

Taiwan Chinsan Electric Industrial Co., Ltd. and Subsidiaries
Consolidated Financial Statements and Independent Auditor's Report

for the Years Ended December 31, 2023 and 2022
TSE Stock Symbol 8042

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for the Years Ended December 31, 2023 and 2022

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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, 2023, 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

11th March, 2024



吳興聯合會計師事務所

EVER-FORTUNE CPAs & Co.

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

In our opinion, based on the auditing of the visa accountants and the checking reports of other accountants (referred to “Other Business Items”), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the 2023 and 2022 then ended, according with the Regulations Governing the Preparation of Financial Reports by Security Issuers and the International Financial Reporting Standard (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certificated Public Accountants and the Standards on Auditing of the Republic of China. We are independent of the Group in accordance with The Norm of Professional Ethics for Certificated Public Accountant of the Republic of China, and we have fulfilled other ethical responsibilities according to the requirements of the Norm. Based on the auditing of the visa accountants and the checking reports of other accountants, we believe that the audit evidence we have acquired is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Provision for loss of accounts receivable

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

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

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

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

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

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

Other Business Items regarding the checks of other accountants

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

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

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

Other Business Items regarding the consolidated financial statements

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

Responsibilities of Management and Governance Units for the Consolidated Financial Statements

Management unit is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, as well as the maintenance for necessary internal controls relevant to the consolidated financial statements that ensure to be free from material misstatement whether due to fraud or error.

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

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

Responsibilities of Auditors for the Audit of the Consolidated Financial Statements

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

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements also including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We the auditors are responsible for the guidance, supervision and execution of this Group audit, and we perform the audit opinion upon the consolidated financial statements.

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

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

From the matters communicated with governance unit, we the auditors determine the key audit matters that were of most significance in the audit of the Group consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare cases, we determine that a matter should not be revealed in auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication matter.

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

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

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

Approved-certified No.:
FSC Approval No. 106001453

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FSC Approval No. 106001453

Issued in 26st-March-2024

Notice to Readers

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

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

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

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

(In Thousands of New Taiwan Dollars)

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

(Continued to the next page)

Chairman CHIANG, SHIH-HSIN

General Manager CHIANG, CHING-SHIN

Financial Manager TSAI, MAO-SUNG

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

(In Thousands of New Taiwan Dollars)

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

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

Chairman CHIANG, SHIH-HSIN

General Manager CHIANG, CHING-SHIN

Financial Manager TSAI, MAO-SUNG

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

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

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

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

Chairman CHIANG, SHIH-HSIN

General Manager CHIANG, CHING-SHIN

Financial Manager TSAI, MAO-SUNG

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

(In Thousands of New Taiwan Dollars)

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

Chairman CHIANG, SHIH-HSIN

General Manager CHIANG, CHING-SHIN

Financial Manager TSAI, MAO-SUNG

Taiwan Chinsan Electronic Industrial Co., Ltd. & Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

The Years Ended December 31, 2023 and 2022

(In Thousands of NT\$)

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

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

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

Chairman CHIANG, SHIH-HSIN

General Manager CHIANG, CHING-SHIN

Financial Manager TSAI, MAO-SUNG

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

1. Corporate Introduction

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

2. The Authorization of Financial Statement

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

3. Application of New & Revised Financial exporting Standards

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

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

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

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

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

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

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

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

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

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

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

4. Summary of Significant Accounting Policies

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

(4.1) Statement of Compliance

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

(4.2) Basis of Preparation

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

(4.3) Basis of Consolidation

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

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

b. Subsidiaries Included in the consolidated financial statements:

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

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

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

c. Subsidiaries not included in the consolidated financial statements: Not applicable.

d. Adjustment and treatment methods for different accounting periods of subsidiaries: Not applicable.

e. Significant Restrictions: Not Applicable.

f. Subsidiaries with significant non-controlling interests in the Group: Not applicable.

(4.4) Foreign Currencies

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

a. Foreign currencies and the account balance

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

b. Translation regarding foreign operation

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

(4.5) Classification of Current and Noncurrent Assets and Liabilities

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

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

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

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

(4.6) Cash Equivalents

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

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

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

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

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

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

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

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

(4.13) Inventories

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

(4.14) Investments using the equity method - associates

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

(4.15) Property, Plant and Equipment

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

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

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

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

(4.17) Investment Property

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

(4.18) Intangible Assets

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

(4.19) Impairment of Non-financial Assets

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

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

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

(4.20) Borrowings

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

(4.21) Notes Payable and Accounts Payable

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

(4.22) Derecognition of financial liabilities

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

(4.23) Derecognition of Financial Assets and Liabilities

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

(4.24) Corporate Bonds payable

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

(4.25) Employee Benefits

a. Short-term employee benefits

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

b. Pension

(i) Defined contribution plan

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

(ii) Defined benefit plan

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

c. Remuneration of Employees, Directors and Supervisors

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

(4.26) Income Tax

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

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

(4.27)Share Capital

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

(4.28)Dividend Distribution

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

(4.29)Revenue Recognition

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

(4.30)Operation Segment

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

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

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

Critical Accounting Estimates and Assumptions

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

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

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

b. Inventory valuation

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

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

c. Investment impairment valued by the equity method

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

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

6. Explanation of Important Accounting Subjects

a. Cash and cash equivalents

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

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

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

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

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

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

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

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

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

	<u>2023.12.31</u>	<u>2022.12.31</u>
NONCURRENT:		
Equity instrument		
Stocks of unlisted and emerging companies	\$ 173,576	\$ 175,460
Valuation adjustment	(17,376)	(18,130)
	<u>\$ 156,200</u>	<u>\$ 157,330</u>

- (i) The Group chose to classify strategic investments as financial assets measured at fair value through other comprehensive income. The fair values of these investments on December 31, 2023 and 2022 were NT\$156,200 thousand and NT\$157,330 thousand respectively.
- (ii) Details of financial assets measured at fair value through other comprehensive income recognized in other comprehensive income are as follows:

	<u>2023</u>	<u>2022</u>
Equity instruments at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	\$ 1,560	\$ 12,485

- (iii) Regardless of the collateral or other credit enhancements held, the financial asset that best represents the Group's holdings measured at fair value through other comprehensive income, the maximum exposure to credit risk as of December 31, 2023 and 2022 were NT\$156,200 thousand and NT\$157,330 thousand respectively.
- (iv) The Group has not provided financial assets measured at fair value through other comprehensive gains and losses as pledge guarantees.
- (v) Please refer to Note 6.21.(c) for information on the credit risk of financial assets measured at fair value through other comprehensive income.

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

- (i) Details are as follows:

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

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

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

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

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

e. Inventories

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

Inventory-related expenses and losses recognized in the current period

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

f. Investments accounted for using the equity method

(i) Details are as follows:

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

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

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

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

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

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

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

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

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

g. Property, plant and equipment

A. January 1 to December 31 of the year 2023

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

B. January 1 to December 31 of the year 2022

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

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

h. Leaser Transactions - Lessee

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

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

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

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

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

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

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

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

i. Investment property

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

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

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

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

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

j. Short-term borrowings

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

The available amount of the aforementioned borrowing is as follows:

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

k. Short-term notes payable

2022.12.31

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

k. Corporate bonds payable

The 5th-issued domestic unsecured convertible corporate bonds

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

A. Components of corporate bonds payable

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

B. Components of equities

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

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

C. Components of liabilities

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

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

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

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

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

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

m. Long-term borrowings

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

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

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

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

n. Pension

- (i) Defined Contribution Plan

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

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

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

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

(ii) Defined Benefit Plan

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

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

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

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

	<u>2023.12.31</u>	<u>2022.12.31</u>
Discount rate	1.10%	1.15%
Future salary increases	2.00%	3.00%

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

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

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

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

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

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

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

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

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

⑧ A

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

o. Equity

(i) Capital of ordinary share

① Authorized capital share

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

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

(ii) Capital surplus

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

(iii) Retained earnings and dividends

① Legal reserve

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

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

A. Paying taxes.

B. Offset losses.

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

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

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

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

④ Special reserve

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

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

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

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

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

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

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

p. Financial cost

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

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

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

- (i) The number of TCEIC employees in 2023 and 2022 was 1,443 and 1,420 respectively, of which the number of directors who did not concurrently serve as employees was 7 and 6.
- (ii) TCEIC's articles of association stipulate that employee and director remunerations shall be implemented by the Board of Directors with more than two-thirds of the directors present and a resolution approved by more than half of the directors present, and reported to the shareholders' meeting. The contribution criteria are as follows:
- 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:

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

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

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

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

r. Income Tax

1. Income tax expense

(1) Income tax expenses:

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

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

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

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

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

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

A. The fiscal year 2023

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

B. The fiscal year 2022

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

4. Income tax assessment status

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

s. Earnings per share

(i) Basic earnings per share

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

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

(ii) Diluted earnings per share

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

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

t. Capital Management

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

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

u. Financial instrument

(i) Types of financial instruments

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

(ii) Financial risk management policy

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

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

(iii) Nature and extent of material financial risks

① Market risk

A. Exchange rate risk

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

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

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

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

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

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

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

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

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

C.Price risk

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

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

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

②Credit risk

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

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

A. Financial credit risk

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

B. Operation-related credit risk

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

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

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

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

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

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

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

(iv) Liquidity risk

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

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

A. December 31, 2023:

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

B. December 31, 2022:

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

(v) Fair values of financial instruments

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

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

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

Level-3: Unobservable inputs to assets or liabilities.

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

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

a. December 31, 2023

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

b. December 31, 2022

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

D. Valuation techniques and assumptions used to measure fair value

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

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

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

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

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

- G. The Group's valuation process for financial instruments classified as Level-3 fair value is carried out by the investment department, which is responsible for independent fair value verification of financial instruments, using independent sources of data to ensure that the valuation results reflect market conditions and are regularly reviewed to ensure rationality.
- In addition, the Group's treasury department formulates fair value valuation policies, valuation procedures, and confirms compliance with relevant IFRS standards. Relevant valuation results are presented to the management on monthly basis, and the management is responsible for managing and reviewing of the valuation process.

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

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

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

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

7. Related Party Transactions

(1) Name and relationship of related-party

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

(2) Significant transactions with related parties

a. Guarantee deposits paid

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

b. Lease liability

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

(3) Remuneration information of key management

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

8. Assets Pledged

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

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

9. Significant Contingent Liabilities & Unrecognized Commitments

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

10. Significant Damage Loss:

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

11. Material Subsequent Event: None

12. Additional Disclosures

(1) Information about major transactions

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

(2) Information about reinvestment business

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

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

13. Operating Segment Information

(1) Operating Segment

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

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

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

(2) Segment revenue and operating results

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

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

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

(3) Information on product and service classification

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

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

(4)Information on regional classification

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

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

(5)Information on major clients

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

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

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

Table 1

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

(Amounts in Thousands of New Taiwan Dollars)

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

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

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

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

(Amounts in Thousands of New Taiwan Dollars)

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

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

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

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

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

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

Table 3

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

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

Table 4

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

(Amounts in Thousands of New Taiwan Dollars)

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

Table 5

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

(Amounts in Thousands of New Taiwan Dollars)

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

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

Table 6

Taiwan Chinsan Electric Industrial Co., Ltd. and Subsidiaries
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

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

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

Table 7

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

(Amounts in Thousands of New Taiwan Dollars)

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

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

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

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

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

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

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

Table 8

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

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

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

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

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

Note 3: The cumulative capital increase has not yet been registered for share-capital changes, and the amount of the proceeds-new issued is USD\$1,700 thousands.

Note 4: The cumulative capital increase has not yet been registered for share-capital changes, and the amount of the proceeds-new issued is USD\$9,000 thousands.

Note 5: The cumulative capital increase has not yet been registered for share-capital changes, and the amount of the proceeds-new issued is HKD\$404,936 thousands.

Table 9

Taiwan Chinsan Electric Industrial Co., Ltd. and Subsidiaries
 INFORMATION ON INVESTMENT IN MAINLAND CHINA
 FOR THE YEAR ENDED DECEMBER 31, 2023

(1) Basic information on investees in China (Amounts in Thousands of New Taiwan Dollars ; A dollar of Foreign Currency)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses (Note 2)	Carrying Amount as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023
					Outflow	Inflow						
Guangzhou KingNichi Co.	Aluminum capacitor	322,403 (USD10,500,000)	(2)	252,004 (USD8,207,260)	-	-	252,004 (USD8,207,260)	10,273	95.22%	10,068 (Note 2、(2)、B)	406,968	
Guangzhou Kingtachi Co.	Aluminum capacitor	1,793,172 (USD58,400,000)	(2)	-	-	-	-	78,951	100.00%	78,951 (Note 2、(2)、B)	1,314,395	
Guangzhou Heng Long Co.	General investment	103,848 (RMB24,000,000)	(2)	-	-	-	-	6,961	100.00%	6,961 (Note 2、(2)、B)	139,143	
Guangzhou Youmao Co.	Aluminum capacitor	21,635 (RMB5,000,000)	(3)	-	-	-	-	9,524	100.00%	9,524 (Note 2、(2)、B)	18,318	

Note 1: Investment methods are classified into the following 3 types as below:

- (1) Direct investment in Mainland China.
- (2) Investment in Mainland China through a third-party offshore company.
- (3) Other methods.

Note 2: In the investment profits and losses recognized in this period:

- (1) No investment profits and losses yet as the investments are still in the preparatory stage.
- (2) The basis for recognizing investment profits and losses is defined as 3 types listed as below:
 - A. Financial statements audited and certified by an international accounting firm cooperating with a Taiwanese accounting firm.
 - B. Financial statements audited by the certified public accountant of the Taiwan parent company.
 - C. Other methods.

Note 3: The figures in this table are presented in New Taiwan Dollars.

Note 4: The above table is converted into New Taiwan Dollars using the spot exchange rate of USD 30.705 and RMB 4.327.

Note 5: Due to that the Company acquires the original shares of Guangzhou KingNichi Co. and Guangzhou Kingtachi Co. via the indirect investment in Hongkong Kingtachi Co., it is no solution of separating the amount of profits and losses and fair value adjustments related to the investment in the aforementioned companies, only except revealing the amounts recorded for Hongkong Kingtachi Co. The correlated accounts of Hongkong Kingtachi Co., which include investment carrying amount, investment profit and losses, and fair value adjustments, are listed as the table.

Note 6: Hongkong Kingtachi Co. and Spotlight Co. hold 84.76% and 15.24% of Guangzhou Kingtachi Co. respectively.

Taiwan Chinsan Electric Industrial Co., Ltd. and Subsidiaries
INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023

(2) Investment limit for the investees in China

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 6)
252,004 (Note 8)	2,149,024 (Note 8)	-

Note 6: The Company is free of restrictions based on the document issued by Industrial Development Bureau, MOEA in August 2021, which certifies that it conforms to the identification method of the operation headquarters, valid through the period from August 2021 to August 2024.

Note 7: The above table is converted into New Taiwan Dollars using the spot exchange rate of USD 30.705 and RMB 4.327.

Note 8: The Company's total investment in China amounted to USD 66,607,260 and RMB 24,000,000, of which USD 8,207,260 was remitted directly by the Company, USD 58,400,000 was remitted by the profits of its subsidiary, Chinsan (Cayman) Co., and RMB 24,000,000 was remitted by Wealthy Success Co.

Table 10

Taiwan Chinsan Electric Industrial Co., Ltd. and Subsidiaries
 INFORMATION ON MAJOR SHAREHOLDERS
 DECEMBER 31, 2023

Major Shareholders	Shares	
	Total Shares Owned	Ownership Percentage
KaiMei Electronic Corp.	23,548,546	18.19%
Han-Lin Investment Co., Ltd.	8,509,767	6.57%
Hong-Pu Investment Co., Ltd.	7,428,154	5.74%

Note 1: The major shareholder information in this table is based on the ordinary shares, preferred shares and treasury stocks that have been completed with dematerialized delivery and the individual total holding is 5% or more via the calculation by Taiwan Depository & Clearing Corp. on the last business day of the quarter. The number of shares recorded in the Company's consolidated financial statements and the actual number of dematerialized shares may differ due to differences in the calculation basis.