Note 4, 6.18)	9,999	0.12	16,304	0.21
130x	Inventories (Note 4 and 6.5)	1,176,536	14.48	1,454,837	18.26
1470	Other current assets	59,926	0.74	37,724	0.47
11xx	Total current assets	<u>4,728,233</u>	<u>58.18</u>	<u>4,747,317</u>	<u>59.58</u>
	NONCURRENT ASSETS				
1510	Financial assets at fair value through profit or loss, noncurrent (Note 4, 6.2, and 6.23)	548,782	6.75	575,935	7.23
1517	Financial assets at fair value through other comprehensive income, noncurrent (Note 4, 6.3 and 6.23)	157,330	1.94	143,208	1.80
1550	Investments accounted for using equity method (Note 4 and 6.6)	86,471	1.06	170,070	2.13
1600	Property, plant and equipment (Notes 4 and 6.7)	1,901,141	23.39	1,700,823	21.34
1755	Right-of-use assets (Notes 4 and 6.8)	376,179	4.63	343,208	4.31
1760	Investment property (Note 4 and 6.9)	79,485	0.98	80,147	1.01
1780	Intangible assets (Note 4)	73,301	0.90	80,334	1.01
1840	Deferred income tax assets (Notes 4 and 6.18)	5,057	0.06	5,023	0.06
1900	Other noncurrent assets	35,818	0.44	24,254	0.30
1915	Prepayments for business facilities	135,485	1.67	86,372	1.08
1975	Net defined benefit assets (Note 4 and 6.14)	-	-	11,696	0.15
15xx	Total noncurrent assets	<u>3,399,049</u>	<u>41.82</u>	<u>3,221,070</u>	<u>40.42</u>
1xxx	TOTAL ASSETS	<u>\$ 8,127,282</u>	<u>100.00</u>	<u>\$ 7,968,387</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, 2022 and 2021

(In Thousands of New Taiwan Dollars)

CODE	LIABILITIES AND EQUITY	December 31 2022		December 31 2021	
		AMOUNT	%	AMOUNT	%
	CURRENT LIABILITIES				
2100	Short-term loans (Notes 4 and 6.10)	\$ 1,235,000	15.20	\$ 870,635	10.93
2110	Short-term notes and bills payable (Note 4 and 6.11)	80,000	0.99	110,000	1.38
2150	Notes payable (Note 4)	312,320	3.84	329,705	4.14
2170	Accounts payable (Note 4)	341,219	4.20	734,526	9.22
2200	Other payables	157,117	1.93	147,340	1.85
2230	Current tax liabilities (Note 4 and 6.18)	7,607	0.09	28,823	0.36
2280	Lease liabilities, current (Notes 4)	5,967	0.07	5,096	0.06
2300	Other current liabilities	11,615	0.14	1,970	0.02
2320	Long-term liabilities - current portion (Notes 4 and 6.121)	423,798	5.21	2,287	0.03
21xx	Total current liabilities	<u>2,574,643</u>	<u>31.67</u>	<u>2,230,382</u>	<u>27.99</u>
	NONCURRENT LIABILITIES				
2530	Bonds payable (Notes 4 and 6.12)	-	-	513,373	6.44
2540	Long-term loans (Note 4 and 6.13)	1,190,313	14.65	1,210,000	15.19
2570	Deferred tax liabilities (Note 4 and 6.18)	1,164	0.01	3,590	0.04
2580	Lease liabilities, noncurrent (Notes 4)	307,621	3.79	272,789	3.42
2640	Net defined benefit liability (Note 4 and 6.13)	5,642	0.07	-	-
2670	Other liabilities, noncurrent	1,558	0.02	1,205	0.02
25xx	Total noncurrent liabilities	<u>1,506,298</u>	<u>18.54</u>	<u>2,000,957</u>	<u>25.11</u>
2xxx	Total liabilities	<u>4,080,941</u>	<u>50.21</u>	<u>4,231,339</u>	<u>53.10</u>
	EQUITY (Note 6.15)				
3100	Capital stock (Note 4)	1,294,625	15.93	1,294,625	16.25
3200	Capital surplus	1,412,631	17.38	1,412,607	17.73
	Retained earnings				
3310	Appropriated as legal capital reserve	546,474	6.72	546,474	6.86
3320	Appropriated as special capital reserve	630,478	7.76	472,779	5.93
3350	Unappropriated earnings	389,878	4.80	569,589	7.15
3400	Other Equity				
3410	Exchange differences on translation of foreign financial statements	(275,557)	(3.39)	(589,568)	(7.40)
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(18,804)	(0.23)	(31,289)	(0.39)
31xx	Interests attributable to parent company owner	<u>3,979,725</u>	<u>48.97</u>	<u>3,675,217</u>	<u>46.13</u>
36xx	Non-controlling interests	<u>66,616</u>	<u>0.82</u>	<u>61,831</u>	<u>0.77</u>
3xxx	Total equity	<u>4,046,341</u>	<u>49.79</u>	<u>3,737,048</u>	<u>46.90</u>
2xxx-3xxx	TOTALs of LIABILITIES & EQUITY	<u>\$ 8,127,282</u>	<u>100.00</u>	<u>\$ 7,968,387</u>	<u>100.00</u>

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, 2022 and 2021

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

CODE	SUBJECT	2022		2021	
		AMOUNT	%	AMOUNT	%
4000	NET REVENUE(Note 4 and 7)	\$ 3,729,360	100.00	\$ 4,300,713	100.00
5000	COST OF REVENUE (Notes 6.5and 17)	(3,063,593)	(82.15)	(3,612,732)	(84.00)
5900	GROSS PROFIT	665,767	17.85	687,981	16.00
	OPERATING EXPENSES (Notes 6.8, 6.14 and 6.17)				
6100	Marketing	(190,368)	(5.10)	(176,197)	(4.10)
6200	General and administrative	(213,904)	(5.74)	(235,656)	(5.48)
6300	Research and development	(77,974)	(2.09)	(80,960)	(1.88)
6450	The expected credit loss (Note 6.4)	1,330	0.04	2,088	0.05
6000	Total od operating expenses	(480,916)	(12.89)	(490,725)	(11.41)
6900	INCOME FROM OPERATIONS	184,851	4.96	197,256	4.59
	NON-OPERATING INCOME AND EXPENSES				
7050	Finance costs (Note 6.8 and 6.16)	(40,111)	(1.08)	(30,482)	(0.71)
7060	Share of profits of associates (Note 6.6)	(16,501)	(0.44)	(22,606)	(0.53)
7100	Interest income (Note 23)	15,938	0.43	3,086	0.07
7110	Rent income (Note 6.9)	2,565	0.07	4,165	0.10
7130	Dividend revenue	11,215	0.30	5,142	0.12
7190	Other revenue (Note 4)	15,409	0.41	46,732	1.09
7210	Gains on disposals of property, plant and equipment	126	-	-	-
	Foreign exchange gains	55,105	1.48	-	-
7235	Financial assets measured at fair value through profit (Note 6.2)	-	-	24,066	0.56
7590	Miscellaneous expenses	(7,196)	(0.19)	(4,834)	(0.11)
7610	Losses on disposals of property, plant and equipment	-	-	(1,242)	(0.03)
7625	Losses on disposals of investments	-	-	(395)	(0.01)
7630	Foreign exchange losses	-	-	(10,195)	(0.24)
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	(55,015)	(1.48)	13,437	0.31
7900	INCOME BEFORE INCOME TAX	129,836	3.48	210,693	4.90
7950	INCOME TAX EXPENSE (Notes 4 and 6.18)	(22,812)	(0.61)	(47,106)	(1.10)
8200	NET INCOME	\$ 107,024	2.87	\$ 163,587	3.80
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit obligation (Note 6.14)	3,209	0.09	(4,864)	(0.11)
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensiveincome (Note 6.3)	12,485	0.33	11,014	0.26
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently (Note 4and 6.18)	(373)	(0.01)	973	0.02
8310	Total of items that will not be reclassified subsequently to profit or loss	15,321	0.41	7,123	0.17
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign operations	316,386	8.48	(175,201)	(4.07)
8367	Unrealized loss on investments in debt instruments at fair value through other comprehensive income (Note 6.3)	-	-	233	-
8360	Total od items that may be reclassified subsequently to profit or loss	316,386	8.48	(174,968)	(4.07)
8300	Other comprehensive income (loss), net of income tax	331,707	8.89	(167,845)	(3.90)
8500	TOTAL COMPREHENSIVE INCOME	438,731	11.76	(\$ 4,258)	(0.10)
8600	NET INCOME ATTRIBUTABLE TO:				
8610	Shareholders of the parent	104,614	2.81	161,131	3.74
8620	Non-controlling interests	2,410	0.06	2,456	0.06
	NET INCOME	\$ 107,024	2.87	\$ 163,587	3.80
8700	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
8710	Shareholders of the parent	433,946	11.63	(1,018)	(0.02)
8720	Non-controlling interests	4,785	0.13	(3,240)	(0.08)
	TOTAL COMPREHENSIVE INCOM	\$ 438,731	11.76	(\$ 4,258)	(0.10)
	Earnings per share (Note 4 and 6.19)				
9750	Basic earnings per share	\$ 0.81		\$ 1.24	
9850	Diluted earnings per share	\$ 0.80		\$ 1.20	

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, 2022 and 2021

(In Thousands of New Taiwan Dollars)

SUBJECT	Equity Attributable to Shareholders of the Parent										
	Retained Earning					Other equity items			Total of shareholders of the parent	Not-controlling equity	Total Equity
	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				
BALANCE, JANUARY 1, 2021	\$ 1,256,918	\$ 1,459,178	\$ 546,474	\$ 352,816	\$ 620,855	(\$ 420,063)	(\$ 43,095)	\$ 3,773,083	\$ 59,383	\$ 3,832,466	
Appropriations of prior year's earnings, 2020											
Special capital reserve				119,963	(119,963)			-		-	
Cash dividends to shareholders					(87,984)			(87,984)		(87,984)	
Stock dividend from capital surplus	37,707	(37,707)						-		-	
Adjustments to share of changes in equities of associates		(17)						(17)		(17)	
Redemption of convertible corporate bond		(8,847)						(8,847)		(8,847)	
Disposal of investments in equity instruments at fair value through other comprehensive income					(559)		559	-		-	
Consolidated net income					161,131			161,131	2,456	163,587	
Other comprehensive income (loss)					(3,891)	(169,505)	11,247	(162,149)	(5,696)	(167,845)	
Increase in non-controlling interests								-	5,688	5,688	
BALANCE, DECEMBER 31, 2021	\$ 1,294,625	\$ 1,412,607	\$ 546,474	\$ 472,779	\$ 569,589	(\$ 589,568)	(\$ 31,289)	\$ 3,675,217	\$ 61,831	\$ 3,737,048	
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)	
Consolidated net income					104,614			104,614	2,410	107,024	
Other comprehensive income					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	

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, 2022 and 2021

(In Thousands of NT\$)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 129,836	\$ 210,693
Adjustments for:		
Provided by (used in) operating activities		
Depreciation expense	187,724	183,356
Amortization expense	22,180	22,912
Reversal of the expected credit loss	(1,330)	(2,088)
Financial assets measured at fair value through loss(profit)	8,593	(24,066)
Interest expense	40,111	30,482
Interest income	(15,938)	(3,086)
Dividend income	(11,215)	(4,165)
inventory loss on valuation	19,875	4,823
Share of losses of associates	16,501	22,606
Loss on disposal of investments	-	395
Loss (gain) on disposal or retirement of property, plant and equipment	(126)	1,242
Return on pay up of defined benefit plan	(1,145)	-
Loss on impairment	82,972	-
Loss(gain) on redemption of bonds payable	(20)	1,338
Changes in operating assets and liabilities		
Notes receivable	(646)	6,099
Accounts receivable	491,594	(27,507)
Other receivables	7,379	(7,389)
Inventories	256,161	(258,247)
Prepayments	(21,506)	22,675
Other current assets	(696)	4,221
Other noncurrent assets	-	(3,056)
Notes payable	(17,385)	(1,488)
Accounts payable	(432,430)	88,100
Other payables	(22,941)	25,584
Advance receipts	9,693	167
Other current liabilities	(48)	3
Other noncurrent liabilities	(37)	(445)
Cash generated from operations	747,156	293,159
Interest received	12,214	3,166
Interest paid	(27,688)	(19,825)
Income taxes paid	(44,297)	(21,203)
Net cash generated by operating activities	687,385	255,297

	2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Dividends received	\$ 11,215	\$ 4,165
Disposal of financial assets measured at fair value through other comprehensive income	-	13,610
Acquisitions of financial assets measured at fair value through profit or loss	(326,261)	(1,094,799)
Disposals of financial assets measured at fair value through profit or loss	366,466	1,140,169
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	-	9,181
Acquisitions of investment for using equity method	(15,303)	(11,336)
Acquisitions of property, plant and equipment	(240,070)	(188,062)
Disposals of property, plant and equipment	126	169
Acquisitions of tangible assets	(2,363)	(11,605)
Decrease (increase) of guarantee deposits	12	(1,227)
Increase of prepayment for equipment	(153,188)	(108,111)
Increase of other noncurrent assets	(8,603)	(19,148)
Net cash used in investing activities	(380,417)	(266,994)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in short-term loans	364,365	227,764
Increase of short-term notes payables	-	40,000
Decrease of short-term notes payables	(30,000)	-
Redemption of bonds	(97,242)	(180,584)
Issuance of long-term loans	513,646	100,000
Repayment of long-term loans	(535,783)	(5,082)
Increase (decrease) of guarantee deposits	374	(195)
Repayment of principle of lease liability	(10,192)	(9,058)
Cash dividends	(129,462)	(87,984)
Change of not-controlling equity	-	5,688
Net cash used in financing activities	75,706	90,549
EFFECT OF EXCHANGING RATE CHANGES ON CASH AND CASH EQUIVALENTS	164,348	(124,449)
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	547,022	(45,597)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,206,516	1,252,113
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,753,538</u>	<u>\$ 1,206,516</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, 2022 AND 2021
(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, 2022, 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 IFRS 3 “Reference to the Conceptual Framework”	January 1, 2023
Amendments to IFRS 16 “Property, Plant and Equipment: the price before reaching the intended state of use”	January 1, 2023
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2023
Annual Improvements — 2018-2020 Cycle	January 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 IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 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.

(3.3) 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
Amendments to IFRS 16 “Lease Liabilities in Sale and Leaseback”	January 1, 2024
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
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	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.

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, 2022	Dec 31, 2021
The Company (TCEIC)	Chinsan (Cayman) Enterprise Co., Ltd (Chinsan (Cayman) Co.)	General investment business	Cayman Islands	100%	100%
as above	Yue-Cheng Investment Co., Ltd	General investment business	Taiwan	100%	100%
Chinsan (Cayman) Co.	Thailand Chinsan Electric Industrial 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.)	Trading of aluminum capacitors	BVI	100%	100%
as above	Eagle Zone (Samoa) Co., Ltd. (Eagle Zone Co.)	Trading of aluminum capacitors and investment	Samoa Islands	100%	100%
as above	Hongkong Kingtachi Capacitor Co. (Hongkong Kingtachi Co.)	Trading of aluminum capacitors and investment	Hongkong	100%	100%
as above	Spotlight International (Samoa) Co. Ltd. (Spotlight Co.)	General investment business	Samoa Islands	100%	100%
Spotlight Co.	Hongkong Baolong Enterprise Co. (Baolong Co.)	General investment business	Hongkong	100%	100%
Hongkong Kingtachi Co.	Guangzhou Chin-Zu Tech Co. (Guangzhou Chin-Zu Co.)	Manufacturing & trading of aluminum capacitors, and investment	Guangzhou	95.22%	95.22%
as above	Guangzhou Kingtachi Electric Co. (Guangzhou Kingtachi Co.)	Manufacturing & trading of aluminum capacitors, and investment	Guangzhou	100%	100%
Baolong Co.	Guangzhou Hang-Lungi Investment Co. (Guangzhou Hang-Lungi Co.)	General investment business	Guangzhou	100%	100%
Guangzhou	Guangzhou You-Mao Electric Co.	Manufacturing and	Guangzhou	100%	100%

Name of Investor	Name of Investee	Main Businesses and Products	Establishment and Operating Location	Percentage of Ownership	
				Dec 31, 2022	Dec 31, 2021
Kingtachi Co.	(Guangzhou You-Mao Co.)	trading of aluminum capacitors			

- 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 nonprofit-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 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.

(4.20) 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, 2022 and 2021, the carrying amount of the Group's inventory was NT\$1,176,536 thousand and NT\$1,454,837 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, 2022, the Group 's investment using the equity method after recognizing impairment losses was NT\$86,471 thousand.

6. Explanation of Important Accounting Subjects

a. Cash and cash equivalents

	2022.12.31	2021.12.31
Cash on hand	\$ 752	\$ 469
Cash in banks	865,236	1,139,615
Cash equivalent (investment with original maturity within 3 months)	887,550	66,432
	<u>\$ 1,753,538</u>	<u>\$ 1,206,516</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>2022.12.31</u>	<u>2021.12.31</u>
CURRENT:		
Financial assets that are required to be measured at fair value through profit or losses		
Listed shares	\$ 162,196	\$ 108,096
Beneficiary certificate	30,231	44,584
Valuation adjustment	(39,307)	17,095
	<u>\$ 153,120</u>	<u>\$ 169,775</u>
NONCURRENT:		
Financial assets that are required to be measured at fair value through profit or loss		
Listed shares	\$ 94,011	\$ 86,709
Unlisted or OTC shares	380,000	560,000
Beneficiary certificate	47,388	52,046
Callable & potable options of corporate bond (Note 4 and 6.12)	-	52
Valuation adjustment	27,383	(122,872)
	<u>\$ 548,782</u>	<u>\$ 575,935</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>2022</u>	<u>2021</u>
Financial assets that are required to be measured at fair value through profit or losses		
Equity instrument	(\$ 10,147)	\$ 21,552
Debt instrument	1,606	-
	<u>(\$ 8,541)</u>	<u>\$ 21,552</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)	\$ 2,514
	<u>(\$ 52)</u>	<u>\$ 2,514</u>

- (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

	2022.12.31	2021.12.31
NONCURRENT:		
Equity instrument		
Stocks of unlisted and emerging companies	\$ 175,460	\$ 171,669
Valuation adjustment	(18,130)	(28,461)
	<u>\$ 157,330</u>	<u>\$ 143,208</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, 2022 and 2021 were NT\$157,330 thousand and NT\$143,208 thousand respectively.		
(ii) Details of financial assets measured at fair value through other comprehensive income recognized in other comprehensive income are as follows:		
	2022	2021
Equity instruments at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	\$ 12,485	\$ 11,014
Cumulative profits or losses are derecognized and transferred to retained earnings	\$ -	(\$ 559)
Debt instruments at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	\$ -	(\$ 233)
Reclassification from accumulated other comprehensive income to profit or loss	\$ -	(\$ 395)
(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, 2022 and 2021 were NT\$157,330 thousand and NT\$143,208 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:

	2022.12.31	2021.12.31
Notes receivable	\$ 18,067	\$ 18,614
Less: Provision	-	(1,295)
Net notes receivable	<u>\$ 18,067</u>	<u>\$ 17,319</u>
Accounts receivable	\$ 1,315,509	\$ 1,634,970
Less: Provision	(788)	(1,969)
Net accounts receivable	<u>\$ 1,314,721</u>	<u>\$ 1,633,001</u>

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

	2022.12.31	2021.12.31
Not overdue	\$ 1,281,018	\$ 1,616,464
Within 30 days	13,405	22,710
31 to 90 days	31,841	11,017
More than 91 days	6,524	129
Total	<u>\$ 1,332,788</u>	<u>\$ 1,650,320</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, 2022 and 2021 were NT\$18,067 thousand and NT\$17,319 thousand respectively. The maximum exposure to credit risk for the Group 's accounts receivable on December 31, 2022 and 2021 were NT\$1,314,721 thousand and NT\$1,633,001 thousand respectively.

(v) Please refer to Note 6.21(c) for the credit risk information of relevant accounts receivable and notes receivable.

e. Inventories

	2022.12.31	2021.12.31
Raw materials	\$ 482,851	\$ 471,777
Finished goods	99,567	156,486
Merchandise	680,996	891,312
Subtotal	<u>1,263,414</u>	<u>1,519,575</u>
Less: Allowance for inventory depreciation	<u>(86,878)</u>	<u>(64,738)</u>
Total	<u>\$ 1,176,536</u>	<u>\$ 1,454,837</u>

Inventory-related expenses and losses recognized in the current period

	2022	2021
Cost of inventories sold	\$ 3,043,718	\$ 3,607,909
Inventory depreciation and obsolesce	19,875	4,823
Total	<u>\$ 3,063,593</u>	<u>\$ 3,612,732</u>

f. Investments accounted for using the equity method

(i) Details are as follows:

Associate investees	2022.12.31	2021.12.31
Sustainable Development Co., Ltd.	\$ 86,471	\$ 170,070

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

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Measurement method
		2022.12.31	2021.12.31		
Sustainable Development Co., Ltd.	Taiwan	12.91%	12.56%	significant influence	Equity method

The Group participated in the capital increase of Sustainable Development Co., Ltd. in August 2022 and July 2021. The amount per share was NT\$20 and NT\$100 respectively. These investment shares increased by 765,157 shares and 113,362 shares, and the investment amount increased by NT\$15,303 thousand and NT\$11,336 thousand, respectively.

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

<u>Balance Sheet</u>	Sustainable Development Co., Ltd.	
	2022.12.31	2021.12.31
Current assets	\$ 4,398	\$ 6,555
Noncurrent assets	884,837	891,523
Current liabilities	(42,467)	(38,925)
Noncurrent liabilities	(176,967)	(182,091)
Total net assets	\$ 669,801	\$ 677,062

	Sustainable Development Co., Ltd.	
	2022.12.31	2021.12.31
Share of net assets of associates	\$ 86,471	\$ 87,098
Goodwill	-	82,972
Carrying amount of associates	\$ 86,471	\$ 170,070

<u>Comprehensive income statement</u>	Sustainable Development Co., Ltd.	
	2022	2021
Revenue	\$ 11,386	\$ 10,226
Net loss for the period	(\$ 78,135)	(\$ 198,352)
Total comprehensive income for the period	(\$ 78,135)	(\$ 198,352)
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 its 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 2022 and 2021 are (NT\$16,501) thousand and (NT\$22,606) thousand respectively. On December 31, 2022 and 2021, the investments using the equity method were NT\$86,471 thousand and NT\$170,070 thousand respectively.
- (vi) For information about the Group's associatess, please refer to Note 4(3).2 of the Group's 2011 consolidated financial statements.
- (vii) 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 2022

	Lands	Buildings	Machinery equipment	Transportation 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

B. January 1 to December 31 of the year 2021

	Lands	Buildings	Machinery equipment	Transportation equipment	Other equipment	Constructions unfinish and equipment to be inspected	Lease improvements	Total
Cost								
Balance Jan 1, 2021	\$ 79,872	\$ 986,171	\$ 1,829,803	\$ 27,883	\$ 287,383	\$ 7,089	\$ 432	\$ 3,218,633
Additions	123,250	5,796	19,770	1,420	20,856	16,970	-	188,062
Disposals	-	-	(7,116)	(1,621)	(2,865)	-	-	(11,602)
Reclassification	-	4,196	82,298	-	6,143	(16,299)	-	76,338
Exchange rate impact amount	(10,105)	(13,940)	(86,070)	(1,045)	(18,057)	(362)	-	(129,579)
Balance Dec 31, 2021	\$ 193,017	\$ 982,223	\$ 1,838,685	\$ 26,637	\$ 293,460	\$ 7,398	\$ 432	\$ 3,341,852
Accumulated depreciation and impairment losses								
Balance Jan 1, 2021	\$ -	\$ 221,044	\$ 1,096,041	\$ 21,021	\$ 217,521	\$ -	\$ 66	\$ 1,555,693
Additions	-	21,000	123,352	3,890	24,608	-	73	172,923
Disposals	-	-	(5,765)	(1,621)	(2,805)	-	-	(10,191)
Reclassification	-	(7,041)	(55,302)	(752)	(14,301)	-	-	(77,396)
Balance Dec 31, 2021	-	235,003	1,158,326	22,538	225,023	-	139	1,641,029
Net amount	\$ 193,017	\$ 747,220	\$ 680,359	\$ 4,099	\$ 68,437	\$ 7,398	\$ 293	\$ 1,700,823

- (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 e, 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

	2022.12.31	2021.12.31
Lands	\$ 97,931	\$ 99,330
Houses and buildings	278,248	243,878
	<u>\$ 376,179</u>	<u>\$ 343,208</u>

Depreciation expense

	2022	2021
Lands	\$ 2,867	\$ 2,815
Houses and buildings	6,705	5,807
	<u>\$ 9,572</u>	<u>\$ 8,622</u>

- (iii) The right-of-use asset of the Group in 2022 was increased by NT\$41,075 thousand due to lease modification, and the right-of-use asset in 2021 was increased by NT\$192,855 thousand due to lease modification.
- (iv) The profit and loss items related to the leasing contract is as follows:

	2022	2021
Items affecting current profit and loss		
Interest expense on the lease liability	\$ 4,363	\$ 4,025
Expenses for short-term lease contracts	<u>\$ 8,002</u>	<u>\$ 9,252</u>

- (v) The Group's total cash outflows for lease payments in 2022 and 2021 were NT\$18,914 thousand and NT\$18,310 thousand, respectively.

i. Investment property

	Houses and buildings
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>

	Houses and buildings
December 31, 2022	
Cost	\$ 91,954
Accumulated depreciation and impairment losses	(12,469)
	<u>\$ 79,485</u>
January 1, 2021	
Cost	\$ 91,313
Accumulated depreciation and impairment losses	(8,729)
	<u>\$ 82,584</u>
January 1, 2021	\$ 82,584
Depreciation	(1,811)
Exchange rate impact amount	(626)
December 31, 2021	<u>\$ 80,147</u>
December 31, 2021	
Cost	\$ 90,622
Accumulated depreciation and impairment losses	(10,475)
	<u>\$ 80,147</u>

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

	2022	2021
Rental income from investment property	<u>\$ 1,594</u>	<u>\$ 3,863</u>
Direct operating expenses incurred by investment property that generates rental income in the current period	<u>\$ 1,845</u>	<u>\$ 1,811</u>

(ii) The fair values of investment properties held by the Group were NT\$93,082 thousand and NT\$93,054 thousand as of December 31, 2022 and 2021 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

	2022.12.31	2021.12.31
Credit borrowing	\$ 1,235,000	\$ 870,000
L/C borrowing	-	635
Total	<u>\$ 1,235,000</u>	<u>\$ 870,635</u>
Interest rate range	<u>1.43%~1.93%</u>	<u>0.25%~0.95%</u>

The available amount of the aforementioned borrowing is as follows:

	2022.12.31	2021.12.31
NT\$	\$ 2,060,000	\$ 1,460,000
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>	

2021.12.31

Guarantee Acceptance Agency	Period	Interest rate	Amount	Collateral
Dah Chung Bills Finance Corp.	2021.12.06~2022.01.05	0.87%	\$ 80,000	None
Less: Discount of short-term notes payable			-	
Net amount			<u>\$ 80,000</u>	

Guarantee Acceptance Agency	Period	Interest rate	Amount	Collateral
Ta Ching Bills Finance Corp.	2021.12.22~2022.01.21	0.87%	\$ 30,000	None
Less: Discount of short-term notes payable			-	
Net amount			<u>\$ 30,000</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, 2022 and 2021. Relevant information of these convertible corporate bonds in the consolidated financial statements is as follows:

A. Components of corporate bonds payable

	2022.12.31	2021.12.31
Issue denomination	\$ 700,000	\$ 700,000
Less: Corporate Bonds Redemption	(273,300)	(175,600)
Less: Corporate bonds discount	(2,902)	(11,027)
Less: Corporate bonds due within 1 year	(423,798)	-
Ending bond amount	<u>\$ -</u>	<u>\$ 513,373</u>

B. Components of equities

	2022.12.31	2021.12.31
Original issue	\$ 44,450	\$ 44,450
Write-off of corporate bond redemption	(17,355)	(11,151)
	<u>\$ 27,095</u>	<u>\$ 33,299</u>

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

C. Components of liabilities

	2022.12.31	2021.12.31
Original issue	\$ 4,060	\$ 4,060
Valuation adjustment of financial liabilities	(4,060)	(4,112)
	<u>\$ -</u>	<u>(\$ 52)</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:

	2022	2021
Measurement of profit (loss)	<u>(\$ 52)</u>	<u>\$ 2,514</u>

(ii) TCEIC'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 TCEIC:

- 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, TCEIC 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, TCEIC may repurchase the convertible bonds in cash. °

K. Reset option: None.

m. Long-term borrowings

	2022.12.31	2021.12.31
Credit loans	\$ 1,136,667	\$ 1,210,000
Secured loans	53,646	2,287
Less: Portion due within 1 year	-	(2,287)
	<u>\$ 1,190,313</u>	<u>\$ 1,210,000</u>
Interest rate range	<u>1.52%~4.32%</u>	<u>0.825%~2%</u>

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

	2022.12.31	2021.12.31
NT\$	\$ 1,460,000	\$ 1,210,000
THB\$ (in thousands of THB)	\$ 200,000	\$ 183,000

(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 2022 and 2021 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\$36,672 thousand and NT\$24,918 thousand for the years ended December 31, 2022 and 2021, respectively in comprehensive income statements.

(ii) Defined Benefit Plan

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.

- 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 2022 and 2021 of TCEIC was NT\$0, and it was also recognized under other comprehensive income that the actuarial (profit) and losses were (NT\$3,209 thousand) and NT\$4,864 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, 2022 and 2021, 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:

	2022.12.31	2021.12.31
Discount rate	1.15%	0.65%
Future salary increases	3.00%	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, 2022				
Influence on the present value of defined benefit obligations	(\$ 49)	\$ 50	\$ 48	(\$ 48)
December 31, 2021				
Influence on the present value of defined benefit obligations	(\$ 485)	\$ 498	\$ 486	(\$ 475)

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:

	2022.12.31	2021.12.31
Present value of defined benefit obligations	(\$ 5,642)	(\$ 25,728)
Fair value of project assets	-	37,424
Net defined benefit assets (liabilities)	(\$ 5,642)	\$ 11,696

④ 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)
2022			
Balance on January 1	(\$ 25,728)	\$ 37,424	\$ 11,696
Interest (expenses) 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)

	Present value of defined benefit obligations	Fair value of project assets	Net defined benefit assets (liabilities)
2021			
Balance on January 1	(\$ 27,632)	\$ 35,800	\$ 8,168
Interest (fee) income	(59)	80	21
	(27,691)	35,880	8,189
Amount of re-measurement:			
Compensation for project assets (excluding the amounts included in interest income or expenses)	-	553	553
Impact of changes in financial assumptions	795	-	795
Impact of changes in demographic assumption	(54)	-	(54)
Adjustment via experience	(6,158)	-	(6,158)
	(5,417)	553	(4,864)
Contribution to pension fund	-	991	991
Benefit payments	7,380	-	7,380
Balance on December 31	(\$ 25,728)	\$ 37,424	\$ 11,696

- ⑤ TCEIC has closed the pension account in the third quarter of 2022. °
- ⑥ As of December 31, 2022, 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, 2022 and 2021, the rated number of shares and the number of issued shares are as follows, with a par value of NT\$10 per share.

	2022.12.31	2021.12.31
Number of authorized shares (ordinary shares – 1,000 shares)	300,000	300,000
Issued shares (ordinary shares – 1,000 shares)	129,463	129,463

- ② The number of the Company's outstanding ordinary shares of at the beginning and end of the period is adjusted as follows:

	2022	2021
Number of shares at beginning period (ordinary shares - 1,000 shares)	129,463	125,692
Capital surplus distribution of share dividends	-	3,771
Number of shares at end period (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 June 8, 2022 and July 26, 2021, the Company passed the resolution of the shareholders' meeting in the fiscal years of 2021 and 2020, which are as follows:

	2021		2020	
	amount	dividend per share (NT\$)	amount	dividend per share (NT\$)
Set aside special reserve	\$ 157,699		\$ 119,963	
Shareholder cash dividend	129,462	\$ 1.0	87,984	\$ 0.7

In addition, the Company's general meeting of shareholders resolved on July 26, 2021 to issue 3,771 thousand new shares by converting the capital surplus of NT\$37,707 thousand into a capital increase. This change has been approved by the Ministry of Economic Affairs.

The information about the profit distribution situation can be inquired at the TWSE MOPS website.

The profit distribution proposes for 2022 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 31, 2023. Please refer to Note 6.17 for information on remunerations of employee and directors.

p. Financial cost

	2022	2021
Interest expense		
Bank loan	\$ 28,608	\$ 19,555
Corporate bonds payable	7,140	6,902
Lease liability	4,363	4,025
	<u>\$ 40,111</u>	<u>\$ 30,482</u>

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

	2022			2021		
	Business cost	Business expense	Total	Business cost	Business expense	Total
Employee Benefit						
Salary	\$ 336,632	\$ 216,926	\$ 553,558	\$ 385,112	\$ 204,188	\$ 589,300
Labor health insurance	16,364	12,869	29,233	20,994	15,007	36,001
Pension	25,856	10,816	36,672	16,155	8,763	24,918
Director	-	1,663	1,663	-	2,849	2,849
Other employee benefit expenses	29,686	14,032	43,718	31,765	14,131	45,896
Depreciation	165,609	20,270	185,879	161,904	19,641	181,545
Amortization	8,011	14,169	22,180	9,343	13,569	22,912

- (i) The number of TCEIC employees in 2022 and 2021 was 1,420 and 1,544 respectively, of which the number of directors who did not concurrently serve as employees was both 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:
 - 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. °

(iii) The accounting treatment of employee compensation and director compensation, and their respective estimates are as follows:

	2022	2021
Employee compensation	\$ 1,663	\$ 2,849
Director compensation	1,663	2,849
	<u>\$ 3,326</u>	<u>\$ 5,698</u>

- A. The employee compensation and director compensation estimated by TCEIC are in accordance with the proportion specified in the bylaws. Those were estimated at 1.5% for the fiscal years 2022 and 2021 respectively, and were based on the principle of distributing cash, and have been recognized as operating costs and expenses for the fiscal years 2022 and 2021.
- B. The Group plans to distribute the employee compensation and director compensation for the fiscal year 2022 in April 2023 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 2021 in April 2022. The estimated amounts for the fiscal year 2021 in the financial statements are consistent with the approved amounts. The employee compensation for the fiscal year 2021 has been distributed, and further information can be about the profit distribution situation can be inquired n about the profit distribution situation can be inquired n about the profit distribution situation can be inquired n about the profit distribution situation can be inquired at the TWSE MOPS website.

	2021		
	Amount of the Board of Directors' resolution	Amount recognized in financial statements	Difference
Employee compensation - cash	\$ 2,849	\$ 2,849	\$ -
Director compensation - cash	2,849	2,849	-
	<u>\$ 5,698</u>	<u>\$ 5,698</u>	<u>\$ -</u>

r. Income Tax

1. Income tax expense

(1) Income tax expenses:

	2022	2021
Current income tax: :		
Income tax arising from current income	\$ 22,129	\$ 41,325
Income tax adjustment for previous years	3,516	1,954
Total current income tax	<u>25,645</u>	<u>43,279</u>
Deferred income tax:		
Occurrence and reversal of temporary differences	(2,833)	347
Occurrence of loss write-offs	-	3,480
Deferred income tax expense	<u>(2,833)</u>	<u>3,827</u>
Income tax expense	<u>\$ 22,812</u>	<u>\$ 47,106</u>

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

	2022	2021
Defined benefit plan re-measurements	\$ 373	(\$ 973)

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

	2022	2021
Income tax amount calculated based on the statutory tax rate before tax net profit	\$ 45,590	\$ 56,219
Income tax impact of the excluded items according to tax law	(21,257)	(14,291)
Income exempts from taxation as required by tax law	(2,204)	(603)
Underestimated income tax from the previous year	3,516	1,954
Changes in deferred income tax	(2,833)	347
Income tax impact of loss Lesion	-	3,480
Income tax expense	\$ 22,812	\$ 47,106

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

A. 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
	\$ 1,433	\$ 2,833	(\$ 373)	\$	\$ 3,893

B. The fiscal year 2021

	Year-beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Exchange rate impact amount	Year-ending balance
Unrealized exchange loss (profit)	(\$ 1,126)	\$ 5,163	\$ -	\$	\$ 4,037
Allowance for doubtful debts overrun	(721)	(501)	-		(1,222)
Allowance for inventory depreciation losses	3,684	(3,331)	-		353
Defined benefit plan actuarial profits and losses	3,509	(3,480)	-	2'	-
Others	(1,634)	(1,678)	973		(2,339)
Unrealized exchange loss (profit)	604	-	-		604
	\$ 4,316	(\$ 3,827)	\$ 973	(\$ 2'	\$ 1,433

4. Income tax assessment status

As of December 31, 2022, the tax assessment authorities have completed the assessment of the income tax filings for the years prior to 2020 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.

	2022	2021
Net profit after tax attributable to ordinary-shareholders for current period-A	\$ 104,614	\$ 161,131
Weighted average number of ordinary shares outstanding (1,000 shares)-B	129,463	129,463
Basic earnings per share (NT\$) (A÷B)	\$ 0.81	\$ 1.24

(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.

	2022	2021
Net profit after tax attributable to ordinary-share holders	\$ 104,614	\$ 161,131
Add: Increase in surplus from conversion of corporate bonds deemed to be exercised	5,712	5,522
Adjusted net profit after tax for current period-C	\$ 110,326	\$ 166,653
Weighted average number of ordinary shares outstanding	129,463	129,463
Add: Effect of dilutive potential ordinary shares:		
Convert corporate bonds	8,087	9,234
employee compensation	116	61
Weighted average number of ordinary shares outstanding after dilution (1,000 shares)-D	137,666	138,758
Diluted earnings per share (NT\$) (C÷D)	\$ 0.80	\$ 1.20

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

	2022.12.31	2021.12.31
<u>Monetary assets</u>		
Financial assets at fair value through profit or loss		
Mandatory financial assets at fair value through profit or loss	\$ 701,902	\$ 745,710
Financial assets at fair value through other comprehensive income		
Option of the specified equity instrument investment	157,330	143,208
Financial assets measured at amortized cost		
Cash and cash equivalents	1,753,538	1,206,516
Financial assets measured at amortized cost	212,414	178,274
Notes receivable	18,067	17,319
Accounts receivable	1,314,721	1,633,001
Other receivables	29,912	33,567
Refundable deposits	2,796	2,804
	<u>\$ 4,190,680</u>	<u>\$ 3,960,399</u>
	2022.12.31	2021.12.31
<u>Financial liabilities</u>		
Short-term loan	\$ 1,235,000	\$ 870,635
Short-term notes payable	80,000	110,000
Notes payable	312,320	329,705
Accounts payable	341,219	734,526
Other payables	162,759	147,340
Corporate bonds payable (including due within 1 year)	423,978	513,373
Long term loan	1,190,313	1,212,287
Lease liabilities (including due within 1 year)	313,588	277,885
Guarantee deposits received	1,558	1,168
	<u>\$ 4,060,735</u>	<u>\$ 4,196,919</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:

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\$	\$ 74,546	30.71	\$ 2,289,308	5%	\$ 114,465

2021.12.31					
	foreign currency (\$1,000)	exchange rate	carrying amount (NT\$)	range of change	impact amount of profit & loss
Financial assets					
Monetary item					
US\$	\$ 109,445	27.68	\$ 3,029,438	5%	\$ 151,472
RMB\$	18,971	4.34	82,410	5%	4,121
Financial liabilities					
Monetary item					
US\$	\$ 66,051	27.68	\$ 1,828,292	5%	\$ 91,415

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\$2,425,313 thousand and NT\$2,082,922 thousand on December 31, 2022 and 2021 respectively. If the market interest rate increases (or decreases) by 1%, the Company's annual interest expenses will increase (or decrease) by NT\$24,253 thousand and NT\$20,829 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 2022 and 2021 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:

	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
	2021.12.31			
	carrying amount (NT\$)	range of change	impact amount of profit & loss	impact amount of equity
Financial assets at fair value through profit or loss	\$ 745,710	5%	\$ 37,286	\$ -
Financial assets at fair value through other comprehensive income - noncurrent	143,208	5%	-	7,160

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, 2022 and 2021 are listed as follows:

	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

	2021.12.31				
	not overdue	1-30 days overdue	31-90 days overdue	more than 91 days	total
Expected loss rate	0%	0.64%	9.33%	83.12%	
Total carrying amount	\$1,599,199	\$ 22,857	\$ 12,150	\$ 764	\$1,634,970
Losses allowance	\$ 54	\$ 147	\$ 1,133	\$ 635	\$ 1,969

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:

	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

	2021		
	notes receivable	accounts receivable	total
January 1	\$ 1,295	\$ 7,205	\$ 8,500
Reversal of impairment loss	-	(2,088)	(2,088)
Actual write-off due to uncollectible	-	(3,057)	(3,057)
Exchange rate impact amount	-	(91)	(91)
December 31	\$ 1,295	\$ 1,969	\$ 3,264

(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, 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

B. December 31, 2021:

	carrying amount	within 1 year	1-2 years	2-5 years	more than 5 years
<u>Non-derivative financial liabilities</u>					
Short-term loan	\$ 870,635	\$ 870,635	\$ -	\$ -	\$ -
Short-term notes payable	110,000	110,000	-	-	-
Notes payable	329,705	329,705	-	-	-
Accounts payable	734,526	734,526	-	-	-
Other payables	147,340	147,340	-	-	-
Corporate bonds payable	513,373	-	513,373	-	-
Long term loan (Including due within 1 year)	1,212,287	2,287	1,110,000	100,000	-
Lease liabilities (Including due within 1 year)	277,885	5,096	5,162	16,449	251,178

(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, 2022

	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	\$ 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

b. December 31, 2021

	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	\$ 158,249	\$ -	\$ -	\$ 158,249
Beneficiary certificate	59,929	54,480	-	114,409
Unlisted or OTC shares	-	-	473,000	473,000
Callable & potable options of the 5 th convertible corporate bond	-	52	-	52
Financial assets at fair value through other comprehensive income				
Unlisted or OTC shares	-	-	143,208	143,208

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 2022 and 2021 through the period from January 1 to December 31.

F. The table shows the changes in Level-3 as follows:

	2022.1.1~12.31	2021.1.1~12.31
January 1	\$ 616,208	\$ 614,089
Profits or losses recognized in profit or loss for the period	31,753	(8,060)
Profits or losses recognized in other comprehensive income	12,485	11,104
Disposition or liquidation	(48,112)	-
Exchange rate impact amount	1,637	(925)
December 31	<u>\$ 613,971</u>	<u>\$ 616,208</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:

	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
	2021.12.31 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	\$ 143,208	Net Asset Value Method	Not applicable	-	Not applicable
	\$ 473,000	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:

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)	-	-
2021.12.31						
	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%	\$ -	\$ -	\$ 1,432	(\$ 1,432)
	Long-term revenue growth rate	± 1%	27,417	(22,784)	-	-

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

	2022.12.31	2021.12.31
Other related-party	\$ 1,400	\$ 1,200

b. Rent expense

	Lease location	2022	2021
Other related-party	1st Floor, No. 1, Alley 11, Lane 68, Section 1, Guangfu Rd., Sanchong Dist., New Taipei City	\$ 8,300	\$ 7,200

The rental prices listed above follow with general market conditions.

(3) Remuneration information of key management

	2022	2021
Short-term benefit (salary, bonus and employee remuneration, etc.)	\$ 14,433	\$ 15,400

8. Assets Pledged

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

	Carrying amount		Guarantee purpose
	2022.12.31	2021.12.31	
Investment property	\$ 79,485	\$ -	Acceptance bill guarantee
Property, plant and equipment	222,499	80,974	Comprehensive loan and amount
Financial assets measured at amortized cost	166,349	178,274	Acceptance bill guarantee
	<u>\$ 468,333</u>	<u>\$ 259,248</u>	

9. Significant Contingent Liabilities & Unrecognized Commitments

As of December 31, 2022 and 2021, the amount of unused letters of credit issued by the Group for the purchase of raw materials, machinery and equipment was NT\$6,930 thousand and NT\$5,211 thousand respectively.

10. Significant Damage Loss: None

11. Material Subsequent Event

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\$22,663 thousand in book value, and the actual amount of insurance claims as of the audit report date has not yet been determined.

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: None.
- 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 4 attached.
- Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 5 attached.
- Information about the derivative financial instrument's transaction: Refer to Note 6.2.(2).
- Business relationships, major transaction details and those amounts between the parent company and its subsidiaries and among the subsidiaries: See Table 6 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 7 attached.

(3) Information on investment in mainland China

- Basic information: See Table 8 attached.
- Significant direct or indirect transactions with the investee reinvested in mainland China directly or indirectly through third-region enterprises: See Table 6.

(4) Information of major shareholder:

Information of major shareholder: See Table 9 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

	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

	2021.1.1~12.31		
	Electronic Components	Others	Total
Revenue from external clients	\$ 4,300,713	\$ -	\$ 4,300,713
Divisional profit and loss (Note)	\$ 197,256	\$ -	\$ 197,256

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 2022 and 2021 is as follows:

	2022	2021
Liquid electrolytic capacitor	\$ 2,850,870	\$ 3,270,355
Solid electrolytic capacitor	878,490	1,030,358
	<u>\$ 3,729,360</u>	<u>\$ 4,300,713</u>

(4)Information on regional classification

The regional breakdown of operating revenue for the Group in 2022 and 2021 is as follows:

	2022	2021
Domestic	\$ 71,774	\$ 87,037
Asia	3,238,282	3,748,377
Europe	144,430	137,606
America	67,847	37,881
Middle East and Near East	207,027	289,812
	<u>\$ 3,729,360</u>	<u>\$ 4,300,713</u>

(5)Information on major clients

The client breakdown of operating revenue for the Group in 2022 and 2021 is as follows:

	2022	2021
Company A	\$ 634,538	\$ 712,854
Company B	481,041	559,968
Others (Note)	2,613,781	3,027,891
	<u>\$ 3,729,360</u>	<u>\$ 4,300,713</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, 2022

(Amounts in Thousands of New Taiwan Dollars)

No.	Financing Company (Note 2)	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 3)	Financing Company's Total Financing Amount Limits (Note 4)
													Item	Value		
1	1	Guangzhou Kingtachi Co.	Other receivables	Yes	318,770	273,319	259,592	1.5%	Short-term financing	-	Operating capital need in short term	-	None	-	453,318	906,636

Note 1: "0" represents the Company.

Note 2: "1" represents HongKong Kingtachi Co..

Note 3: The limit of financing for individual objects is 20% of the net worth.

Note 4: 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, 2022

(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	1,591,890	480,848	473,860	193,291	-	11.91%	1,989,863	Y	N	Y	
1	Kingtachi Capacitor Co.	Guangzhou Kingtachi Co.	2	906,636	280,271	267,177	118,512	119,649	11.79%	1,133,296	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, 2022

(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, 2022				Not e
					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	2,024	-	2,024	
	Stock	Ventec-KY	No related-party		19,000	1,431	-	1,431	
	Stock	AP Memory Technology	No related-party		2,000	330	-	330	
	Stock	Quang Viet Enterprise	No related-party		10,000	1,200	-	1,200	
	Stock	Sea Sonic Electronics	No related-party		25,000	1,288	-	1,288	
	Stock	ASPEED TECHNOLOGY	No related-party		10,500	17,693	-	17,693	
	Stock	Powerchip Semiconductor Manufacturing	No related-party		50,000	1,592	-	1,592	
	Stock	VisEra Technologies	No related-party		70,000	13,545	-	13,545	
	Stock	WPG Holdings	No related-party		20,000	962	-	962	
	Stock	Taishin Financial Holding	No related-party		53,482	808	-	808	
	Stock	TSEC CORPORATION	No related-party		20,000	691	-	691	
	Stock	Cathay Financial Holding	No related-party		51,917	2,077	-	2,077	
	Stock	ITEQ CORPORATION	No related-party		4,000	290	-	290	
	Stock	LU HAI -KY	No related-party		47,000	1,393	-	1,393	
	Stock	New Advanced Eelectronics Technologies	No related-party		43,000	3,444	-	3,444	
	Stock	EFC	No related-party		60,000	1,281	-	1,281	
	Stock	Shinfox Energy	No related-party		686,965	58,159	-	58,159	
	Stock	Shun On Electronic	No related-party		60,000	1,914	-	1,914	
	Stock	uPI Semiconductor	No related-party		46,000	10,902	-	10,902	
	Stock	ASUS TEK	No related-party		10,000	2,685	-	2,685	
	Stock	TATUNG Company	No related-party		200,000	6,900	-	6,900	
	Fund	Fuh Hwa Taiwan Good Income Fund TWD	No related-party	1,497,376	11,140	-	11,140		
	Fund	Fuh Hwa Asia Pacific Tech Equity Fund TWD	No related-party	412,975	4,762	-	4,762		
	Fund	CTBC Vietnam Equity Fund USD	No related-party	20,000	6,609	-	6,609		
	Stock	PINDA Technology	No related-party	Noncurrent financial assets measured at fair value through profit or loss	7,823,200	456,641	6.80%	456,641	
	Stock	WT MICROELECTRONICS	No related-party		400,000	19,100	0.30%	19,100	
	Fund	Fuh Hwa Taiwan Intelligence Fund	No related-party		3,000,000	21,270	-	21,270	
		Stock	CeNtRa Science	No related-party	Noncurrent financial assets measured at fair value through other comprehensive income	2,062,267	16,158	9.93%	16,158
Yue-Cheng InvestmentCo.	Stock	Taiwan Speciality Chemicals	No related-party	Noncurrent financial assets measured at fair value through other comprehensive income	3,613	-	-	-	
	Stock	H & M Hennes & Mauritz AB B	No related-party		1,000,597	8,742	5.88%	8,742	
Chinsan (BVI) Co.	Stock	Grand Twins International (Cambodia)	No related-party	Noncurrent financial assets measured at fair value through profit or loss	1,000,000	28,336	2.50%	28,336	
	Stock	Alternative Fuel Technologies, Inc.	No related-party	Noncurrent financial assets measured at fair value through other comprehensive income	2,479,726,293	-	3.45%	-	
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	23,435	-	23,435	
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	131,280	6.37%	131,280	

Table 4

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, 2022**

(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	Guangzhou Chin-Zu Tech Co.	Sub-subsidiary	Purchases	1,685,035	65.85	Note 1	Note 1	Note 1	Payable 1,155,784	62.78	
The Company	Eagle Zone Co.	Sub-subsidiary	Purchases	794,009	31.03	as above	as above	as above	Payable 679,668	36.92	
Chinsan (BVI) Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	Purchases	1,922,485	91.25	as above	as above	as above	Payable 90,720	86.39	
Eagle Zone Co.	Chinsan Thailand Co.	Affiliated enterprise	Purchases	596,323	94.49	as above	as above	as above	Payable 36,854	92.89	
Guangzhou Chin-Zu Tech Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	Purchases	606,424	86.71	as above	as above	as above	Payable 421,304	98.37	
Guangzhou Chin-Zu Tech Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	Purchases	569,302	93.55	as above	as above	as above	Payable 6,744	66.33	

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.

Note 2: Related transactions among the be-invested companies have already been fully offset in the preparation of the consolidated financial statements.

Table 5

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, 2022

(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	1,155,784	1.53	-	-	399,230 (Note 1)	-
Guangzhou Chin-Zu Tech Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	421,304	1.30	-	-	38,303 (Note 1)	-
Hongkong Kingtachi Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	260,514	-	-	-	- (Note 1)	-
Eagle Zone Co.	The Company	Sub-subsidiary	679,668	1.45	-	-	141,266 (Note 1)	-
Chinsan (Cayman) Co.	Chinsan (BVI) Co.	Affiliated enterprise	322,455	-	-	-	- (Note 1)	-

Note 1: Data is as of the end of February 28, 2023.

Table 6

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, 2022

(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	62,606	Acrd. to Group's pricing strategy	1.68 %
0	The Company	Chinsan (BVI) Co.	1	Purchase of goods	1,685,035	Acrd. to Group's pricing strategy	45.18 %
0	The Company	Eagle Zone Co.	1	Purchase of goods	794,009	Acrd. to Group's pricing strategy	21.29 %
0	The Company	Chinsan (BVI) Co.	1	Accounts payable	1,155,784	-	14.21 %
0	The Company	Eagle Zone Co.	1	Accounts payable	679,668	-	8.36 %
1	Chinsan (BVI) Co.	Chinsan Thailand Co.	3	Sales of goods	34,838	Acrd. to Group's pricing strategy	0.93 %
1	Chinsan (BVI) Co.	Guangzhou Kingtachi Co.	3	Sales of goods	64,321	Acrd. to Group's pricing strategy	1.72 %
1	Chinsan (BVI) Co.	Guangzhou Chin-Zu Co.	3	Purchase of goods	90,386	Acrd. to Group's pricing strategy	2.42 %
1	Chinsan (BVI) Co.	Guangzhou Kingtachi Co.	3	Purchase of goods	1,922,485	Acrd. to Group's pricing strategy	51.55 %
1	Chinsan (BVI) Co.	Chinsan Thailand Co.	3	Accounts receivable	35,895	-	0.44 %
1	Chinsan (BVI) Co.	Guangzhou Kingtachi Co.	3	Accounts payable	90,720	-	1.12 %
1	Chinsan (BVI) Co.	Chinsan (Cayman)Co.	3	Oth accounts payable	322,455	-	3.97 %
2	Eagle Zone Co.	Guangzhou Kingtachi Co.	3	Sales of goods	93,847	Acrd. to Group's pricing strategy	2.52 %
2	Eagle Zone Co.	Guangzhou Kingtachi Co.	3	Purchase of goods	34,782	Acrd. to Group's pricing strategy	0.93 %
2	Eagle Zone Co.	Chinsan Thailand Co.	3	Purchase of goods	596,323	Acrd. to Group's pricing strategy	15.99 %
2	Eagle Zone Co.	Guangzhou Kingtachi Co.	3	Accounts receivable	21,322	-	0.26 %
2	Eagle Zone Co.	Chinsan Thailand Co.	3	Accounts payable	36,854	-	0.45 %
2	Eagle Zone Co.	Chinsan Thailand Co.	3	Prepayments	88,674	-	1.09 %
3	Hongkong Kingtachi Co.	Guangzhou Chin-Zu Co.	3	Oth accounts receivable	67,216	-	0.83 %
3	Hongkong Kingtachi Co.	Guangzhou Kingtachi Co.	3	Oth accounts receivable	260,514	-	3.20 %
3	Hongkong Kingtachi Co.	Chinsan (Cayman)Co.	3	Oth accounts payable	92,753	-	1.14 %
4	Guangzhou Chin-Zu Co.	Guangzhou Kingtachi Co.	3	Sales of goods	606,424	Acrd. to Group's pricing strategy	16.26 %
4	Guangzhou Chin-Zu Co.	Guangzhou Kingtachi Co.	3	Purchase of goods	569,302	Acrd. to Group's pricing strategy	15.27 %
4	Guangzhou Chin-Zu Co.	Guangzhou Kingtachi Co.	3	Accounts receivable	421,304	-	5.18 %
5	Guangzhou Kingtachi Co.	Guangzhou You-Mao Co.	3	Rent income	70,996	Acrd. to Group's pricing strategy	1.90 %
5	Guangzhou Kingtachi Co.	Guangzhou You-Mao Co.	3	Processing cost	353,639	Acrd. to Group's pricing strategy	9.48 %
5	Guangzhou Kingtachi Co.	Guangzhou You-Mao Co.	3	Accounts payable	62,031	-	0.76 %

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 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 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.

Note 5: The revelant transactions between investment companies have been fully offset when preparing the consolidated financial statements.

Table 7

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, 2022

(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, 2022			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2022	December 31, 2021	Shares	% of Ownership	Book value			
The Company	Chinsan (Cayman) Co.	Cayman Islands	Tradings of aluminum capacitor and investment business	750,693 USD 23,251	750,693 USD 23,251	10,931 (Note 2)	100%	\$ 5,418,730	194,481	197,874	
	Yue-Cheng Investment Co., Ltd.	Taiwan	General investment business	14,000	14,000	-	100%	10,779	4	4	
	Sustainable Development Co., Ltd.	Taiwan	Waste disposal business	245,159	229,856	5,059	12.91%	86,471	(78,135)	(99,473)	
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%	720,004	35,995	21,873	
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%	1,202,494	(66,369)	(61,820)	
as above	Elite (BVI) Co.	BVI	Tradings of aluminum capacitor	-	-	50	100%	-	-	-	
as above	Eagle Zone Co.	Samoa Islands	Tradings of aluminum capacitor and investment business	205,444 USD 7,000	-	1,000 (Note 4)	100%	680,438	175,457	156,298	
as above	Hongkong Kingtachi Co.	Hongkong	Tradings of aluminum capacitor and investment business	1,888,764 USD 60,565	1,888,764 USD 60,565	6,200 (Note 5)	100%	2,266,592	42,662	42,662	
as above	Spotlight Co.	Samoa Islands	General investment business	114,446 USD 3,710	114,446 USD 3,710	2,000 (Note 6)	100%	137,379	(176)	(176)	
Spotlight Co.	Baolong Co.	Hongkong	General investment business	114,048 USD 3,700	114,048 USD 3,700	10 (Note 7)	100%	137,185	(154)	(154)	

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\$314,533,000.

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\$1,700,000.

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\$7,000,000.

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\$406,166,000.

Note 6: The cumulative capital increase has not yet been registered for share-capital changes, and the amount of the proceeds-new issued is USD\$1,710,000.

Note 7: The cumulative capital increase has not yet been registered for share-capital changes, and the amount of the proceeds-new issued is HKD\$29,126,000.

Table 8

Taiwan Chinsan Electric Industrial Co., Ltd. and Subsidiaries
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

(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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Guangzhou Chin-Zu Tech Co.	Aluminum capacitor	322,455 (USD10,500,000)	(2)	252,045 (USD8,207,260)	-	-	252,045 (USD8,207,260)	9,156	95.22%	14,038 (Note 2 、 (2) 、 B)	407,897	
Guangzhou Kingtachi Co.	Aluminum capacitor	1,520,145 (USD49,500,000)	(2)	1,520,145 (USD49,500,000)	-	-	1,520,145 (USD49,500,000)	28,755	100.00%	30,217 (Note 2 、 (2) 、 B)	1,295,898	
Guangzhou Hang-Lungi Co.	General investment	105,792 (RMB24,000,000)	(2)	105,792 (RMB24,000,000)	-	-	105,792 (RMB24,000,000)	(2)	100.00%	(2) (Note 2 、 (2) 、 B)	131,308	
Guangzhou You-Mao Electric Co.	Aluminum capacitor	22,040 (RMB5,000,000)	(3)	-	-	-	-	19,403	100.00%	19,403 (Note 2 、 (2) 、 B)	9,110	

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 30.71 and RMB 4.408.

Note 5: Due to that the Company acquires the original shares of Guangzhou Chin-Zu Tech 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.

Taiwan Chinsan Electric Industrial Co., Ltd. and Subsidiaries
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

(2) Investment limit for the investees in China

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 6)
1,877,982 (Note 8)	1,877,982 (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 30.71 and RMB 4.408.

Note 8: The Company's total investment in China amounted to USD 57,707,260 and RMB 24,000,000, of which USD 8,207,260 was remitted directly by the Company, USD 49,500,000 was remitted by the profits of its subsidiary, Chinsan (Cayman) Enterprise Co., Ltd, and RMB 24,000,000 was remitted by Bao-Long Co.

Table 9

Taiwan Chinsan Electric Industrial Co., Ltd. and Subsidiaries
INFORMATION ON MAJOR SHAREHOLDERS
 DECEMBER 31, 2022

Major Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
KaiMei Electronic Corp.	23,548,546	18.19%
Han-Lin Investment Co., Ltd.	8,478,767	6.55%
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, 2022 and 2021, 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 2022 and 2021 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, 2022 and 2021, and its parent-company-only financial performance and its parent-company-only cash flows for the 2022 and 2021 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 2022 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 2022 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, 2022 and 2021, the balance of investment accounted for using equity method in the aforementioned companies was NT\$86,471 thousand and NT\$170,070 thousand respectively, which account for 0.96% and 2.09% of the asset totals. As of the all-year run from January 1, to December 31, of 2022 and 2021, the comprehensive income using equity method for the aforementioned companies was (NT\$16,501) thousand and (NT\$22,606) thousand respectively, accounting for (3.80%) and 2,220.63% 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, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare 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

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

Visa accountant
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New Taipei City, Taiwan, ROC

Approved-certified No.:
Jin-Guan-Certificate No. 106001453

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Issued in 30st-March-2023

Notice to Readers

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

The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China.

If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

Taiwan Chinsan Electronic Industrial Co., Ltd.
PARENT COMPANY ONLY BALANCE SHEETS
The Years Ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

CODE	ASSET	31 st December 2022		31 st December 2021	
		AMOUNT	%	AMOUNT	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 and 6.1)	\$ 1,222,538	13.56	\$ 540,859	6.63
1110	Financial assets at fair value through profit or loss, Current (Note 4, 6.2 and 6.21)	153,120	1.70	161,711	1.98
1150	Notes receivable, net (Note 4 and 6.4)	41	-	148	-
1170	Accounts receivable, net (Note 4 and 6.4)	990,175	10.99	1,163,550	14.27
1180	Accounts receivable due from related parties (Note 7)	4,543	0.05	4,637	0.06
1200	Other receivables	3,379	0.04	1,321	0.02
1220	Current tax asset (Note 4, 6.17)	6,700	0.07	16,304	0.20
130x	Inventories (Note 4, 6.5)	231,426	2.57	297,521	3.65
1470	Other current assets	7,759	0.09	12,315	0.15
11xx	Total current assets	<u>2,619,681</u>	<u>29.07</u>	<u>2,198,366</u>	<u>26.96</u>
	NONCURRENT ASSETS				
1510	Financial assets at fair value through profit or loss, noncurrent (Note 4, 6.2, and 6.21)	497,011	5.52	517,262	6.35
1517	Financial assets at fair value through other comprehensive income, noncurrent (Note 4, 6.3 and 6.21)	16,158	0.18	18,712	0.23
1550	Investments accounted for using equity method (Note 4 and 6.6)	5,515,980	61.21	5,072,709	62.22
1600	Property, plant and equipment (Notes 4 and 6.7)	67,198	0.74	66,823	0.82
1755	Right-of-use assets (Notes 4 and 6.8)	278,248	3.09	243,878	2.99
1840	Deferred income tax assets (Notes 4 and 6.17)	5,057	0.06	5,023	0.06
1900	Other noncurrent assets	6,310	0.07	6,597	0.08
1915	Prepayments for business facilities	5,310	0.06	12,356	0.15
1975	Net defined benefit assets (Note 4 and 6.13)	-	-	11,696	0.14
15xx	Total noncurrent assets	<u>6,391,272</u>	<u>70.93</u>	<u>5,955,056</u>	<u>73.04</u>
1xxx	TOTAL ASSETS	<u>\$ 9,010,953</u>	<u>100.00</u>	<u>\$ 8,153,422</u>	<u>100.00</u>

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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, 2022 and 2021

		(In Thousands of New Taiwan Dollars)			
CODE	LIABILITIES AND EQUITY	31 st December 2022		31 st December 2021	
		AMOUNT	%	AMOUNT	%
	CURRENT LIABILITIES				
2100	Short-term loans (Notes 4 and 6.9)	\$ 1,235,000	13.71	\$ 870,635	10.68
2110	Short-term notes and bills payable (Note 4 and 6.10)	80,000	0.89	110,000	1.35
2170	Accounts payable (Note 4)	5,535	0.06	10,418	0.13
2180	Payables to related parties (Note 7)	1,835,452	20.37	1,469,717	18.03
2200	Other payables	21,965	0.24	26,484	0.32
2230	Current tax liabilities (Note 4)	-	-	16,066	0.19
2280	Lease liabilities, current (Notes 4)	5,601	0.06	4,753	0.06
2300	Other current liabilities	3,567	0.04	1,079	0.01
2320	Long-term liabilities - current portion (Notes 4 and 6.11)	423,798	4.70	-	-
21xx	Total current liabilities	<u>3,610,918</u>	<u>40.07</u>	<u>2,509,152</u>	<u>30.77</u>
	NONCURRENT LIABILITIES				
2530	Bonds payable (Notes 4 and 6.11)	-	-	513,373	6.30
2540	Long-term borrowings (Note 4 and 6.12)	1,136,667	12.61	1,210,000	14.84
2570	Deferred tax liabilities (Note 4 and 6.17)	1,164	0.01	3,590	0.04
2580	Lease liabilities, noncurrent (Notes 4)	276,837	3.07	242,090	2.97
2640	Net defined benefit liability (Note 4 and 6.13)	5,642	0.06	-	-
25xx	Total noncurrent liabilities	<u>1,420,310</u>	<u>15.75</u>	<u>1,969,053</u>	<u>24.15</u>
2xxx	Total liabilities	<u>5,031,228</u>	<u>55.82</u>	<u>4,478,205</u>	<u>54.92</u>
	EQUITY (Note 6.14)				
3100	Capital stock (Note 4)	1,294,625	14.37	1,294,625	15.88
3200	Capital surplus (Note 6.14)	1,412,631	15.68	1,412,607	17.33
	Retained earnings				
3310	Appropriated as legal capital reserve	546,474	6.06	546,474	6.70
3320	Appropriated as special capital reserve	630,478	7.00	472,779	5.80
3350	Unappropriated earnings	389,878	4.33	569,589	6.99
	Other Equity				
3410	Exchange differences on translation of foreign financial statements	(275,557)	(3.05)	(589,568)	(7.23)
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(18,804)	(0.21)	(31,289)	(0.39)
3xxx	Total equity	<u>3,979,725</u>	<u>44.18</u>	<u>3,675,217</u>	<u>45.08</u>
!xxx-3xxx	TOTALs of LIABILITIES & EQUITY	<u>\$ 9,010,953</u>	<u>100.00</u>	<u>\$ 8,153,422</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, 2022 and 2021

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

CODE	SUBJECT	2022		2021	
		AMOUNT	%	AMOUNT	%
4000	NET REVENUE (Note 4 and 7)	\$ 2,750,870	100.00	\$ 3,014,599	100.00
5000	COST OF REVENUE (Notes 6.5, 6.16 and 17)	(2,626,990)	(95.50)	(2,761,731)	(91.61)
5900	GROSS PROFIT	123,880	4.50	252,868	8.39
5910	Unrealized gains from affiliated company	(3,198)	(0.12)	(3,141)	(0.10)
5920	Realized gains from affiliated company	3,141	0.11	3,217	0.10
	GROSS PROFIT	123,823	4.49	252,944	8.39
	OPERATING EXPENSES (Notes 6.8.13, 6.16 and 7)				
6100	Marketing	(46,021)	(1.67)	(37,361)	(1.24)
6200	General and administrative	(60,146)	(2.19)	(67,121)	(2.23)
6300	Research and development	(9,605)	(0.35)	(7,238)	(0.24)
6450	The expected credit loss (Note 6.4)	1,293	0.05	1,187	0.04
6000	Total od operating expenses	(114,479)	(4.16)	(110,533)	(3.67)
6900	INCOME FROM OPERATIONS	9,344	0.33	142,411	4.72
	NON-OPERATING INCOME AND EXPENSES				
7050	Finance costs (Note 6.8 and 15)	(37,389)	(1.36)	(28,066)	(0.93)
7070	Share of profits of subsidiaries and associates (Note 6.6)	181,377	6.59	60,650	2.01
7100	Interest income	10,710	0.39	1,011	0.03
7130	Dividend revenue	11,212	0.41	3,105	0.10
7190	Other income	4,013	0.15	3,233	0.10
7210	Gains on disposals of property, plant and equipment	114	-	-	-
7230	Foreign exchange gains	14,852	0.54	-	-
7235	Financial assets measured at fair value through profit (Note 6.2)	-	-	8,721	0.29
7590	Miscellaneous expenses	-	-	(1,338)	(0.04)
7630	Foreign exchange loss	-	-	(5,498)	(0.18)
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	98,180	3.56	41,818	1.38
7900	INCOME BEFORE INCOME TAX	107,524	3.89	184,229	6.10
7950	INCOME TAX EXPENSE (Notes 4 and 6.17)	(2,910)	(0.12)	(23,098)	(0.76)
8200	NET INCOME	\$ 104,614	3.77	\$ 161,131	5.34
	OTHER COMPREHENSIVE INCOME (LOSS)				
	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit obligation (Note 6.13)	3,209	0.12	(4,864)	(0.16)
8316	Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 6.3)	(2,554)	(0.09)	797	0.03
8330	Share of other comprehensive gain/(loss) of subsidiaries and associates	15,039	0.55	10,217	0.34
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently (Note 4 and 6.17)	(373)	(0.01)	973	0.03
8310	Total of items that will not be reclassified subsequently to profit or loss	15,321	0.57	7,123	0.24
	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences arising on translation of foreign operations	314,011	11.41	(169,505)	(5.62)
8380	Share of other comprehensive loss of subsidiaries and associates	-	-	233	0.01
8360	Total od items that may be reclassified subsequently to profit or loss	314,011	11.41	(169,272)	(5.61)
8300	Other comprehensive income (loss), net of income tax	329,332	11.98	(162,149)	(5.37)
8500	TOTAL COMPREHENSIVE INCOME	433,946	15.75	(\$ 1,018)	(0.03)
	Earnings per share (Note 4 and 6.18)				
9750	Basic earnings per share	\$ 0.81		\$ 1.24	
9850	Diluted earnings per share	\$ 0.80		\$ 1.20	

(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, 2022 and 2021

(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, 2021	\$ 1,256,918	\$ 1,459,178	\$ 546,474	\$ 352,816	\$ 620,855	(\$ 420,063)	(\$ 43,095)	\$ 3,773,083
Appropriations of prior year's earnings, 2020								
Special capital reserve				119,963	(119,963)			-
Cash dividends to shareholders					(87,984)			(87,984)
Stock dividend from capital surplus	37,707	(37,707)						-
Adjustments to share of changes in equities of associates		(17)			(559)		559	(17)
Redemption of convertible corporate bond		(8,847)						(8,847)
Net income					161,131			161,131
Other comprehensive income (loss)					(3,891)	(169,505)	11,247	(162,149)
BALANCE, DECEMBER 31, 2021	<u>\$ 1,294,625</u>	<u>\$ 1,412,607</u>	<u>\$ 546,474</u>	<u>\$ 472,779</u>	<u>\$ 569,589</u>	<u>(\$ 589,568)</u>	<u>(\$ 31,289)</u>	<u>\$ 3,675,217</u>
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>

(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 CASH FLOWS
The Years Ended December 31, 2022 and 2021

	(In Thousands of NT\$)	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 107,524	\$ 184,229
Adjustments for:		
Provided by (used in) operating activities:		
Realized sales profit(loss)	57	(76)
Financial assets measured at fair value through loss(profit)	3,737	(8,721)
Reversal of the expected credit loss	(1,293)	(1,187)
Reversal of inventory loss on valuation, retirement and sluggish	2,037	(16,652)
Depreciation expense	9,531	8,308
Amortization expense	2,589	2,431
Share of profits of subsidiaries and associates	(181,377)	(60,650)
Interest expense	37,389	28,066
Interest income	(10,710)	(1,011)
Gains on disposals of property, plant and equipment	(114)	-
Loss on impairment	82,972	-
Gain(loss) on redemption of bonds payable	(20)	1,338
Return on pay up of defined benefit plan	(1,145)	-
Dividend income	(11,212)	(3,105)
Changes in operating assets and liabilities:		
Notes receivable	107	(17)
Accounts receivable	174,668	(133,152)
Receivables from related parties	94	(803)
Other receivables	1,232	(674)
Other receivables from related parties	-	7,974
Inventories	64,058	(14,808)
Other noncurrent assets	4,556	(1,452)
Accounts payable	(4,883)	(27,377)
Payables from related parties	365,735	(113,604)
Other payables	(5,420)	8,432
Other payables from related parties	-	(588)
Other noncurrent liabilities	2,488	(676)
Cash generated from operations	642,600	(143,775)
Interest received	7,420	994
Interest paid	(26,510)	(18,941)
Income taxes paid	(12,205)	(12,700)
Net cash generated by operating activities	611,305	(174,422)

	2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Dividends received	\$ 11,212	\$ 3,105
Acquisitions of financial assets measured at fair value through profit or loss	(319,382)	(692,416)
Disposals of financial assets measured at fair value through profit or loss	344,470	688,082
Return of pension cost account	21,692	-
Acquisitions of investment for using equity method	(15,303)	(109,448)
Acquisitions of property, plant and equipment	(3,201)	(350)
Disposals of property, plant and equipment	114	-
Decrease(increase) of prepayment for equipment	7,046	(12,129)
Increase of other noncurrent assets	(2,302)	(13,912)
Net cash used in investing activities	44,346	(137,068)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase in short-term loans	364,365	227,764
Decrease in short-term notes payables	(30,000)	-
Increase in short-term notes payables	-	40,000
Redemption of bonds	(97,242)	(180,584)
Issuance of long-term loans	460,000	100,000
Repayment of long-term loans	(533,333)	-
Repayment of principle of lease liability	(8,300)	(7,200)
Cash dividends	(129,462)	(87,984)
Net cash used in financing activities	26,028	91,996
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	681,679	(219,494)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	540,859	760,353
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,222,538	\$ 540,859

(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, 2022 AND 2021
(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, 2021, 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 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 IFRS 3 “Reference to the Conceptual Framework ”	January 1, 2022
Amendments to IFRS 16 “ Property, Plant and Equipment: the price before reaching the intended state of use”	January 1, 2022
Amendments to IAS 37 “ Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements — 2018-2020 Cycle	January 1, 2022

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 IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “ Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023

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
Amendments to IFRS 16 “Lease Liabilities in Sale and Leaseback”	January 1, 2024
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
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	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.

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.
- b. 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, 2022 and 2021, the carrying amount of TCEIC's inventory was NT\$231,426 thousand and NT\$297,521 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, 2022, TCEIC's investment using the equity method after recognizing impairment losses was NT\$86,471 thousand.

6. Explanation of Important Accounting Subjects

a. Cash and cash equivalents

	2022.12.31	2021.12.31
Cash on hand	\$ 271	\$ 250
Cash in banks	611,107	474,177
Cash equivalent (investment with original maturity within 3 months)	611,160	66,432
	<u>\$ 1,222,538</u>	<u>\$ 540,859</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

	<u>2022.12.31</u>	<u>2021.12.31</u>
CURRENT:		
Financial assets that are required to be measured at fair value through profit or loss		
Listed shares	\$ 162,196	\$ 108,096
Beneficiary certificate	30,231	39,031
Valuation adjustment	(39,307)	14,584
	<u>\$ 153,120</u>	<u>\$ 161,711</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	380,000	560,000
Beneficiary certificate	30,000	30,000
Callable & potable options of corporate bond (Note 4 and 6.11)	-	52
Valuation adjustment	67,011	(92,790)
	<u>\$ 497,011</u>	<u>\$ 517,262</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>2022</u>	<u>2021</u>
Financial assets that are required to be measured at fair value through profit or loss		
Equity instrument	(\$ 5,291)	\$ 6,207
Debt instrument	1,606	\$ -
	<u>(\$ 3,685)</u>	<u>\$ 6,207</u>
Financial assets that are required to be measured at fair value through profit or loss		
Corporate bond potable option and callable option (Note 4 and 6.11)	(\$ 52)	\$ 2,514

- (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

	2022.12.31	2021.12.31
NONCURRENT:		
Equity instrument		
Stocks of unlisted and emerging companies	\$ 36,660	\$ 36,660
Valuation adjustment	(20,502)	(17,948)
Total:	<u>\$ 16,158</u>	<u>\$ 18,712</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, 2022 and 2021 were NT\$16,158 thousand and NT\$18,712 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	2022	2021
Changes in fair value recognized in other comprehensive income	(\$ 2,554)	\$ 797

(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, 2022 and 2021 were NT\$16,158 thousand and NT\$18,712 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:

	2022.12.31	2021.12.31
Notes receivable	\$ 41	\$ 1,443
Less: Provision	-	(1,295)
Net notes receivable	<u>\$ 41</u>	<u>\$ 148</u>

	2022.12.31	2021.12.31
Accounts receivable	\$ 990,230	\$ 1,164,796
Less: Provision	(55)	(1,246)
Net accounts receivable	<u>\$ 990,175</u>	<u>1,163,550</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:

	2022.12.31	2021.12.31
Not overdue	\$ 970,591	\$ 1,136,457
Within 30 days	11,079	17,476
31 to 90 days	4,102	9,742
More than 91 days	4,444	23
Total	\$ 990,216	\$ 1,163,698

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, 2022 and 2021 were NT\$41 thousand and NT\$148 thousand respectively. The maximum exposure to credit risk for the Company's accounts receivable on December 31, 2022 and 2021 were NT\$990,175 thousand and NT\$1,163,550 thousand respectively.

(v) Please refer to Note 6.21(c) for the credit risk information of relevant accounts receivable and notes receivable.

e. Inventories

	2022.12.31	2021.12.31
Raw materials	\$ 5,114	\$ 2,857
Finished goods	42	536
Merchandise	230,076	295,897
Subtotal	235,232	299,290
Less: Allowance for inventory depreciation	(3,806)	(1,769)
Total	\$ 231,426	\$ 297,521

Inventory-related expenses and losses recognized in the current period

	2022	2021
Cost of inventories sold	\$ 2,624,953	\$ 2,778,383
Inventory depreciation and obsolesce (recovery benefit)	2,037	(16,652)
Total	\$ 2,626,990	\$ 2,761,731

f. Investments accounted for using the equity method

(i) Details are as follows:

	2022.12.31	2021.12.31
<u>Subsidiaries</u>		
Chinsan (Cayman) Enterprise Co., Ltd	\$ 5,418,730	\$ 4,893,014
Yue-Cheng Investment Co., Ltd.	10,779	9,625
<u>Associates</u>		
Sustainable Development Co., Ltd.	86,471	170,070
Total	\$ 5,515,980	\$ 5,072,709

(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
		2022.12.31	2021.12.31		
Sustainable Development Co., Ltd.	Taiwan	12.91%	12.56%	significant influence	Equity method

TCEIC participated in the capital increase of Sustainable Development Co., Ltd. in August 2022 and July 2021. The amount per share was NT\$20 and NT\$100 respectively. These investment shares increased by 765,157 shares and 113,362 shares, and the investment amount increased by NT\$15,303 thousand and 11,336 thousand, respectively.

(iii) Consolidated financial information of TCEIC's major associates is as follows:

	Sustainable Development Co., Ltd.	
	2022.12.31	2021.12.31
Current assets	\$ 4,398	\$ 6,555
Noncurrent assets	884,837	891,523
Current liabilities	(42,467)	(38,925)
Noncurrent liabilities	(176,967)	(182,091)
Total net assets	\$ 669,801	\$ 677,062

	Sustainable Development Co., Ltd.	
	2022.12.31	2021.12.31
Share of net assets of associates	\$ 86,471	\$ 87,098
Goodwill	-	82,972
Carrying number of associates	\$ 86,471	\$ 170,070

Comprehensive income statement	Sustainable Development Co., Ltd.	
	2022	2021
Revenue	\$ 11,386	\$ 10,226
Net loss for the period	(\$ 78,135)	(\$ 198,352)
Total comprehensive income for the period	(\$ 78,135)	(\$ 198,352)
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 2022 and 2021 are (NT\$16,501) thousand and (NT\$22,606) thousand respectively. On December 31, 2022 and 2021, the investments using the equity method were NT\$86,471 thousand and NT\$170,070 thousand respectively.
- (vi) For information about the Company's subsidiaries, please refer to Note 4(3).2 of TCEIC's 2022 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 2022

	Buildings	Machinery equipment	Transportati on 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>

B. January 1 to December 31 of the year 2021

	Buildings	Machinery equipment	Transportatio n equipment	Other equipment	Lease improvements	Total
Cost						
Balance Jan 1, 2021	\$ 79,728	\$ 9,048	\$ 2,235	\$ 3,967	\$ 432	\$ 95,410
Additions	-	226	-	124	-	350
Balance Dec 31, 2021	<u>\$ 79,728</u>	<u>\$ 9,274</u>	<u>\$ 2,235</u>	<u>\$ 4,091</u>	<u>\$ 432</u>	<u>\$ 95,760</u>
Accumulated depreciation and impairment losses						
Balance Jan 1, 2021	\$ 12,891	\$ 7,908	\$ 1,816	\$ 3,755	\$ 66	\$ 26,436
Additions	1,768	452	109	99	73	2,501
Balance Dec 31, 2021	<u>14,659</u>	<u>8,360</u>	<u>1,925</u>	<u>3,854</u>	<u>139</u>	<u>28,937</u>
Net amount	<u>\$ 65,069</u>	<u>\$ 914</u>	<u>\$ 310</u>	<u>\$ 237</u>	<u>\$ 293</u>	<u>\$ 66,823</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

	2022.12.31	2021.12.31
Houses and buildings	<u>\$ 278,248</u>	<u>\$ 243,878</u>
<u>Depreciation expense</u>		
	2022	2021
Houses and buildings	<u>\$ 6,705</u>	<u>\$ 5,807</u>

- (iii) The right-of-use asset of the Company in 2022 was increased by NT\$41,075 thousand due to lease modification, and the right-of-use asset in 2021 was increased by NT\$192,855 thousand due to lease modification.

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

	2022	2021
Items affecting current profit and loss		
Interest expense on the lease liability	<u>\$ 2,820</u>	<u>\$ 2,494</u>
Expenses for short-term lease contracts	<u>\$ 3,188</u>	<u>\$ 2,299</u>

- (v) The Company's total cash outflows for lease payments in 2022 and 2021 were NT\$11,488 thousand and NT\$9,499 thousand, respectively.

i. Short-term borrowings

	2022.12.31	2021.12.31
Credit borrowing	\$ 1,235,000	\$ 870,000
L/C borrowing	-	635
Total	\$ 1,235,000	\$ 870,635
Interest rate range	1.43%~1.93%	0.25%~0.95%
The available amount of the aforementioned borrowing is as follows:		
	2022.12.31	2021.12.31
NT\$	\$ 2,060,000	\$ 1,460,000
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	

2021.12.31

Guarantee Acceptance Agency	Period	Interest rate	Amount	Collateral
Dah Chung Bills Finance Corp.	2021.12.06~2022.01.05	0.87%	\$ 80,000	None
Less: Discount of short-term notes payable			-	
Net amount			\$ 80,000	

Guarantee Acceptance Agency	Period	Interest rate	Amount	Collateral
Ta Ching Bills Finance Corp.	2021.12.22-2022.01.21	0.87%	\$ 30,000	None
Less: Discount of short-term notes payable			-	
Net amount			\$ 30,000	

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, 2022 and 2021. Relevant information of these convertible corporate bonds in the parent-company-only financial statements is as follows:

A. Components of corporate bonds payable

	2022.12.31	2021.12.31
Issue denomination	\$ 700,000	\$ 700,000
Less: Corporate Bonds Redemption	(273,300)	(175,600)
Less: Corporate bonds discount	(2,902)	(11,027)
Less: Corporate bonds due within 1 year	(423,798)	-
Ending bond amount	\$ -	\$ 513,373

B. Components of equities

	2022.12.31	2021.12.31
Original issue	\$ 44,450	\$ 44,450
Derecognition of corporate bond redemption	(17,355)	(11,151)
	\$ 27,095	\$ 33,299

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

C. Components of liabilities

	2022.12.31	2021.12.31
Original issue	\$ 4,060	\$ 4,060
Valuation adjustment of financial liabilities	(4,060)	(4,112)
	\$ -	(\$ 52)

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:

	2022	2021
Measurement of profit (loss)	(\$ 52)	\$ 2,514

(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

	2022.12.31	2021.12.31
Secured loans	\$ 1,136,667	\$ 1,210,000
Less: Portion due within 1 year	-	-
Total	\$ 1,136,667	\$ 1,210,000
Interest rate range	1.52%~2.01%	0.825%~1.1%
(i) The available amount for the above borrowings is as follows:		
	2022.12.31	2021.12.31
NT\$	\$ 1,460,000	\$ 1,210,000

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\$2,283 thousand and NT\$879 thousand for the years ended December 31, 2022 and 2021, respectively in comprehensive income statements.

(i) 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 2022 and 2021 of the Company was NT\$0, and it was also recognized under other comprehensive income that the actuarial (profit) and losses were (NT\$3,209 thousand) and NT\$4,864 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, 2022 and 2021, 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:

	2022.12.31	2021.12.31
Discount rate	1.15%	0.65%
Future salary increases	3.00%	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, 2022				
Influence on the present value of defined benefit obligations	(\$ 49)	\$ 50	\$ 48	(\$ 48)
December 31, 2021				
Influence on the present value of defined benefit obligations	(\$ 485)	\$ 498	\$ 486	(\$ 475)

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:

	2022.12.31	2021.12.31
Present value of defined benefit obligations	(\$ 5,642)	(\$ 25,728)
Fair value of project assets	-	37,424
Net defined benefit assets (liabilities)	<u>(\$ 5,642)</u>	<u>\$ 11,696</u>

④ 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)
2022			
Balance on January 1	(\$ 25,728)	\$ 37,424	\$ 11,696
Interest (expenses) 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	<u>(59)</u>	<u>-</u>	<u>(59)</u>
	<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>
2021			
Balance on January 1	(\$ 27,632)	\$ 35,800	\$ 8,168
Interest (fee) income	(59)	80	21
	<u>(27,691)</u>	<u>35,880</u>	<u>8,189</u>
Amount of re-measurement:			
Compensation for project assets (excluding the amounts included in interest income or expenses)	-	553	553
Impact of changes in financial assumptions	795	-	795
Impact of changes in demographic assumption	(54)	-	(54)
Adjustment via experience	<u>(6,158)</u>	<u>-</u>	<u>(6,158)</u>
	<u>(5,417)</u>	<u>553</u>	<u>(4,864)</u>
Contribution to pension fund	-	991	991
Benefit payments	7,380	-	7,380
Balance on December 31	<u>(\$ 25,728)</u>	<u>\$ 37,424</u>	<u>\$ 11,696</u>

⑤ The Company has closed the pension account in the third quarter of 2022.

⑥ As of December 31, 2022, the weighted average duration of the retirement pension plan is 3 years. °

n. Equity

(i) Capital of ordinary share

① Authorized capital share

As of December 31, 2022 and 2021, the rated number of shares and the number of issued shares are as follows, with a par value of NT\$10 per share.

	2022.12.31	2021.12.31
Number of authorized shares (ordinary shares – 1,000 shares)	300,000	300,000
Issued shares (ordinary shares – 1,000 shares)	129,463	129,463

② The number of the Company's outstanding ordinary shares of at the beginning and end of the period is adjusted as follows:

	2022	2021
Number of shares at beginning period (ordinary shares - 1,000 shares)	129,463	125,692
Capital surplus distribution of share dividends	-	3,771
Number of shares at end period (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, 2022 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 July 26, 2021, the Company passed the resolution of the shareholders' meeting in 2020 which is as follows:

	2020	
	amount	dividend per share (NT\$)
Set aside special reserve	\$ 119,963	-
Shareholder cash dividend	87,984	\$ 0.7

The aforementioned profit distribution proposal for the fiscal year 2020 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.

In addition, the Company's general meeting of shareholders resolved on July 26, 2021 to issue 3,771,000 new shares by converting the capital surplus of NT\$37,707 thousand into a capital increase. This change has been approved by the Ministry of Economic Affairs.

⑥ On June 8, 2022, the Company passed the resolution of the shareholders' meeting in 2021 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.

The profit distribution proposes for 2022 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 31, 2023.

Please refer to Note 6.16 for information on remunerations of employee and directors.

o. Financial cost

	2022	2021
Interest expense		
Bank loan	\$ 27,429	\$ 18,670
Corporate bonds payable	7,140	6,902
Lease liability	2,820	2,494
	<u>\$ 37,389</u>	<u>\$ 28,066</u>

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

	2022			2021		
	Business cost	Business expense	Total	Business cost	Business expense	Total
Employee Benefit Expenses						
Salary	\$ 549	\$ 48,742	\$ 49,291	\$ 659	\$ 52,767	\$ 53,426
Labor health insurance	64	4,884	4,948	73	5,426	5,499
Pension	-	2,283	2,283	-	879	879
Director remuneration	-	1,663	1,663	-	2,849	2,849
Other employee benefit expenses	24	4,078	4,102	29	3,829	3,858
Depreciation expense	27	9,504	9,531	32	8,276	8,308
Amortization	-	2,589	2,589	-	2,431	2,431

- (i) The number of TCEIC employees in 2022 and 2021 was 75 and 76 respectively, of which the number of directors who did not concurrently serve as employees was both 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 2022 is NT\$879 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 2021 was NT\$909 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 2022 is NT\$714 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 2021 was NT\$763 thousand (“total salary cost 2021” divided by “the number of employees minus the directors who are not concurrent employed in 2021”).
 - ③ The adjustment and change of the average employee salary cost is a decrease of 6.4% (“The 2022’s average employee salary cost subtracting the 2021’s average employee salary cost” divided by “The 2021’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 valued 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:

	2022	2021
Employee compensation	\$ 1,663	\$ 2,849
Director compensation	1,663	2,849
	<u>\$ 3,326</u>	<u>\$ 5,698</u>

- A. The employee compensation and director compensation estimated by the Company are in accordance with the proportion specified in the bylaws. Those were estimated at 1.5% for the fiscal years 2022 and 2021 respectively, and were based on the principle of distributing cash, and have been recognized as operating costs and expenses for the fiscal years 2022 and 2021.
- B. The Company plans to distribute the employee compensation and director compensation for the fiscal year 2022 in April 2023 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 2021 in April 2022. The estimated amounts for the fiscal year 2020 in the financial statements are consistent with the approved amounts. The employee compensation for the fiscal year 2021 has been distributed, and further information can be about the profit distribution situation can be inquired n about the profit distribution situation can be inquired n about the profit distribution situation can be inquired n about the profit distribution situation can be inquired n about the profit distribution situation can be inquired at the TWSE MOPS website.

	2021		
	Amount of the Board of Directors' resolution	Amount recognized in financial statements	Difference
Employee compensation - cash	\$ 2,849	\$ 2,849	\$ -
Director compensation - cash	2,849	2,849	-
Ending balance	<u>\$ 5,698</u>	<u>\$ 5,698</u>	<u>\$ -</u>

q. Income Tax

1. Income tax expenses

(1) Components of income tax expense:

	2022	2021
Current income tax:		
Income tax arising from current income	\$ 4,681	\$ 21,355
Income tax underestimation for previous years	1,062	1,396
Total current income tax	5,743	22,751
Deferred income tax:		
Occurrence and reversal of temporary differences	(2,833)	347
Income tax expense	\$ 2,910	\$ 23,098

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

	2022	2021
Defined benefit plan re-measurements	\$ 373	(\$ 973)

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

	2022	2021
Income tax amount calculated based on the statutory tax rate before tax net profit	\$ 21,505	\$ 36,846
Expenses that should be subtracted as required by tax law	(14,620)	(14,888)
Income exempts from taxation as required by tax law	(2,204)	(603)
Underestimated income tax from the previous year	1,062	1,396
Changes in deferred income tax	(2,833)	347
Income tax expense	\$ 2,910	\$ 23,098

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

(1) 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

(2) The fiscal year 2021

	Year-beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Year-ending balance
Unrealized exchange loss (profit)	(\$ 1,126)	\$ 5,163	\$ -	\$ 4,037
Allowance for doubtful debts overrun	(721)	(501)	-	(1,222)
Allowance for inventory depreciation losses	3,684	(3,331)	-	353
Others	604	-	-	604
Defined benefit plan actuarial profits and losses	(1,634)	(1,678)	973	(2,339)
	\$ 807	(\$ 347)	\$ 973	\$ 1,433

4. Income tax assessment status

As of December 31, 2022, the tax assessment authorities have completed the assessment of the income tax filings for the years prior to 2020 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.

	2022	2021
Net profit after tax attributable to ordinary-shareholders for current period-A	\$ 104,614	\$ 161,131
Weighted average number of ordinary shares outstanding (1,000 shares)-B	129,463	129,463
Basic earnings per share (NT\$) (A÷B)	\$ 0.81	\$ 1.24

(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.

	2022	2021
Net profit after tax attributable to ordinary-share holders	\$ 104,614	\$ 161,131
Add: Increase in surplus from conversion of corporate bonds deemed to be exercised	5,712	5,522
Adjusted net profit after tax for current period-C	\$ 110,326	\$ 166,653
Weighted average number of ordinary shares outstanding	129,463	129,463
Add: Effect of dilutive potential ordinary shares:		
Convert corporate bonds	8,087	9,234
Employee compensation	116	61
Weighted average number of ordinary shares outstanding after dilution (1,000 shares)-D	137,666	138,758
Diluted earnings per share (NT\$) (C÷D)	\$ 0.80	\$ 1.20

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

	2022.12.31	2021.12.31
Monetary assets		
Financial assets at fair value through profit or loss		
Mandatory financial assets at fair value through profit or loss	\$ 650,131	\$ 678,973
Financial assets at fair value through other comprehensive income		
Option of the specified equity instrument investment	16,158	18,712
Financial assets measured at amortized cost		
Cash and cash equivalents	1,222,538	540,859
Notes receivable	41	148
Accounts receivable	994,718	1,168,187
Other receivables	3,379	1,321
Refundable deposits	1,427	1,227
	<u>\$ 2,888,392</u>	<u>\$ 2,409,427</u>
	2022.12.31	2021.12.31
Financial liabilities		
Short-term loan	\$ 1,235,000	\$ 870,635
Short-term notes payable	80,000	110,000
Accounts payable	1,840,987	1,480,135
Other payables	21,965	26,484
Corporate bonds payable (including due within 1 year)	423,798	513,373
Long term loan	1,136,667	1,210,000
Lease liabilities (including due within 1 year)	282,438	246,843
	<u>\$ 5,020,855</u>	<u>\$ 4,457,470</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:

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
2021.12.31						
	foreign currency (\$1,000)	exchange rate	carrying amount (NT\$)	range of change	impact amount of profit & loss	
Financial assets						
Monetary item						
US\$	\$ 57,367	27.68	\$ 1,587,919	5%	\$	79,396
Financial liabilities						
Monetary item						
US\$	\$ 53,097	27.68	\$ 1,469,725	5%	\$	73,486

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\$2,371,667 thousand and NT\$2,080,635 thousand on December 31, 2022 and 2021 respectively. If the market interest rate increases (or decreases) by 1%, the Company's annual interest expenses will increase (or decrease) by NT\$23,717 thousand and NT\$20,806 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 2022 and 2021 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:

	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

	2021.12.31			
	carrying amount (NT\$)	range of change	impact amount of profit & loss	impact amount of equity
Financial assets at fair value through profit or loss	\$ 678,973	5%	\$ 33,949	\$ -
Financial assets at fair value through other comprehensive income - noncurrent	18,712	5%	-	936

⑥ 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, 2022 and 2021 are listed as follows:

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

2021.12.31					
	not overdue	1-30 days overdue	31-90 days overdue	more than 91 days overdue	total
Expected loss rate	0%	0.65%	10.41%	0%	
Total carrying amount	\$ 1,136,309	\$ 17,590	\$ 10,874	\$ 23	\$ 1,164,796
Losses allowance	\$ -	\$ 114	\$ 1,132	\$ -	\$ 1,246

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:

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

2021			
	notes receivable	accounts receivable	total
January 1	\$ 1,295	\$ 5,490	\$ 6,785
Reversal of impairment loss	-	(1,187)	(1,187)
Actual write-off due to uncollectible	-	(3,057)	(3,057)
December 31	\$ 1,295	\$ 1,246	\$ 2,541

(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, 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

December 31, 2021:

	carrying amount	within 1 year	1-2 years	2-5 years	more than 5 years
Non-derivative financial liabilities					
Short-term loan	\$ 870,635	\$ 870,635	\$ -	\$ -	\$ -
Short-term notes payable	110,000	110,000	-	-	-
Accounts payable	1,480,135	1,480,135	-	-	-
Other payables	26,484	26,484	-	-	-
Corporate bonds payable (including due within 1 year)	513,373	-	513,373	-	-
Long term loan	1,210,000	-	1,110,000	100,000	-
Lease liabilities (including due within 1 year)	246,843	4,753	4,801	14,695	222,594

(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, 2022

	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	\$ 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

b. December 31, 2021

	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	\$ 129,426	\$ -	\$ -	\$ 129,426
Beneficiary certificate	51,865	24,630	-	76,495
Unlisted or OTC shares	-	-	473,000	473,000
Callable & potable options of the 5 th convertible corporate bond	-	52	-	52
Financial assets at fair value through other comprehensive income				
Unlisted or OTC shares	-	-	18,712	18,712

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 2022 and 2021 through the period from January 1 to December 31.

F. The table shows the changes in Level-3 as follows:

	2022.1.1~12.31	2021.1.1~12.31
January 1	\$ 491,712	\$ 498,975
Profits or losses recognized in profit or loss for the period	31,753	(8,060)
Profits or losses recognized in other comprehensive income	(2,554)	797
Disposition or liquidation	(48,112)	-
December 31	\$ 472,799	\$ 491,712

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:

	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
	2021.12.31 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	\$ 18,712	Net Asset Value Method	Not applicable	-	Not applicable
	\$ 473,000	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:

		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)	-	-
		2021.12.31					
		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%	\$ -	\$ -	\$ 187	(\$ 187)
	Long-term revenue growth rate		± 1%	27,417	(22,784)	-	-

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:

	2022	2021
	amount	amount
Subsidiary		
Chinsan (BVI) Co.	\$ 62,606	\$ 76,354
Other	8,323	7,946
	<u>\$ 70,929</u>	<u>\$ 84,300</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:

	2022	2021
	amount	amount
Subsidiary		
Chinsan (BVI) Co.	\$ 1,685,035	\$ 1,864,548
Eagle Zone Co.	794,009	829,779
	<u>\$ 2,479,044</u>	<u>\$ 2,694,327</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:

	2022.12.31	2021.12.31
	amount	amount
Subsidiary		
Chinsan Thailand Co.	4,543	1,860
Chinsan (BVI) Co.	-	2,777
	<u>\$ 4,543</u>	<u>\$ 4,637</u>

(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:

	2022.12.31	2021.12.31
	amount	amount
Subsidiary		
Chinsan (BVI) Co.	\$ 1,155,784	\$ 1,050,501
Eagle Zone Co.	679,668	419,216
	<u>\$ 1,835,452</u>	<u>\$ 1,469,717</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	2022.12.31	2021.12.31
Chinsan Tai-An Co.	1 st Floor, No. 1, Alley 11, Lane 68, Section 1, Guangfu Rd., Sanchong Dist., New Taipei City	\$ 1,400	\$ 1,200

f. Rent expense

	Lease location	2022	2021
Chinsan Tai-An Co.	1 st Floor, No. 1, Alley 11, Lane 68, Section 1, Guangfu Rd., Sanchong Dist., New Taipei City	\$ 8,300	\$ 7,200

The rental prices listed above follow with general market conditions.

(3) Remuneration information of key management

	2022	2021
Short-term benefit (salary, bonus and employee remuneration, etc.)	\$ 10,209	\$ 11,176

8. Assets Pledged: None.

9. Significant Contingent Liabilities & Unrecognized Commitments

As of December 31, 2022 and 2021, the amount of unused letters of credit issued by the Company for the purchase of raw materials, machinery and equipment was NT\$2,712 thousand and NT\$1,318 thousand respectively.

10. Significant Damage Loss: None.

11. Material Subsequent Event

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\$22,663 thousand in book value, and the actual amount of insurance claims as of the audit report date has not yet been determined.

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: None.
- 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 4 attached.
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 5 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 6 attached.

(3) Information on investment in mainland China

- a. Basic information: See Table 7 attached.
- b. Significant direct or indirect transactions with the investee reinvested in mainland China directly or indirectly through third-region enterprises: See Table 7 and the Notes 7 "Related Party Transactions".

(4) Information of major shareholder: See Table 8 attached.

13. Operating Segment Information: Not applicable

Table 1

Taiwan Chinsan Electric Industrial Co., Ltd.
FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

No.	Financing Company (Note 2)	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 3)	Financing Company's Total Financing Amount Limits (Note 4)
													Item	Value		
1	1	Guangzhou Kingtachi Co.	Other receivables	Yes	318,770	273,319	259,592	1.5%	Short-term financing	-	Operating capital need in short term	-	None	-	453,318	906,636

Note 1: "0" represents the Company.

Note 2: "1" represents HongKong Kingtachi Co..

Note 3: The limit of financing for individual objects is 20% of the net worth.

Note 4: 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, 2022

(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	1,591,890	480,848	473,860	193,291	-	11.91%	1,989,863	Y	N	Y	
1	Kingtachi Capacitor Co.	Guangzhou Kingtachi Co.	2	906,636	280,271	267,177	118,512	119,649	11.79%	1,133,296	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, 2022

					(Amounts in Thousands of New Taiwan Dollars, One share)				
Held Company Name	Marketable Securities Type and Name	Relationship with the company	Financial Statement Account	31-	December 31, 2022				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	2,024	-	2,024	
	Stock Ventec-KY	No related-party			19,000	1,431	-	1,431	
	Stock AP Memory Technology	No related-party			2,000	330	-	330	
	Stock Quang Viet Enterprise	No related-party			10,000	1,200	-	1,200	
	Stock Sea Sonic Electronics	No related-party			25,000	1,288	-	1,288	
	Stock ASPEED TECHNOLOGY	No related-party			10,500	17,693	-	17,693	
	Stock Powerchip Semiconductor Manufacturing	No related-party			50,000	1,592	-	1,592	
	Stock VisEra Technologies	No related-party			70,000	13,545	-	13,545	
	Stock WPG Holdings	No related-party			20,000	962	-	962	
	Stock Taishin Financial Holding	No related-party			53,482	808	-	808	
	Stock TSEC CORPORATION	No related-party			20,000	691	-	691	
	Stock Cathay Financial Holding	No related-party			51,917	2,077	-	2,077	
	Stock ITEQ CORPORATION	No related-party			4,000	290	-	290	
	Stock LU HAI -KY	No related-party			47,000	1,393	-	1,393	
	Stock New Advanced Eelectronics Technologies	No related-party			43,000	3,444	-	3,444	
	Stock EFC	No related-party			60,000	1,281	-	1,281	
	Stock Shinfox Energy	No related-party			686,965	58,159	-	58,159	
	Stock Shun On Electronic	No related-party			60,000	1,914	-	1,914	
	Stock uPI Semiconductor	No related-party			46,000	10,902	-	10,902	
	Stock ASUS TEK	No related-party			10,000	2,685	-	2,685	
	Stock TATUNG Company	No related-party			200,000	6,900	-	6,900	
	Fund Fuh Hwa Taiwan Good Income Fund TWD	No related-party			1,497,376	11,140	-	11,140	
	Fund Fuh Hwa Asia Pacific Tech Equity Fund TWD	No related-party			412,975	4,762	-	4,762	
	Fund CTBC Vietnam Equity Fund USD	No related-party			20,000	6,609	-	6,609	
	Stock PINDA Technology	No related-party	Noncurrent financial assets measured at fair value through profit or loss		7,823,200	456,641	6.80%	456,641	
	Stock WT MICROELECTRONICS	No related-party			400,000	19,100	0.30%	19,100	
	Fund Fuh Hwa Taiwan Intelligence Fund	No related-party			3,000,000	21,270	-	21,270	
	Stock CeNtRa Science	No related-party	Noncurrent financial assets measured at fair value through other comprehensive income		2,062,267	16,158	9.93%	16,158	
Yue-Cheng Investment Co.	Stock Taiwan Speciality Chemicals	No related-party	Noncurrent financial assets measured at fair value through other comprehensive income		3,613	-	-	-	
	Stock H & M Hennes & Mauritz AB B	No related-party			1,000,597	8,742	5.88%	8,742	
Chinsan (BVI) Co.	Stock Grand Twins International (Cambodia)	No related-party	Noncurrent financial assets measured at fair value through profit or loss		1,000,000	28,336	2.50%	28,336	
	Stock Alternative Fuel Technologies, Inc.	No related-party	Noncurrent financial assets measured at fair value through other comprehensive income		2,479,726,293	-	3.45%	-	
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	23,435	-	23,435	
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	131,280	6.37%	131,280	

Table 4

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, 2022**

(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	Guangzhou Chin-Zu Tech Co.	Sub-subsidiary	Purchases	1,685,035	65.85	Note 1	Note 1	Note 1	Payable 1,155,784	62.78	
The Company	Eagle Zone Co.	Sub-subsidiary	Purchases	794,009	31.03	as above	as above	as above	Payable 679,668	36.92	
Chinsan (BVI) Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	Purchases	1,922,485	91.25	as above	as above	as above	Payable 90,720	86.39	
Eagle Zone Co.	Chinsan Thailand Co.	Affiliated enterprise	Purchases	596,323	94.49	as above	as above	as above	Payable 36,854	92.89	
Guangzhou Chin-Zu Tech Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	Purchases	606,424	86.71	as above	as above	as above	Payable 421,304	98.37	
Guangzhou Chin-Zu Tech Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	Purchases	569,302	93.55	as above	as above	as above	Payable 6,744	66.33	

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.

Note 2: Related transactions among the be-invested companies have already been fully offset in the preparation of the consolidated financial statements.

Table 5

Taiwan Chinsan Eelectric Industrial Co., Ltd.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022

(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	1,155,784	1.53	-	-	399,230 (Note 1)	-
Guangzhou Chin-Zu Tech Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	421,304	1.30	-	-	38,303 (Note 1)	-
Hongkong Kingtachi Co.	Guangzhou Kingtachi Co.	Affiliated enterprise	260,514	-	-	-	- (Note 1)	-
Eagle Zone Co.	The Company	Sub-subsidiary	679,668	1.45	-	-	141,266 (Note 1)	-
Chinsan (Cayman) Co.	Chinsan (BVI) Co.	Affiliated enterprise	322,455	-	-	-	- (Note 1)	-

Note 1: Data is as of the end of February 28, 2023.

Table 6

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, 2022**

(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, 2022			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2022	December 31, 2021	Shares	% of Ownership	Book value			
The Company	Chinsan (Cayman) Co.	Cayman Islands	Tradings of aluminum capacitor and investment business	750,693 USD 23,251	750,693 USD 23,251	10,931 (Note 2)	100%	\$ 5,418,730	194,481	197,874	
	Yue-Cheng Investment Co., Ltd.	Taiwan	General investment business	14,000	14,000	-	100%	10,779	4	4	
	Sustainable Development Co., L	Taiwan	Waste disposal business	245,159	229,856	5,059	12.91%	86,471	(78,135)	(99,473)	
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%	720,004	35,995	21,873	
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%	1,202,494	(66,369)	(61,820)	
as above	Elite (BVI) Co.	BVI	Tradings of aluminum capacitor	-	-	50	100%	-	-	-	
as above	Eagle Zone Co.	Samoa Islands	Tradings of aluminum capacitor and investment business	205,444 USD 7,000	-	1,000 (Note 4)	100%	680,438	175,457	156,298	
as above	Hongkong Kingtachi Co.	Hongkong	Tradings of aluminum capacitor and investment business	1,888,764 USD 60,565	1,888,764 USD 60,565	6,200 (Note 5)	100%	2,266,592	42,662	42,662	
as above	Spotlight Co.	Samoa Islands	General investment business	114,446 USD 3,710	114,446 USD 3,710	2,000 (Note 6)	100%	137,379	(176)	(176)	
Spotlight Co.	Baolong Co.	Hongkong	General investment business	114,048 USD 3,700	114,048 USD 3,700	10 (Note 7)	100%	137,185	(154)	(154)	

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\$314,533,000.

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\$1,700,000.

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\$7,000,000.

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\$406,166,000.

Note 6: The cumulative capital increase has not yet been registered for share-capital changes, and the amount of the proceeds-new issued is USD\$1,710,000.

Note 7: The cumulative capital increase has not yet been registered for share-capital changes, and the amount of the proceeds-new issued is HKD\$29,126,000.

Table 7

Taiwan Chinsan Electric Industrial Co., Ltd.
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022

(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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Inward Remittance of Earnings as of December 31, 2022
					Outflow	Inflow						
Guangzhou Chin-Zu Tech Co.	Aluminum capacitor	322,455 (USD10,500,000)	(2)	252,045 (USD8,207,260)	-	-	252,045 (USD8,207,260)	9,156	95.22%	14,038 (Note 2 、 (2) 、 B)	407,897	
Guangzhou Kingtachi Co.	Aluminum capacitor	1,520,145 (USD49,500,000)	(2)	1,520,145 (USD49,500,000)	-	-	1,520,145 (USD49,500,000)	28,755	100.00%	30,217 (Note 2 、 (2) 、 B)	1,295,898	
Guangzhou Hang-Lungi Co.	General investment	105,792 (RMB24,000,000)	(2)	105,792 (RMB24,000,000)	-	-	105,792 (RMB24,000,000)	(2)	100.00%	(2) (Note 2 、 (2) 、 B)	131,308	
Guangzhou You-Mao Electric Co.	Aluminum capacitor	22,040 (RMB5,000,000)	(3)	-	-	-	-	19,403	100.00%	19,403 (Note 2 、 (2) 、 B)	9,110	

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 30.71 and RMB 4.408.

Note 5: Due to that the Company acquires the original shares of Guangzhou Chin-Zu Tech 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.

Taiwan Chinsan Electric Industrial Co., Ltd.
 INFORMATION ON INVESTMENT IN MAINLAND CHINA
 FOR THE YEAR ENDED DECEMBER 31, 2022

(2) Investment limit for the investees in China

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 6)
1,877,982 (Note 8)	1,877,982 (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 30.71 and RMB 4.408.

Note 8: The Company's total investment in China amounted to USD 57,707,260 and RMB 24,000,000, of which USD 8,207,260 was remitted directly by the Company, USD 49,500,000 was remitted by the profits of its subsidiary, Chinsan (Cayman) Enterprise Co., Ltd, and RMB 24,000,000 was remitted by Bao-Long Co.

Table 8

Taiwan Chinsan Electric Industrial Co., Ltd.
 INFORMATION ON MAJOR SHAREHOLDERS
 DECEMBER 31, 2022

Major Shareholders (Note 1)	Shares	
	Total Shares Owned	Ownership Percentage
KaiMei Electronic Corp.	23,548,546	18.19%
Han-Lin Investment Co., Ltd.	8,478,767	6.55%
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, 2022

(Amounts in Thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		\$ 271
Cash in banks		
Checking accounts		165
Foreign currency deposits	USD \$16,010,449.20 @exchange-rate 30.71	491,681
	HKD \$189,870.76 @exchange-rate 3.938	748
	EUR \$2,171,110.40 @exchange-rate 32.72	71,039
	JPY \$31,207,582.73 @exchange-rate 0.2324	7,252
Demand deposits		40,222
Cash equivalents		
Time deposits	USD \$19,901,000 @exchange-rate 30.71	611,160
Total		<u>\$ 1,222,538</u>

STATEMENT OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Client A		\$ 377,987	
Client B		162,972	
Client C		76,628	
Others		372,643	
		<u>990,230</u>	
Less: Provision		(55)	
		<u>\$ 990,175</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, 2022

(Amounts in Thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Market price	
Finished goods	\$ 230,076	\$ 257,413	Market price is measured by net realizable value
Work in progress	42	42	Market price is measured by net realizable value
Raw materials	5,114	5,092	Market price is measured by replacement cost
Sub-Total	235,232	\$ 262,547	
Less: Provision for valuation and obsolescence	(3,806)		
Net	\$ 231,426		

STATEMENT OF NON-CURRENT FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFITS OR LOSS

DECEMBER 31, 2022

(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	7,823,200	380,000	58.37	456,641	None	
Fuh Hwa Taiwan Intelligence Fund	3,000,000	30,000	7.09	21,270	None	
WT MICROELECTRONICS	400,000	20,000	47.75	19,100	None	
Total		\$ 430,000		\$ 497,011		

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD FISCAL YEAR 2022

(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 Net Assets Value	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	% of holding	Amount	Unit price (NT\$)	Total amount
Chinsan (Cayman) Enterprise Co., Ltd	10,931,242	\$ 4,893,014	-	\$ 528,914	-	(\$ 3,198)	10,931,242	100%	\$ 5,418,730	\$ 495.71	\$ 5,418,730
Yue-Cheng Investment Co., Ltd.	-	9,625	-	1,154	-	-	-	100%	10,779	-	10,779
Sustainable Development Co., Ltd.	4,293,362	170,070	765,157	15,874	-	(99,473)	5,058,519	12.91%	86,471	17.09	86,471
Total		<u>\$ 5,072,709</u>		<u>\$ 545,942</u>		<u>(\$ 102,671)</u>			<u>\$ 5,515,980</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 2022

(Amounts in Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2022	Additions	Decreases	Balance, December 31, 2022	Note
Houses and Buildings					
Cost	\$ 258,936	\$ 41,075	\$ -	\$ 300,011	
Accumulated depreciation	(15,058)	(6,705)	-	(21,763)	
Total	<u>\$ 243,878</u>	<u>\$ 34,370</u>	<u>\$ -</u>	<u>\$ 278,248</u>	

STATEMENT OF SHORT-TERM BORROWINGS DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Type of loan	Description	Balance, December 31, 2022	Loan period	Interest rate	Financing amount	Mortgage or collateral	Note
Credit loan	EXIM Bank ROC	\$ 150,000	2022.07.20~2023.07.20	1.4282%		None	
	EXIM Bank ROC	20,000	2022.07.22~2023.07.22	1.4282%	NT\$300,000	None	
	EXIM Bank ROC	130,000	2022.07.25~2023.07.25	1.4282%		None	
	DBS Bank	200,000	2022.10.25~2023.01.19	1.4900%	NT\$200,000	None	
	Yuanta Bank	200,000	2022.12.08~2023.01.27	1.5000%	NT\$200,000	None	
	Jih Sun Bank	200,000	2022.12.13~2023.03.13	1.7481%	NT\$200,000	None	
	Shin Kong Bank	85,000	2022.12.14~2023.03.14	1.8900%	NT\$100,000	None	
	First Bank	200,000	2022.12.23~2023.01.19	1.9250%	NT\$200,000	None	
	E.Sun Bank	50,000	2022.12.23~2023.01.18	1.8200%	NT\$200,000	None	
Total of short-term borrowings		<u>\$ 1,235,000</u>					

STATEMENT OF LONG-TERM BORROWINGS DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Creditor	Description	Balance, December 31, 2022	Loan period	Interest rate	Mortgage or collateral	Note
Hua Nan Bank	Credit loan	\$ 155,000	2022.12.05~2024.12.05	1.5200%	None	
Hua Nan Bank	Credit loan	145,000	2022.12.07~2024.12.07	1.5200%	None	
Taipei Fubon Bank	Credit loan	66,667	2022.07.09~2024.07.09	1.5442%	None	
Taipei Fubon Bank	Credit loan	210,000	2022.04.22~2024.04.22	1.7746%	None	
KGI Bank	Credit loan	25,000	2022.03.28~2024.03.28	2.0071%	None	
KGI Bank	Credit loan	175,000	2022.03.28~2024.03.28	2.0109%	None	
Entie Bank	Credit loan	60,000	2022.10.07~2024.10.07	1.8820%	None	
Bank SinoPac	Credit loan	300,000	2022.12.30~2024.12.31	1.7800%	None	
Total of long-term borrowings		<u>\$ 1,136,667</u>				

Contents of Lists of Major Accounting Items

Taiwan Chinsan Electric Industrial Co., Ltd. STATEMENT OF BONDS PAYABLE DECEMBER 31, 2022

(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	(\$ 273,300)	\$ 426,700	(\$ 2,902)	\$ 423,798	(Note 6.11)	None	Transfer to current liabilities in whole

STATEMENT OF LEASE LIABILITIES DECEMBER 31, 2022

(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%	\$ 282,438	
Less: Noncurrent portion				(5,601)	
				<u>\$ 276,837</u>	

Contents of Lists of Major Accounting Items

Taiwan Chinsan Electric Industrial Co., Ltd.

STATEMENT OF NET REVENUE

FISCAL YEAR 2022

(Amounts in Thousands of New Taiwan Dollars)

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Note</u>
Liquid objects	503,606 KPCS	\$ 1,943,109	
Solid objects	457,664 KPCS	736,833	
Others		70,928	
Total		<u>\$ 2,750,870</u>	

Contents of Lists of Major Accounting Items

Taiwan Chinsan Electric Industrial Co., Ltd.

STATEMENT OF COST OF REVENUE

FISCAL YEAR 2022

(Amounts in Thousands of New Taiwan Dollars)

Item	Sub-Total	Total
Cost of sales, Manufacturing sector		
Balance, beginning of year	\$ 2,857	
Raw materials purchased (Net)	11,736	
Raw materials, end of year	(5,114)	
Less: Other raw materials(Deletion)	(520)	
Less: Raw material scrapped	-	
Consumption of direct raw materials		\$ 8,959
Direct labor		549
Manufacturing expenses		1,191
Total of manufacturing cost		10,699
Work in process, beginning of year		-
Less: Work in process, end of year		-
Cost of finished goods		10,699
Finished goods, beginning of year		536
Less: Finished goods, end of year		(42)
Add: Other manufacturing cost (Addition)		-
Cost of sales, Manufacturing sector		11,193
Cost of sales, Merchandising-sector		
Inventory, beginning of year	295,897	
Add: Purchase of goods (Net)	2,547,292	
Less: Inventory, end of year	(230,076)	
Add: Other sales cost (Addition)	651	
Less: Other sales cost (Deletion)	(4)	
Cost of sales, Merchandising-sector		2,613,760
Add: Inventory scrapped		-
Add: Inventory loss		-
Less: Inventory surplus		-
Add: Inventory valuation and obsolesce		2,037
Less: Reverse benefit of inventory valuation		-
Total of Cost of Revenue		\$ 2,626,990

Contents of Lists of Major Accounting Items

Taiwan Chinsan Eelectric Industrial Co., Ltd.

STATEMENT OF OPERATING EXPENSES

FISCAL YEAR 2022

(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	\$ 20,999	\$ 22,100	\$ 5,643	\$ -	\$ 48,742
Pension contribution	1,140	795	348	-	2,283
Depreciation expense	322	8,545	637	-	9,504
Frieght expense	4,994	16	85	-	5,095
Entertainment expense	4,762	984	-	-	5,746
Services expense	465	4,175	69	-	4,709
Others (Note)	13,339	23,531	2,823	-	39,693
Reverse Benefit of Predicted Credit Loss	-	-	-	(1,293)	(1,293)
Total	<u>\$ 46,021</u>	<u>\$ 60,146</u>	<u>\$ 9,605</u>	<u>(\$ 1,293)</u>	<u>\$ 114,479</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

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

1. Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2022	2021	Amount Difference	Difference %
Current Assets	4,728,233	4,747,317	(19,084)	(0.40)
Fixed Assets	3,399,049	3,221,070	177,979	5.53
Total Assets	8,127,282	7,968,387	158,895	1.99
Current Liabilities	2,574,643	2,230,382	344,261	15.44
Long-term liabilities	1,506,298	2,000,957	(494,659)	(24.72)
Total Liabilities	4,080,941	4,231,339	(150,398)	(3.55)
Capital Stock	1,294,625	1,294,625	0	0.00
Additional Paid-In Capital	1,412,631	1,412,607	24	0.00
Retained Earnings	1,566,830	1,588,842	(22,012)	(1.39)
Other Adjustments	(294,361)	(620,857)	326,496	(52.59)
Non-controlling interest	66,616	61,831	4,785	7.74
Total Stockholders' Equity	4,046,341	3,737,048	309,293	8.28

(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):

- A. The reduction in long term liabilities is primarily due to the reclassification of long-term debt as current debt, which had no significant impact on the company's operations
- B. The increase in other equity is primarily due to changes in exchange differences resulting from the translation of financial statements of overseas operating entities, which had no significant changes on the company's operations.

(2) Future response actions:

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.

2. Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2022	2021	Amount Difference	Difference %
Net Sales	3,729,360	4,300,713	(571,353)	(13.29)
Cost of Sales	3,063,593	3,612,732	(549,139)	(15.20)
Gross Profit	665,767	687,981	(22,214)	(3.23)
Operating Expenses	480,916	490,725	(9,809)	(2.00)
Operating Income	184,851	197,256	(12,405)	(6.29)
Non-operating Income and expenses	(55,015)	13,437	(68,452)	(509.43)
Profit Before Tax	129,836	210,693	(80,857)	(38.38)
Income Tax Expenses	22,812	47,106	(24,294)	(51.57)
Net profit after Tax	107,024	163,587	(56,563)	(34.58)
Other comprehensive income (OCI)	331,707	(167,845)	499,552	(297.63)
Total comprehensive income	438,731	(4,258)	442,989	(10,403.69)
<p>(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):</p> <p>A. Operating revenue and cost of goods sold: The decrease in revenue compared to the same period last year is due to the decreasing global demand for electronic products.</p> <p>B. Other Comprehensive Income(OCI): The increase of NT\$491,587 thousands in the exchange difference of financial statements for overseas operating entities compared to the same period last year is the major reasons.</p> <p>C. The Comprehensive Income: The increase of NT\$491,587 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.</p> <p>(2) Response action for the forecasted sales volume that has potential impact on the company's future operations: The 2022 forecasted financial has not been publicly disclosed by the company, therefore, the forecasted sales volume is not applicable.</p>				

3. Analysis of Cash Flow

(1) Cash Flow Analysis for the Current Year(2022)

Unit: NT\$ thousands

Item	2022	2021	Cash Surplus(Deficit)
Net Cash Flow from Operating Activities	687,385	255,297	432,088
Net Cash Flow from Investing activities	(380,417)	(266,994)	(113,423)
Net Cash Flow from Financing Activities	75,706	90,549	(14,843)
<p>Explanation of changes in increase and decrease analysis:</p> <p>(1) Operating Activities: Mainly due to decreases in inventory</p> <p>(2) Investing Activities: The main reason for the increase is attributed to the acquisition of real estate, factories, and equipment, as well as an increase in prepaid equipment expenses.</p> <p>(3) Financing Activities: Mainly because of the increase in the amount of cash dividends.</p>			

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

(3) Cash Flow Analysis for 2023

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
1,222,538	218,442	722,670	768,310	—	—
<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\$218,442 thousand from operating activities for the entire year.</p> <p>B. Investment Activities: Major reasons for the increase is primarily due to the purchase of real estate, plant, and equipment for NT\$1,776 thousands, and investment of NT\$ 50,000 thousand in increased capital transferred to an investment company.</p> <p>C. Financing Activities: The decrease is mainly because of the redemption of payable corporate bonds for NT\$426,700 thousand, payment of cash dividends for NT\$103,570 thousand, and payment of cash from capital reserves for NT\$90,624 thousand.</p> <p>(2) Remedial measures of liquidity analysis for the expected cash shortfall: Not Applicable.</p>					

4. 2022 Major Impacts on the Capital Expenditures Items:

In 2022, the company's capital expenditure increased by NT\$52,008 thousand compared to the previous year, primarily due to the construction of a new plant in Thailand. 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 2022	Core Business Operation	Reasons for Gain or Loss	Action Plan	Investment Plan in the Coming Year
CHINSAN (CAYMAN) ENTERPRISE CO., LTD.		197,874	General Investment	Primarily due to the current period's gains or losses from recognizing investment transfers to affiliated companies.	N/A	Increase capital in China's Industry through CHINSAN CAYMAN
SUSTAINABLE ENTERPRISE CO., LTD		(99,473)	Environment friendly industries	Currently in the stage of trial operation	N/A	N/A
ROYAL CHENG INVESTMENT CO., LTD.		4	General Investment	Operating expenses that are essential for the main business operations	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	2022
Net interest income (expense)	(24,173)
Net gain (loss) from foreign exchange	55,105
Ratio of net interest income (expense) to net revenue	-0.65%
Ratio of net interest income (expense) to pre-tax income	-18.62%
Ratio of net gain (loss) through foreign exchange to net revenue	1.48%
Ratio of net gain (loss) from foreign exchange to pre-tax income	42.44%

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: December 31, 2022. The company borrowed totaled NT\$2,425,313 thousand of long term and NT\$2,082,922 thousand of short term, one basis point increase in market interest rates will result in an annual increase of NT\$24,253 thousand and NT\$20,829 thousand in the Group's interest expenses, respectively.

- b. Future Response Measures:

In 2022, the Group's net interest expense was NT\$40,111 thousand, accounting for 1.08% 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, 2022, the financial assets subject to exchange rate risk amounted to USD 105,718 thousand and CNY 15,312 thousand, and the financial liabilities amounted to USD 74,546 thousand. A 5% fluctuation in the USD and CNY exchange rates would impact the group's income by approximately NT\$51,240 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 2.95%. 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 2022 is estimated to be 2.16%, while it was only 0.16% in 2021. 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's purpose for engaging in foreign exchange transactions is mainly to hedge against the risks of foreign currency assets due to fluctuations in exchange rates.

(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 2022 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 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.

- (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:
This year has been a year of ups and downs for passive components, particularly for aluminum electrolytic capacitor manufacturers. Taiwanese manufacturers including LELON, CHINSAN, APAQ, CAPXON as well as China's manufacturers such as Hunan Aihua and Nantong Jianghai, have successively completed their expansion projects.
- A. Expected benefits : The expansion of liquid capacitors is mainly to maintain market share, while the expansion of solid capacitors is mainly to seize market share, as the demand for solid capacitors in the future is promising.
- B. Possible Risks : Since the start of the US-China trade war, the market demand for electronic components may be affected. As the capacitors sold by the company are components of the customer's system, which needs to be assembled on the circuit board and shipped with the system, the end customers are mostly in Europe and the United States. If market demand slows down or reverses, it may lead to oversupply. If orders do not meet expectations, the manufacturing cost may increase due to depreciation, resulting in higher unit fixed costs
- C. In Response Measures:
1>Based on the original market foundation, actively develop niche products that meet customer costs in order to effectively create a larger market scale.
2>The relationship with customers should be elevated from a buyer-seller relationship to a partnership relationship, creating mutual benefits.
3>Product quality must be strictly controlled and tested to meet customer requirements.
4>The company must strive to pursue cost reduction in order to remain competitive.
- (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

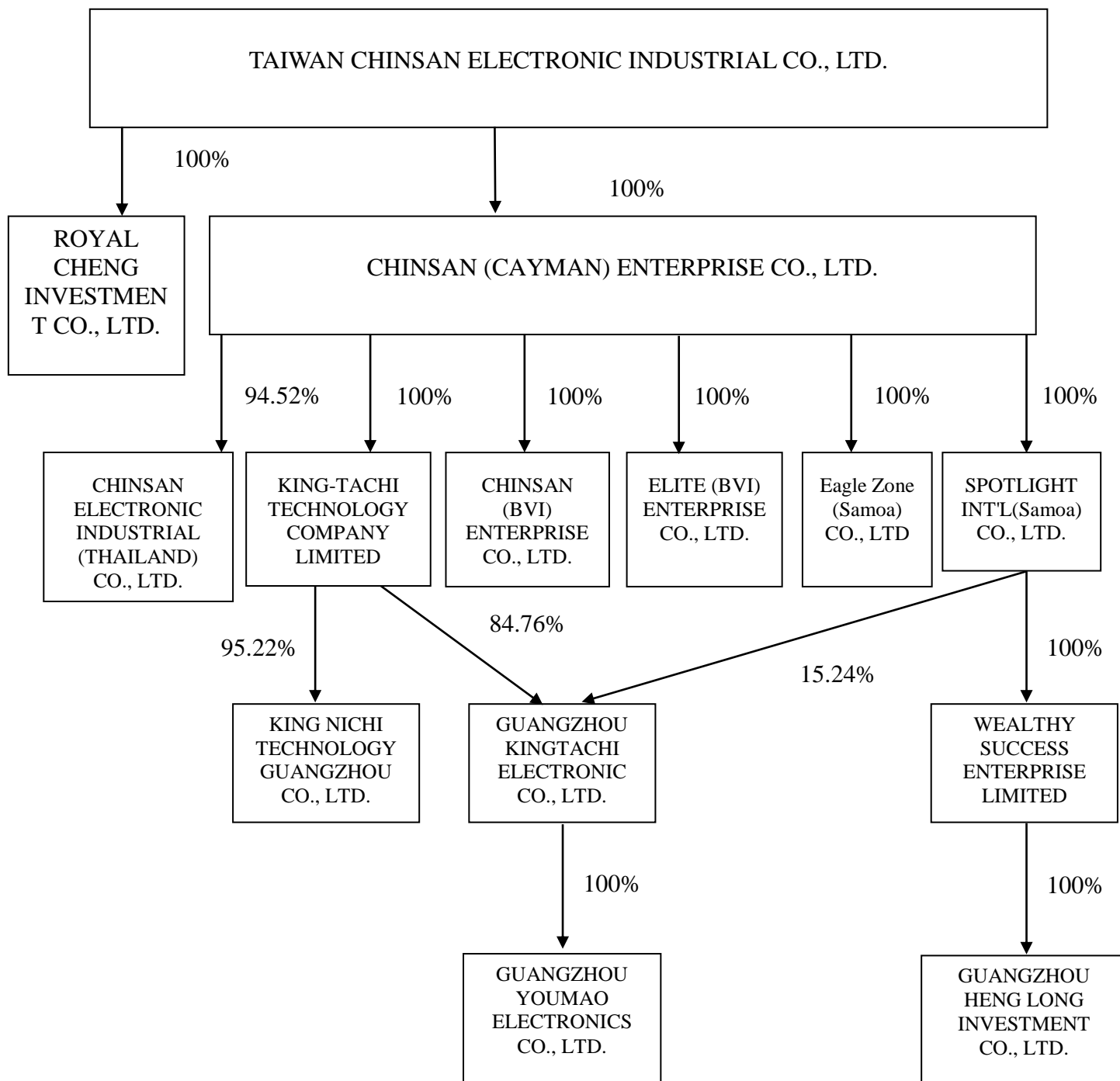
VIII. Special Disclosure

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 manufacturing and trading of aluminum electrolytic capacitors.
ELITE (BVI) ENTERPRISE CO., LTD.	2003.07.21	British Virgin Islands	USD 0	The manufacturing and 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 0	The manufacturing and trading of aluminum electrolytic capacitors.
ROYAL CHENG INVESTMENT CO., LTD.	2008.07.21	Taiwan	TWD 14,000	General Investment Business
The manufacturing and trading of aluminum electrolytic capacitors.	2010.04.16	Guangzhou	USD 49,500	The manufacturing and trading of aluminum electrolytic capacitors.
SPOTLIGHT INT'L(SAMOA) CO., LTD.	2018.01.03	SAMOA	USD 2,000	General Investment Business
WEALTHY SUCCESS ENTERPRISE LIMITED	2018.01.02	Hong Kong	HKD 10	General Investment Business
GUANGZHOU HENG LONG INVESTMENT CO., LTD.	2018.06.28	Guangzhou	CNY 24,000	General Investment Business
GUANGZHOU YOUMAO 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\$314,533 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 USD7,000 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 HKD406,166 thousands.

5. SPOTLIGHT INT'L has not completed the registration of share capital changes for its cumulative cash increase, and the amount of prepaid capital is USD1,710 thousands.

6. WEALTHY SUCCESS has not completed the registration of share capital changes for its cumulative cash increase, and the amount of prepaid capital is HKD29,126thousands.

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 (General Manager)	CHINSAN (CAYMAN) ENTERPRISE CO., LTD. SHIH-HSIN CHIANG	5,056,978 13,455	94.52% 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 VILAIRAT LEELAKET	49,551 49,515	0.93% 0.93%
CHINSAN (BVI) ENTERPRISE CO., LTD.	Chairman	CHINSAN (CAYMAN) ENTERPRISE CO., LTD. Representative: CHIANG, SHIH-HSIN	2,500,000	100.00%
ELITE (BVI) ENTERPRISE CO., LTD.	Chairman	CHINSAN (CAYMAN) ENTERPRISE CO., LTD. Representative: CHIANG, SHIH-HSIN	50,000	100.00%
KING NICHII TECHNOLOGY GUANGZHOU CO., LTD.	Chairman Director Supervisor Director General Manager	KING NICHII appointer: PETER CHIANG KING NICHII appointer: TSAI SHU QIN KING NICHII appointer: CHIU WEI SHENG AIC TECH INC. appointer: Yoshinori Makita JACK CHIANG	Not Applicable	95.22% 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 Vice Chairman Director Supervisor	KINGTACHI appointer: JACK CHIANG KINGTACHI appointer: TSAI SHU QIN KINGTACHI appointer: STEVEN CHIANG KINGTACHI appointer: CHIU WEI SHENG	Not Applicable	100.00%
SPOTLIGHT INT'L CO., LTD.	Chairman	CHINSAN (CAYMAN) Representative: CHIANG, SHIH-HSIN	2,000,000	100.00%
WEALTHY SUCCESS ENTERPRISE LIMITED	Chairman	WEALTHY SUCCESS ENTERPRISE appointer: CHIANG, SHIH-HSIN	10,000	100.00%
GUANGZHOU YUENMAO ELECTRONICS CO., LTD.	Chairman Vice Chairman Director Supervisor	GUANGZHOU KING-TACHI appointer: JACK CHIANG GUANGZHOU KING-TACHI appointer: TSAI SHU QIN GUANGZHOU KING-TACHI appointer: STEVEN CHIANG GUANGZHOU KING-TACHI appointer: 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.	750,693	5,421,929	0	5,421,929	0	(243)	194,481	17.79
CHINSAN (BVI) ENTERPRISE CO., LTD.	134,862	1,639,651	437,725	1,201,926	2,073,969	(64,820)	(66,369)	(26.55)
CHINSAN ELECTRONIC INDUSTRIAL (THAILAND) CO., LTD.	479,271	1019,294	179,050	840,244	626,426	39,339	35,995	7.12
KING-TACHI TECHNOLOGY COMPANY LIMITED	1,888,764	2,358,801	92,209	2,266,592	0	(614)	42,662	6.88
KING NICHU TECHNOLOGY GUANGZHOU CO., LTD. (Note)	322,455	550,356	119,995	430,361	696,434	12,190	9,156	0.00
ELITE (BVI) ENTERPRISE CO., LTD.	0	0	0	0	0	0	0	0.00
EAGLE ZONE (SAMOA) CO., LTD.	205,444	721,770	41,332	680,438	897,259	174,482	175,457	175.46
ROYAL CHENG INVESTMENT CO., LTD.	14,000	10,779	0	10,779	0	0	4	0.00
GUANGZHOU KINGTACHI ELECTRONIC CO., LTD. (Note)	1,520,145	2,703,174	1,407,423	1,295,751	3,273,451	(65,324)	28,755	0.00
SPOTLIGHT (SAMOA) INT'L CO., LTD.	114,446	137,379	0	137,379	0	(23)	(176)	(0.09)
WEALTHY SUCCESS ENTERPRISE LIMITED	114,048	137,267	47	137,220	0	(172)	(154)	(15.40)
GUANGZHOU HENG LONG INVESTMENT CO., LTD.(Note)	105,792	131,338	24	131,314	0	(2)	(2)	0.00
GUANGZHOU YOUMAO ELECTRONICS CO., LTD.(Note)	22,040	68,085	58,975	9,110	353,639	16,778	19,403	0.00

Note: GUANGZHOU KING NICHU, 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 2022 (from January 1, 2022 to December 31, 2022) 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. Please refer to our annual report for a detailed review of our financial statements. (page 92~154)

(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: Are there any unfulfilled commitments for over-the-counter exchange listing: Our company has no outstanding commitments for over-the-counter exchange listing.
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

TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD.

Domestic Fifth Unsecured Convertible Corporate Bond Issuance and Conversion Measures

1. Bond Name
TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD ((hereinafter referred to as "the Company")) Domestic Fifth Unsecured Convertible Corporate Bond (hereinafter referred to as "this convertible corporate bond")
2. Issue Date
July 10, 2018 (hereinafter referred to as the "Date of Incorporation")
3. Bond Face Value
The face value of each bond is NT\$100,000, and it is issued at 100.5% of the face value.
4. Total Issue Amount
The total face value of this convertible corporate bond is NT\$10 million, with a total of 7,000 bonds issued. The total face value is NT\$700 million, and the actual total amount received is NT\$703.5 million, based on 100.5% of the face value.
5. Issue Period
The issue period is five years, starting from July 10, 2018 and ending on the maturity date of July 10, 2023 (hereinafter referred to as the "Maturity Date").
6. Bond Coupon Rate
The coupon rate of this convertible corporate bond is 0%
7. Repayment Date and Method
Except for bondholders who convert into the Company's common stock in accordance with Article 11 of these Regulations, exercise the put option in accordance with Article 20 of these Regulations, or the Company redeems the bonds in advance in accordance with Article 19 of these Regulations, or the Company buys back and cancels the bonds through its securities business department, the bonds will be repaid in cash on the maturity date based on the face value of the bond.
8. Securities Arrangements
This convertible corporate bond is an unsecured bond. However, if the Company issues other secured convertible corporate bonds or other secured corporate bonds with attached subscription warrants after the issuance of this convertible corporate bond, this convertible corporate bond will also be subject to the same level of creditor's rights or security rights as those of the aforementioned secured convertible corporate bonds or secured corporate bonds with attached subscription warrants.
9. Conversion Subject
The Company's common stock, and the conversion obligation will be fulfilled by issuing new shares, which will be delivered by book-entry transfer without physical printing.
10. Conversion Period
Bondholders of this convertible corporate bond may request the conversion of this convertible corporate bond into the Company's common stock in accordance with these Regulations at any time from the day after three months after the issuance date of this convertible corporate bond (October 11, 2018) until the Maturity Date (July 10, 2023), except during the period when the Company's free stock distribution stop transfer date, cash dividend stop transfer date or cash capital increase subscription stop transfer date is fifteen business days before the record date, the period from the reduction base date to the day before the start of trading of the reduced shares, and other periods where transfer is temporarily suspended by law, in accordance with Articles 11, 16 and 17 of these Regulations.
11. Conversion Procedure

- (1) The holder of the convertible corporate bond shall fill in the "Application Form for Conversion/Redemption/Sale of Convertible Corporate Bonds" (specifying conversion) at the original trading securities firm, and the securities firm shall submit the application to Taiwan Depository & Clearing Corporation (TDCC) electronically. After TDCC accepts the application, it will notify the company's stock transfer agent electronically, and the conversion shall take effect upon receipt of the notification. The application cannot be revoked, and the conversion procedures shall be completed within five business days after receipt, with the company's common stock shares directly transferred to the bondholder's TDCC account.
- (2) For overseas Chinese and foreigners who apply to convert their convertible corporate bonds into common stock shares of the company, the conversion shall be processed by TDCC using book-entry transfer.

12. Conversion price and its adjustments

(1) Method for determining the conversion price

The conversion price of the convertible corporate bond is determined based on the simple arithmetic average of the closing prices of the company's common stock shares on the last business day, three business days, and five business days before the base date of July 2, 2018 (excluding the base date), with the result multiplied by the conversion premium rate of 107.96% (rounded to the nearest cent). The base price is used to calculate the conversion price until the Taiwanese dollar decimal point, where it is rounded. If there is a stock dividend or cash dividend before the base date, the closing price used for calculating the conversion price shall be adjusted to reflect the ex-dividend or ex-right price. If there is a stock dividend or cash dividend between the determination of the conversion price and the actual issuance date, the conversion price shall be adjusted using the conversion price adjustment formula. The conversion price of the convertible corporate bond is NT\$75 per share.

(2) Adjustments of conversion price

A. After the issuance of the convertible corporate bond, if the company issues new common stock shares (including but not limited to issuing new shares by public offering, private placement, capitalization of earnings, capitalization of capital surplus, issuing new shares due to company merger or acquisition, stock split, or participating in overseas depository receipt issuance) other than the common stock shares issued through the exercise of the conversion rights or subscription rights of the convertible corporate bond or the issuance of employee bonuses, the company shall adjust the conversion price using the following formula (rounded to the nearest cent, rounded down, and not adjusted upward) and request the announcement from the Taiwan Stock Exchange Corporation on the ex-right base date (Note 1) or on the day of full payment. If the issuance price of the new shares changes after the ex-right base date of the cash capital increase, the conversion price shall be adjusted again based on the new issuance price and the current market price per share, using the following formula. If the adjusted conversion price is lower than the original conversion price, it shall be adjusted downward to the nearest cent and announced by the Taiwan Stock Exchange Corporation.

$$\text{Adjusted conversion price} = \text{Pre-adjustment conversion price} \times \left[\frac{(\text{Issued shares (Note 2)} + (\text{Per share payment amount (Note 3)} \times \text{New shares issued}) / \text{Per share market price (Note 4)})}{(\text{Issued shares} + \text{New shares issued})} \right]$$

Note 1: If it is a stock split, it is the split record date; If it is a cash capital increase or participation in the issuance of overseas depository receipts through a price enquiry and subscription, there is no ex-rights date, and the adjustment should be made on the date when the payment is completed; If it is a capital increase

through merger or acquisition, the adjustment should be made on the merger or acquisition record date; If it is a cash capital increase through private placement, the adjustment should be made on the private placement delivery date.

Note 2: The issued shares should include the number of shares issued and privately placed, and deduct the number of treasury shares that the company has repurchased but not cancelled or transferred.

Note 3: If the payment per share is zero for a free stock dividend or stock split, if it is a capital increase through merger, the payment per share is calculated as the net asset value per share calculated based on the most recent financial statements certified or reviewed by the accountant of the liquidated company before the merger record date, multiplied by the exchange ratio. If the issuance of new shares is due to the acquisition of shares of another company, the payment per share is calculated as the net asset value per share calculated based on the most recent financial statements certified or reviewed by the accountant of the acquired company, multiplied by the exchange ratio.

Note 4: The determination of the market price per share should be based on the simple arithmetic average of the closing prices of common shares calculated for the previous 1st, 3rd, and 5th trading days before the ex-rights date, pricing reference date, or stock split record date.

- B. After the issuance of the convertible corporate bonds, if the ratio of cash dividend distributed by the Company's common stock to the stock price exceeds 1.5%, the conversion price shall be adjusted downward on the ex-dividend date according to the ratio of the cash dividend to the stock price (calculated to the nearest NT\$0.1, rounded up from 0.5 or more and down for less than 0.5), and the Company shall request the Taiwan Stock Exchange Corporation to announce the adjusted conversion price. This provision shall not apply to those who have already requested conversion before the ex-dividend date (excluding). The adjustment formula is as follows:

Adjusted Conversion Price = Original Conversion Price x (1 - Ratio of Cash Dividend of Common Stock to Stock Price per Share (Note 5))

Note 5: The determination of the per-share price should be based on the simple arithmetic average of the closing prices of the common shares of this company for the one, three, or five business days prior to the ex-dividend date, as announced by the cash dividend stop transfer notice.

- C. After the issuance of this convertible bond, if the Company issues any securities that have the right to convert into or subscribe for common shares at a conversion or subscription price lower than the prevailing market price per share (Note 6), or privately places any securities with such conversion or subscription rights, the Company shall adjust the conversion price according to the following formula (rounded down to the nearest tenth of NT\$ and no adjustment shall be made if the result is rounded up). The Company shall also request the Taiwan Stock Exchange Corporation to announce the adjusted conversion price on the day of issuance or delivery of such securities or subscription rights:

Adjusted conversion price = Original conversion price × [(number of shares already issued (Note 7) + (conversion or subscription price of new securities × number of shares of new securities convertible or subscribe)) / market price per share (Note 6)] / (number of shares already issued + number of shares of new securities convertible or subscribe)

Note 6: The market price per share shall be calculated as the simple arithmetic mean of the closing prices of the company's common stock on the first, third, and fifth

business days prior to the pricing date of the new securities with the right to convert or subscribe for common stock or the delivery date of such securities in a private placement, whichever is applicable. If there is an ex-rights or ex-dividend date prior to the pricing date, the closing price used to calculate the conversion price shall be adjusted to the ex-rights or ex-dividend price.

Note 7: The number of shares already issued shall include the number of shares issued and privately placed, less the number of treasury shares repurchased but not yet cancelled or transferred by the company. If the new securities with the right to convert or subscribe for common stock are supported by treasury shares, the number of shares already issued in the adjustment formula shall be reduced by the number of shares of new securities convertible or subscribe.

D. After the issuance of this convertible corporate bond, if the company experiences a reduction in the number of outstanding common shares due to a capital reduction that does not involve the cancellation of treasury stock, the company shall adjust the conversion price according to the following formula (rounded to the nearest tenth of NT\$) and request the Taiwan Stock Exchange Corporation to announce the adjustment on the capital reduction record date:

For a capital reduction to offset losses:
$$\text{Adjusted Conversion Price} = \text{Original Conversion Price} \times (\text{Number of Outstanding Common Shares Before Capital Reduction (Note 8)} / \text{Number of Outstanding Common Shares After Capital Reduction})$$

For a cash capital reduction:
$$\text{Adjusted Conversion Price} = (\text{Original Conversion Price} - \text{Cash Return per Share}) \times (\text{Number of Outstanding Common Shares Before Capital Reduction (Note 8)} / \text{Number of Outstanding Common Shares After Capital Reduction})$$

Note 8: The number of outstanding common shares includes the issued and privately placed shares, minus the number of treasury shares repurchased by the company but not yet cancelled or transferred.

13. OTC trading and termination of OTC trading for this convertible corporate bond

This convertible corporate bond may apply for OTC trading with the Taiwan Stock Exchange before the issue date. OTC trading will terminate when all the bonds are converted into common shares, repurchased by the company, or redeemed by the company.

14. Allocation of annual cash dividends and stock dividends upon conversion

(1) Cash dividends

- A. Holders of this convertible corporate bond who request conversion from January 1 of current year to the fifteenth business day before the stop-transfer date of the current year's cash dividend may participate in the distribution of the previous year's cash dividends approved by the shareholders' meeting by converting the bonds into common shares.
- B. Conversion requests will not be accepted from the fifteenth business day before the stop-transfer date of the current year's cash dividend until the ex-dividend date.
- C. Holders of this convertible corporate bond who request conversion from the day after the ex-dividend date of the current year's cash dividend to December 31 of the current year (inclusive) shall forfeit the previous year's cash dividends approved by the shareholders' meeting and may participate in the distribution of the current year's cash dividends approved by the shareholders' meeting.

(2) Stock Dividend

- A. Holders of convertible bonds who request conversion from January 1st of the current year to fifteen business days before the date of cessation of free share transfer for the current

year, are entitled to participate in the distribution of stock dividends for the previous year as resolved at the shareholders' meeting of the current year.

B. Bond conversion shall be suspended from fifteen business days before the date of cessation of free share transfer for the current year to the ex-dividend date of the free share allotment.

C. Holders of convertible bonds who request conversion from the day after the ex-dividend date of the free share allotment for the current year to December 31st of the current year, shall relinquish their right to the distribution of stock dividends for the previous year as resolved at the shareholders' meeting of the current year, and are entitled to participate in the distribution of stock dividends for the current year as resolved at the shareholders' meeting of the following year.

15. Registration of Capital Change

Within 15 days after the end of each quarter, the Company shall announce the number of shares delivered as a result of the conversion of the Company's convertible bonds in the previous quarter, and apply for registration of the change in capital with the competent authority of the Company at least once every quarter.

16. Handling of fractional shares

In the case of fractional shares resulting from conversion into the Company's common stock, the Company will pay the shareholder in cash for the fractional shares (calculated up to the New Taiwan Dollar, rounded to the nearest whole number after the second decimal point), after deducting the handling fees for the book-entry transfer.

17. Listing of newly issued shares after conversion

The common stock issued after conversion of the Company's convertible bonds shall be listed for trading on the OTC market from the date of delivery, and shall be announced after obtaining the approval of the over-the-counter market. The Company's common stock is issued in a non-physical form, and the converted common stock shall be traded on the over-the-counter market in a non-physical form from the date of delivery.

18. Rights and obligation after conversion

The rights and obligations of the newly issued shares after conversion are the same as those of the Company's previously issued common shares.

19. The Company's Right to Redeem Convertible Bonds

(1) From three months after the issue date of the Convertible Bonds (October 11, 2018) until 40 days prior to the maturity date (May 31, 2023), if the closing price of the Company's common stock exceeds the conversion price by 30% or more for 30 consecutive trading days, the Company may, within the next 30 trading days, send a "Bond Redemption Notice" by registered mail with a one-month expiration period (calculated from the date of the Company's mailing), to the bondholders (with the bondholders' list as of the fifth business day before the mailing date of the "Bond Redemption Notice" being the basis; for subsequent investors who acquire the Convertible Bonds due to trading or other reasons, the notice will be made by announcement). The Company shall also notify the Taiwan Stock Exchange Corporation and redeem the Convertible Bonds in cash at the face value within five business days after the Bond Redemption Base Date.

(2) From three months after the issue date of the Convertible Bonds (October 11, 2018) until 40 days prior to the maturity date (May 31, 2023), if the outstanding balance of the Convertible Bonds in circulation is less than 10% of the original issue amount, the Company may, at any time thereafter, send a "Bond Redemption Notice" by registered mail with a one-month expiration period (calculated from the date of the Company's mailing) to the bondholders (with the bondholders' list as of the fifth business day before the mailing date of the "Bond Redemption Notice" being the basis; for subsequent investors who acquire the Convertible Bonds due to trading or other reasons, the notice will be made by announcement). The

Company shall also notify the Taiwan Stock Exchange Corporation and redeem the Convertible Bonds in cash at the face value within five business days after the Bond Redemption Base Date

- (3) If the bondholder fails to reply in writing to the Company's stock transfer agency by the Bond Redemption Base Date specified in the "Bond Redemption Notice," the Company shall redeem the Convertible Bonds held by the bondholder in cash at the face value within five business days after the Bond Redemption Base Date.

20. Bondholder Put Option

For the conversion company bonds, the bondholders have the right to sell them back to the company prior to the date when the bonds reach their third anniversary (July 10th, 2021). The designated date for exercising the put option shall be forty days prior to the sell-back reference date. The company shall send a registered "Notice of Put Option Exercise" to the bondholders no later than forty days before the sell-back reference date (based on the bondholder list as of the fifth business day prior to the date of the notice of put option exercise, and for investors who acquire the conversion company bonds thereafter due to trading or other reasons, the notice shall be made through public announcement). The company shall also inform the Taiwan Stock Exchange of the exercise of the bondholders' sell-back rights. Within forty days before the bonds reach their third anniversary, the bondholders may notify the company's stock transfer agent in writing (effective upon receipt; for those sent by mail, the postmark shall prevail) to request the company to redeem their conversion company bonds for cash at face value plus a compensatory interest amount (100.75% of the face value with a yield of 0.25%) held by them. Upon acceptance of the sell-back request, the company shall remit the amount to the bondholders by wire transfer within five business days after the sell-back reference date.

21. All Cancellation of Redeemed, Repaid or Converted Conversion Company Bonds shall be cancelled and may not be resold or reissued. The conversion rights attached to them shall also be extinguished.
22. The convertible bonds issued by this company and the common stock converted from them are both registered shares. The transfer, registration, pledge, loss, and other matters related to them shall be handled in accordance with the "Guidelines for the Handling of Share Affairs of Publicly Issued Stock Companies" and relevant provisions of the Company Law, and tax matters shall be handled in accordance with the tax laws and regulations at that time.
23. The convertible bonds of this company are entrusted to the trust department of Bank SinoPac as the trustee of the creditors, to exercise the rights and responsibilities of checking and supervising the company's issuance of convertible bonds on behalf of the bondholders. Regardless of whether the bondholders of the convertible bonds subscribed at the time of issuance or bought them later, they agree to and authorize the trustee to have full authority to act as the agent for all matters related to the entrusted matters, and this authorization cannot be revoked midway. As for the content of the trust agreement, bondholders may inquire at any time during business hours at the company's or trustee's business office.
24. The redemption and conversion of the convertible bonds of this company are handled by the company's share transfer agent.
25. The issuance of the convertible bonds of this company shall be delivered through book-entry transfer in accordance with Article 9 of the Securities and Exchange Act, and no physical bonds shall be printed.
26. Any matters not covered in the issuance and conversion method of the convertible bonds of this company shall be handled in accordance with relevant laws and regulations.

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