Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Financial Statements and Independent Auditors' Report
2022 and 2021
(Stock Code: 3357)

Company Address: No.1 You 4th Road, Youth Industrial Park, Yangmei District, Taoyuan City

Telephone: (03) 464-1148

<u>Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries</u>
<u>2022 and 2021 Consolidated Financial Statements and CPA's Audit Report</u>
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Tai-Tech Advanced Electronics Co., Ltd.

Consolidated Financial Statements of Affiliated Enterprises

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

Represented by

Company name: Tai-Tech Advanced Electronics Co., Ltd.

Responsible person: Ming-Yen Hsieh

February 24, 2023

CPA's Audit Report

(2023) Tsai-Shen-Pao-Tzu No. 22002737

To the Board of Directors and Shareholders of Tai-Tech Advanced Electronics Co., Ltd.

Audit Opinions

The audit of the Consolidated Balance Sheets for 2022 and as of December 31, 2021, as well as the Consolidated Income Statements, Consolidated Equity Change Tables, Consolidated Cash Flow Statements, and Consolidated Financial Statements for January 1 to December 31, 2022 and 2021 (including the summary of major accounting policies) for Tai-Tech Advanced Electronics Co., Ltd. and its subsidiaries (hereafter "Tai-Tech Group") has been completed by this CPA.

In the opinion of this CPA, all major aspects of the aforesaid Consolidated Financial Statements are formulated in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the guidelines, interpretation, and explanations announced by the International Financial Reporting Standards and the International Accounting Standards recognized and declared as effective by the Financial Supervisory Commission. They are sufficient to present the consolidated financial status of Tai-Tech Group for 2022 and January 1, 2021, as well as the Consolidated Financial Performance and Consolidated Cash Flow for January 1 to December 31, 2022 and 2021.

Basis of Audit Opinion

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

Key Audit Matters

The key audit items refer to the most important audit matters for the 2022 Consolidated Financial Statements of Tai-Tech Group under the professional judgment of this CPA. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon. As such, we do not provide a separate opinion on these matters.

The key audit items of Tai-Tech Group's 2022 Consolidated Financial Statement are described as follows:

Evaluation of Loss Allowance due to Inventory Impairment

Description

Please refer to Notes 4(13), 5(2), and 6(3) of the individual financial statements for detailed descriptions of the accounting policies, important accounting estimates, inventory evaluation assumptions, and accounting items for loss allowance due to inventory impairment. Tai-Tech Group's balances for inventory and loss allowance due to impairment as of December 31, 2022, were NT$1,003,121 thousand and NT$58,926 thousand, respectively.

The Group mainly engages in manufacturing and processing of electronic parts, magnet cores, chip coils, and other wire-wounds. Since the value of inventory is subject to market price fluctuation and its lifetime, the risk of becoming obsolete is relatively high. In addition, since the valuation process usually involves subjective judgments, the uncertainly in accounting estimates is high. As such, we determine the valuation of the allowance for inventory valuation loss as one of the key audit matters.

Responsive Audit Procedures
We perform the following procedures for the inventory that is ageing and individually obsolete:

1. Assess the reasonableness of inventory allowance evaluation policies and procedures adopted by Tai-Tech Group and its subsidiaries according to our understanding of the Company, including determining the degree of inventory depletion and judging the rationality of the inventory allowance evaluation policy based on past historical data.
2. Review the annual inventory plans of the Group, and observe their annual inventory and management status to assess their management performance and capacity to control obsolete inventories.
3. Verify the accuracy of the inventory aging report and depletion data, and insure report data and policy consistency.
4. Evaluate and confirm the accuracy of the inventory depreciation loss calculation, and assess the adequacy of depreciation loss provisions.

Other Matters– Individual Financial Report

Tai-Tech Advanced Electronics Co., Ltd. has already formulated Independent Financial Statements for 2022 and 2021. The unqualified audit reports issued by this CPA regarding the statements are attached herein for reference.

The Responsibilities of the Management Level and Governance Units for the Consolidated Financial Statements

The responsibilities of the management level are to comply with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as the guidelines, interpretation, and explanations announced by the International Financial Reporting Standards and International Accounting Standards as recognized and declared effective by the Financial Supervisory Commission during the preparation of the Consolidated Financial Statements; maintain the necessary internal control mechanism related to the formulation of the Consolidated Financial Statements; and insure that the Consolidated Financial Statements do not contain significant false statements that can lead 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, disclosing, as applicable, matters related to going concern, and using 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.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

The CPA's Responsibilities during the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance refers to a high degree of assurance, but the audit performed according to the TWSA cannot guarantee that material misrepresentations in the Consolidated Financial Statements will be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

The CPA has exercised professional judgment and skepticism when conducting audits under the TWSA. We also:

1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements (whether due to fraud or error), design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. The CPA must understand the organization’s internal control unit being audited to design the appropriate audit procedure under the circumstances. The objective is not to express an opinion on the effectiveness of the internal control unit for the Tai-Tech Group.
3. Evaluate the appropriateness of the accounting policies adopted by the management level, the rationality of its accounting estimates, and the relevant disclosures.
4. Make a conclusion regarding the appropriateness for the management level to continue to adopt the existing accounting basis and determine whether there are any significant doubts or major uncertainties regarding Tai-Tech Group's ability to continue its operations. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall representation, structure, and content of the Consolidated Financial Statements (including the relevant notes) and determine whether the Consolidated Financial Statements have sufficiently expressed the relevant transactions and events.
6. Acquire sufficient and appropriate audit evidence for the financial information of individuals formed within the Prince Group and issue an opinion regarding the Consolidated Financial Statements. We are responsible for the direction, supervision, and performance of the group audit; we remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with the independence requirements set forth in The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

This accountant has decided on the key audit items for the 2022 Consolidated Financial Statements of Tai-Tech Group based on the items communicated with the governance unit. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taiwan

CPA Yen-na Li
Wei-hao Wu

Former Financial Supervisory Commission and Securities and Futures Bureau of the Executive Yuan
Official Approval Letter No.: Jin-Guan-Zheng-Liu-Zi No. 0950122728
Financial Supervisory Commission
Official Approval Letter No.: Jin-Guan-Zheng-Shen-Zi No. 1080323093

February 24, 2023

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
2022 and December 31, 2021

Unit: NT$ thousand

	Assets	Note	December 31, 2022			December 31, 2021		
				Amount	%		Amount	%
	Current assets							
1100	Cash and cash equivalents	6 (1)	$	1,528,877	17	$	1,341,004	14
1150	Notes receivable, net	6 (2)		60,385	1		64,858	1
1170	Accounts receivable, net	6 (2)		1,625,040	18		2,182,566	23
1180	Accounts receivable from related parties, net	6 (2) and 7		112,545	1		207,195	2
1200	Other receivables			13,427	-		14,909	-
1220	Current tax assets	6 (23)		-	-		24,312	-
130X	Inventory	6 (3)		944,195	10		848,094	9
1410	Pre-payments			32,764	-		35,013	-
1470	Other current assets			469	-		83	-
11XX	**Total current assets**			4,317,702	47		4,718,034	49
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current	6 (4), 7, and 12 (3)		381,069	4		233,817	2
1600	Property, plant and equipment	6 (5), 7, & 8		4,401,609	48		4,503,865	47
1755	Right-of-use assets	6 (6) and 7		35,390	-		41,841	1
1780	Intangible assets			43,403	1		46,296	1
1840	Deferred tax assets	6 (23)		40,822	-		31,296	-
1900	Other non-current assets	6 (7)		31,924	-		30,343	-
15XX	**Total non-current assets**			4,934,217	53		4,887,458	51
1XXX	**Total assets**		$	9,251,919	100	$	9,605,492	100

(Continued)

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
2022 and December 31, 2021

Unit: NT$ thousand

	Liabilities and equity	Note	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities					
2100	Short-term borrowings	6 (8)	$ -	-	$ 415,794	4
2110	Short-term notes and bills payable	6 (9)	-	-	20,000	-
2150	Notes payable		43,300	1	193,029	2
2170	Accounts payable		533,424	6	858,528	9
2180	Accounts payable - related parties	7	5,327	-	1,224	-
2200	Other payables	6 (10) and 7	651,233	7	943,487	10
2230	Current income tax liabilities	6 (23)	94,813	1	92,488	1
2280	Lease liabilities - current	7	5,722	-	6,557	-
2320	Current portion of long-term borrowings	6 (11)	37,733	-	37,733	1
21XX	**Total current liabilities**		1,371,552	15	2,568,840	27
	Non-current liabilities					
2540	Long-term borrowings	6 (11)	1,088,446	12	565,689	6
2570	Deferred income tax liabilities	6 (23)	251,772	2	211,895	2
2580	Lease liabilities - non-current	7	2,148	-	7,497	-
2640	Net defined benefit liabilities - non-current	6 (12)	778	-	14,762	-
2670	Other non-current liabilities - others		12,286	-	14,218	-
25XX	**Total non-current liabilities**		1,355,430	14	814,061	8
2XXX	**Total liabilities**		2,726,982	29	3,382,901	35
	Equity attributable to shareholders of the parent					
	Share capital	6 (14)				
3110	Common shares		1,020,340	11	1,031,340	11
	Capital surplus	6 (15)				
3200	Capital surplus		1,798,320	19	1,886,687	19
	Retained earnings	6 (16)				
3310	Legal reserve		552,955	6	433,232	5
3320	Special reserve		76,642	1	76,642	1
3350	Unappropriated earnings		3,012,932	33	2,811,137	29
	Other equity	6 (17)				
3400	Other equity		63,748	1	(16,447)	-
3XXX	**Total equity**		6,524,937	71	6,222,591	65
	Significant Commitments or Contingencies	9				
3X2X	**Total liabilities and equity**		$ 9,251,919	100	$ 9,605,492	100

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NT$ thousand
(Except Earnings Per Share in New Taiwan Dollars)

	Item	Note	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue	6 (18) and 7	$ 5,291,333	100	$ 6,165,281	100
5000	Operating costs	6 (3) (21) (22) and 7	(3,511,808)	(66)	(4,029,717)	(66)
5900	Gross profit		1,779,525	34	2,135,564	34
	Operating expenses	6 (21) (22) and 7				
6100	Selling and marketing expenses		(341,304)	(6)	(393,773)	(7)
6200	General and administrative expenses		(261,463)	(5)	(249,464)	(4)
6300	Research and development expenses		(157,741)	(3)	(142,012)	(2)
6450	Expected Credit Impairment Losses	12 (2)	-	-	(20,119)	-
6000	Total operating expenses		(760,508)	(14)	(805,368)	(13)
6900	Operating gains		1,019,017	20	1,330,196	21
	Non-operating income and expenses					
7100	Interest income		8,401	-	4,428	-
7010	Other income	6 (19) and 7	79,778	1	68,436	1
7020	Other gains and losses	6 (20) and 7	141,776	3	(4,689)	-
7050	Financial costs	6 (8) (9) (11)	(12,012)	-	(7,058)	-
7000	Total non-operating incomes and expenses		217,943	4	61,117	1
7900	**Income before income tax**		1,236,960	24	1,391,313	22
7950	Income tax expenses	6 (23)	(198,423)	(4)	(194,248)	(3)
8200	**Net profit (loss) for current period**		$ 1,038,537	20	$ 1,197,065	19
	Other comprehensive income (loss), net of income tax					
	Components of other comprehensive income that will not be reclassified to profit or loss	6 (17)				
8311	Remeasurement of defined benefit plans	6 (12)	$ 4,919	-	$ 169	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6 (4)	16,040	-	16,459	-
8310	Total components of other comprehensive income that will not be reclassified to profit or loss		20,959	-	16,628	-
	Items that may be reclassified subsequently to profit or loss	6 (17)				
8361	Exchange differences on translating the financial statements of foreign operations		64,155	1	(18,641)	-
8360	Total of items that may be reclassified subsequently to profit or loss		64,155	1	(18,641)	-
8300	**Other comprehensive income (loss), net of income tax**		$ 85,114	1	($ 2,013)	-
8500	**Total comprehensive income (loss) for the current period**		$ 1,123,651	21	$ 1,195,052	19
	Net income attributable to:					
8610	shareholders of the parent		$ 1,038,537	20	$ 1,197,065	19
	Total comprehensive income (loss) attributable to:					
8710	shareholders of the parent		$ 1,123,651	21	$ 1,195,052	19
	Earnings per share (EPS)	6 (24)				
9750	Basic earnings per share attributable to shareholders of the parent		$ 10.11		$ 12.08	
9850	Diluted earnings per share attributable to shareholders of the parent		$ 10.01		$ 11.99	

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

		Equity attributable to shareholders of the parent										
			Capital surplus			Retained earnings			Other equity			
	Note	Common shares	Capital surplus - additional paid-in capital	Capital surplus - Recognized change in ownership interests in subsidiaries	Capital surplus - net assets from merger	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total equity
2021												
Balance as of January 1, 2021		$ 910,000	$ 109,124	$ 12,353	$ 2,046	$360,404	$ 89,991	$ 2,096,231	($ 180,156)	$ 165,891	$ -	$ 3,565,884
NET PROFIT/(LOSS) FOR 2021		-	-	-	-	-	-	1,197,065	-	-	-	1,197,065
Other comprehensive income/(loss) for 2021	6 (17)	-	-	-	-	-	-	169	(18,641)	16,459	-	(2,013)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR 2021		-	-	-	-	-	-	1,197,234	(18,641)	16,459	-	1,195,052
Appropriation of earnings	6 (16)											
Legal reserve		-	-	-	-	72,828	-	(72,828)	-	-	-	-
Special reserve		-	-	-	-	-	(13,349)	13,349	-	-	-	-
Cash dividends		-	-	-	-	-	-	(422,849)	-	-	-	(422,849)
Issuance of common shares for cash	6 (14)	121,340	1,718,514	-	-	-	-	-	-	-	-	1,839,854
Compensation costs - the portion of common shares issuance reserved for employee subscription	6 (13)	-	44,650	-	-	-	-	-	-	-	-	44,650
Balance at December 31, 2021		$ 1,031,340	$ 1,872,288	$ 12,353	$ 2,046	$433,232	$ 76,642	$ 2,811,137	($ 198,797)	$ 182,350	$ -	$ 6,222,591
2022												
Balance as of January 1, 2022		$ 1,031,340	$ 1,872,288	$ 12,353	$ 2,046	$433,232	$ 76,642	$ 2,811,137	($ 198,797)	$ 182,350	$ -	$ 6,222,591
Net profit for 2022		-	-	-	-	-	-	1,038,537	-	-	-	1,038,537
Other comprehensive income for 2022	6 (17)	-	-	-	-	-	-	4,919	64,155	16,040	-	85,114
Total comprehensive income for 2022		-	-	-	-	-	-	1,043,456	64,155	16,040	-	1,123,651
Appropriation and distribution of earnings:	6 (16)											
Legal reserve		-	-	-	-	119,723	-	(119,723)	-	-	-	-
Cash dividends		-	-	-	-	-	-	(721,938)	-	-	-	(721,938)
Repurchase of treasury shares	6 (14)	-	-	-	-	-	-	-	-	-	(99,367)	(99,367)
Write Off Treasury Stock	6 (14)	(11,000)	(88,367)	-	-	-	-	-	-	-	99,367	-
Balance as of December 31, 2022		$ 1,020,340	$ 1,783,921	$ 12,353	$ 2,046	$552,955	$ 76,642	$ 3,012,932	($ 134,642)	$ 198,390	$ -	$ 6,524,937

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

	Note	January 1 to December 31, 2022	January 1 to December 31, 2021
Cash Flow from Operating Activities			
Income before income tax		$ 1,236,960	$ 1,391,313
Adjustments			
Adjustments for income and expenses			
Expected Credit Impairment Losses	12 (2)	-	20,119
Depreciation expenses (including right-of-use assets)	6 (21)	492,984	392,586
Amortization	6 (21)	5,358	4,369
Net gain on financial assets and liabilities at fair value through profit or loss	6 (20)	(512)	-
Gains on disposal of property, plant and equipment	6 (20)	(8,401)	(1,343)
Interest income		(8,401)	(4,428)
Dividends income	6 (19)	(44,097)	(18,352)
Interest expenses		12,012	7,058
Compensation costs - share-based payments	6 (13)	-	44,650
Changes in operating assets and liabilities			
Changes in operating assets, net changes			
Financial assets compulsorily measured at fair value through profit or loss - current increase		512	-
Notes receivable		4,473	(35,952)
Accounts Receivable		557,083	(565,216)
Accounts receivable due from related parties		94,650	(92,404)
Other receivables		1,482	(741)
Inventory		(96,101)	(259,792)
Pre-payments		2,249	(12,372)
Other current assets		(386)	(77)
Changes in operating liabilities, net			
Notes payable		(11,349)	6,470
Accounts payable		(325,104)	290,233
Accounts payables to related parties		4,103	(1,900)
Other payables		(76,605)	172,568
Net defined benefit liabilities		(9,065)	279
Other non-current liabilities		(1,932)	(2,175)
Cash generated from operating activities		1,829,913	1,334,893
Interest paid		(12,012)	(7,058)
Income taxes paid		(143,100)	(135,424)
Net cash inflow from operating activities		1,674,801	1,192,411

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Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Consolidated Statement of Cash Flow

January 1 to December 31, 2022 and 2021

Unit: NT$ thousand

	Note	January 1 to December 31, 2022	January 1 to December 31, 2021
Cash Flow from Investment Activities			
Interests received		$ 8,401	$ 4,428
Dividends received		44,097	18,352
Acquisition of financial assets at fair value through other comprehensive income		(128,734)	(26,162)
Capital surplus with distribution of cash for financial assets at fair value through other comprehensive income		-	123
Decrease in financial assets at amortized cost		-	167,040
Acquisition of property, plant and equipment	6 (25)	(744,636)	(2,036,428)
Proceeds from disposal of property, plant and equipment		50,367	1,360
Acquisition of intangible assets		(2,212)	(33,203)
Increase in refundable deposits		(5)	-
Increase in other non-current assets		(1,576)	-
Decrease in other non-current assets		-	10,593
Net cash flows used in investing activities		(774,298)	(1,893,897)
Cash Flow from Financing Activities			
Increase in short-term borrowings		224,416	2,124,218
Decrease in short-term borrowings		(641,631)	(2,401,559)
Decrease in short-term notes and bills payable		(20,000)	(110,000)
Increase in long-term borrowings		660,490	616,000
Repayment for long-term borrowings		(137,733)	(349,578)
Increase in guarantee deposits		-	1,640
Repayment of the principal portion of lease liabilities		(6,474)	(6,374)
Cash dividends appropriated	6 (16)	(721,938)	(422,849)
Issuance of common shares for cash	6 (14)	-	1,839,854
Repurchase of treasury shares	6 (14)	(99,367)	-
Net cash generated from (used in) financing activities		(742,237)	1,291,352
Exchange rate adjustments		29,607	(16,481)
Increase in cash and cash equivalents for the period		187,873	573,385
Cash and cash equivalents - beginning balance		1,341,004	767,619
Cash and cash equivalents - ending balance		$ 1,528,877	$ 1,341,004

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
2022 and 2021

Unit: NT$ thousand
(unless otherwise specified)

I. Company History and Business Scope

Tai-Tech Advanced Electronics (hereinafter referred to as the "Company") was incorporated on November 2, 1992. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") mainly engages in manufacturing and processing of electronic parts, magnet cores, chip coils and other wire-wounds and acts as an agent for domestic and foreign companies in terms of quotation, bidding, distribution and import and export of the said products. The Company's shares were listed on Taipei Exchange for trading on April 27, 2021.

II. Approval Date and Procedure of the Financial Statements

The Consolidated Financial Statements have passed the board of directors resolution and were published on February 24, 2023.

III. Application of New Standards, Amendments and Interpretations

(I) The impact of the adoption of the new and revised International Financial Reporting Standards (IFRS) recognized and promulgated by the Financial Supervisory Commission (FSC)

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of International Financial Reporting Standards (IFRS) recognized and promulgated by the FSC for application in 2022:

New, Revised or Amended Standards and Interpretations	Effective date announced by IASB
Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Amendments to IAS 16 "Property, plant and equipment: Proceeds before intended use"	January 1, 2022
Amendments to IAS 37 "Onerous contract - costs incurred in fulfilling contracts"	January 1, 2022
Annual Improvements to IFRS Standards 2018 - 2020 Cycle	January 1, 2022

The Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group's financial position and financial performance.

(II) Effects of Not Adopting the Newly Issued or Amended IFRSs Endorsed by the FSC

New standards, interpretations and amendments endorsed by FSC effective from 2023 are as follows:

New, Revised or Amended Standards and Interpretations	Effective date announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policy"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 - "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023

The Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group's financial position and financial performance.

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

New standards and interpretations of and amendments to the IFRSs issued by IASB but not yet endorsed by the FSC are as follows:

New, Revised or Amended Standards and Interpretations	Effective date announced by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Yet to be decided by IASB
Amendments to IFRS 16 "Lease liabilities of after-sale and leaseback"	January 1, 2024
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17 Initial application of IFRS 17 and IFRS 9 — Comparative information	January 1, 2023
Amendments to IAS 1 "Classification of liabilities as current or non-current"	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with covenants"	January 1, 2024

The Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group's financial position and financial performance.

IV. Summary of Significant Accounting Policies

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

(I) Statement of Compliance

The consolidated financial report is based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards and International Accounting Standards approved and promulgated by the FSC, as well as their interpretations and interpretation announcements (hereafter "IFRSs").

(II) Basis of Preparation

1. Except for the following significant accounts, the consolidated financial statements have been prepared under the historical cost convention:
   (1) Financial assets at fair value through profit or loss.
   (2) Financial assets at fair value through other comprehensive income.
   (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. Preparing financial reports in conformity with the IFRSs endorsed by the FSC requires using some important accounting estimates. The management level's judgments were needed when applying the Group's accounting policies. Please refer to Note 5 for items involving high levels of judgment or complexity or significant assumptions and estimates of consolidated financial reports.

(III) Basis of Consolidation

1. Principles for preparing the consolidated financial statements

(1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries in the financial statements begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(2) Inter-company transactions, balances, and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

2. Subsidiaries included in the consolidated financial statements:

			Shareholding percentage		
Investor name	Subsidiary name	Business nature	December 31, 2022	December 31, 2021	Remarks
The Company	North Star International Limited	Invested business	100%	100%	
The Company	Best Bliss Investments Limited	Invested business	100%	100%	
Best Bliss Investments Limited	TAI-TECH Advanced Electronics (Kunshan)	Production, processing and sale of electronic components	100%	100%	
Best Bliss Investments Limited	Fixed Rock Holding Ltd.	Invested business	100%	100%	Note 1
Best Bliss Investments Limited	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	26.60%	7.48%	Note 3
Fixed Rock Holding Ltd.	TAIPAQ Electronic Components(Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	73.40%	92.52%	Notes 2 and 3
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Sale of electronic components	100%	-	Note 4

Note 1: Best Bliss Investments Limited increased investment in December 2021 Fixed Rock Holding Ltd. for USD 1,000 thousand.

Note 2: In December 2021, Fixed Rock Holding Ltd. increased investment in TAIPAQ Electronic Components (Si-Hong) Co., Ltd., for USD 1,000 thousand.

Note 3: Best Bliss Investments Limited increased investment in TAIPAQ Electronics (Si-Hong) Co., Ltd. for a total of RMB 60,000 thousand in August 2022.

Note 4: TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd. was established in September 2022.

3. Subsidiaries not included in the consolidated financial statements

None.

4. Adjustments for subsidiaries with different accounting periods

None.

5. Major restrictions

   Cash and short-term deposits of RMB¥132,978 thousand are deposited in mainland China and are subject to local exchange control. Such foreign exchange control restricts fund from remitting out from China (except for regular dividends).

6. Subsidiaries with significant non-controlling interest for the Group

   None.

(IV) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (hereinafter referred to as the "functional currency"). The consolidated financial statements are presented in "New Taiwan Dollars," which is the Group's functional currency.

1. Foreign currency transactions and balance

   (1) Foreign currency derived from transactions was translated into the functional currency using the spot exchange rate prevailing on the measurement date or the trade date, with the resulting exchange difference recognized as gain or loss.

   (2) The balance of monetary assets or liabilities denominated in foreign currency is adjusted by the exchange rate prevailing at the balance sheet date, with the resulting differences recognized as gain or loss.

   (3) Non-monetary assets or liabilities denominated in foreign currency are adjusted by the spot exchange rate on the balance sheet date, with the resulting difference recognized in profit or loss if they are measured at fair value through profit or loss, or in other comprehensive income if they are measured at fair value through other comprehensive income. If they are not measured at fair value, they are measured by applying the historical exchange rate on the transaction date.

2. Translation of foreign operations financial statements

   The results and financial position of entities within the Group whose functional currency is not the presentation currency are translated into the presentation currency using the following procedures:

   (1) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

   (2) Income and expenses for each statement of comprehensive income (including comparatives) are translated at the average exchange rates for the period; and

   (3) All resulting exchange differences are recognized in other comprehensive income.

(V) Classification of Current and Non-current Assets and Liabilities

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

   (1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

   (2) They are held primarily for trading.

   (3) Assets that are expected to be realized within 12 months after the balance sheet date.

   (4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

   Assets that do not meet the above criteria are classified as non-current assets by the Group.

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

(1) Liabilities that are expected to be settled within the normal operating cycle.

(2) They are held primarily for trading.

(3) Liabilities that are expected to be settled within 12 months after the balance sheet date.

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its transactions by the issue of equity instruments do not affect its classification.

Liabilities that do not meet the above criteria are classified as non-current liabilities by the Group.

(VI) Cash equivalents

Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that fit the said definition and are intended to meet short-term operating cash commitments are classified as cash equivalents.

(VII) Financial assets at fair value through profit or loss

1. Financial assets not measured at cost after amortization or measured at fair value through other comprehensive income.
2. The Group adopts the trade date accounting to account for financial assets at fair value through profit or loss that are an arm's length transaction.
3. At initial recognition, the Group measures financial assets at fair value plus relevant transaction costs, and subsequently, the Group measures the financial assets at fair value and its gain or loss is recognized in profit or loss.
4. The Group recognizes dividends income in profit or loss when (a) the Group's right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Group; and (c) such dividends can be reliably measured.

(VIII) Financial assets at fair value through other comprehensive income

1. It means the Group made an irrevocable election upon initial recognition to recognize the fair value changes in equity instruments not held for trading at other comprehensive income.
2. The Group uses trade date accounting to account for financial assets at fair value through other comprehensive income that are an arm's length transaction.
3. They are measured initially at the fair value plus transaction costs and subsequently at fair value. If they are equity instruments, their fair value changes are recognized in other comprehensive income; upon derecognition, the accumulated gains or losses in other comprehensive income are not transferred to profit or loss, but to retained earnings. The Group recognizes dividend income in profit or loss when (a) the Group's right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Group; and (c) such dividends can be reliably measured.

(IX) Financial assets at amortized cost

1. Financial assets that simultaneously satisfy the following criteria are classified in this category:

   (1) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

   (2) The contractual terms of the financial assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.

2. The Group recognizes its time deposits not qualified as cash equivalents at the investment amount because they are held for a short period of time and so have insignificant discount effect.

(X) Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable denote that the Group has unconditional right to the consideration, in the form of receivables or notes, for the goods and services transferred.
2. The Group measures short-term accounts receivable and notes receivables that do not bear an interest at the invoice value because they have insignificant discount effect.

(XI) Impairment of Financial Assets

At the end of each reporting period, the Group considers financial assets at amortized cost, investments in debt instruments that are measured at fair value through other comprehensive income, and receivables (including significant financial components) and takes into consideration all reasonable and supporting information (including the forward-looking information). For financial assets of which the credit risk does not significantly increase since initial recognition, the Group recognizes an allowance equal to 12-month expected credit losses; for financial assets of which the credit risk significantly increases since initial recognition, the Group recognizes an allowance equal to the lifetime expected credit loss; for accounts receivables that do not contain significant financial components or plan assets, the Group recognizes an allowance equal to the lifetime expected credit loss.

(XII) Derecognition of Financial Assets

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

(XIII) Inventory

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity), excluding borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost necessary for completion of the sale.

(XIV) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance is recognized in profit or loss when accrued.
3. Property, plant and equipment are subsequently measured at cost. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Property, plant and equipment are depreciated individually if they contain any significant components.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the

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

Building and structures	10~50 years
Machinery	4~12 years
Utilities equipment	5~15 years
Transportation equipment	4~5 years
Office equipment	4~10 years
Other equipment	2~12 years

(XV) Lease Transactions of a Lessee - Right-of-use Assets/Lease Liabilities

1. The Group recognizes right-of-use assets and lease liabilities for all leases at the date when they are available for the Group's use. Low-value assets and short-term leases are recognized as expenses on a straight-line basis over the lease period.
2. The Group measures its lease liability at commencement date by discounting future lease payments using its incremental borrowing interest rate. Lease payments include:

   Fixed payments, less any lease incentives receivable

   that are measured in subsequent periods using the effective interest rate method and amortized over the lease term. When a change in lease payments occurs not due to contract modification, lease liability will be remeasured, with such remeasurements adjusted to right-of-use assets.
3. Right-of-use assets are recognized at costs at the inception of the lease. Cost includes:
   (1) The initial lease liability measured;
   (2) Lease payments made before or at the inception of the lease;
   (3) Any original direct costs incurred.

   Right-of-use assets are subsequently measured at costs. Depreciation of right-of-use assets is recognized at the earlier of the end of the useful life and the end of the lease term. When a lease liability is remeasured, the Group adjusts the right-of-use asset for any remeasurements.

(XVI) Intangible assets

1. Computer software

   Computer software is measured at the acquisition cost and amortized using the straight-line method over its estimated useful life of 2-5 years.
2. Goodwill

   Goodwill results from mergers or acquisition.
3. Patent rights

   Patents are amortized at a period of 13 years using the straight line method.

(XVII) Impairment of Financial Assets

1. The Group assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is an asset's fair value less costs to sell or its value in use, whichever is higher. When there is an indication that the impairment loss recognized in prior years for an asset other than goodwill decreases or no long exists, the impairment loss is reversed to the

extent of the loss previously recognized in profit or loss. However, the increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2. The Group regularly measures the recoverable amount of goodwill, intangible assets with uncertain useful life and intangible assets not available for use. Impairment is recognized when the recoverable amount is lower than the carrying amount. Impairment of goodwill is not reversed in subsequent periods.

(XVIII) Borrowings

Borrowings mean short- and long-term loans borrowed from banks. Borrowings are initially recognized at the fair value less any transaction costs, and subsequently at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the borrowing period using the effective interest rate method.

(XIX) Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable are the debt incurred by credit purchase of raw materials, goods, or services and the notes receivables incurred by operating and non-operating activities.
2. The Group measures short-term accounts receivable and notes receivable that do not bear an interest at the invoice value because they have insignificant discount effect.

(XX) Derecognition of Financial Liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled, or they expire.

(XXI) Employee benefits

1. Short-term employee benefits

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

2. Pension

   (1) Defined contribution plans

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

   (2) Defined benefit plans

   A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined by using the interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the defined benefit plans. If there is no deep market in such bonds in a country, the discount rate shall be the market yields on government bonds.

B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Past service costs are recognized immediately in profit or loss.

3. Employee compensation and directors' and supervisors' remuneration

   Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for as a change in accounting estimate. When employee compensation is appropriated in shares, the basis for calculating the number of shares shall be the closing price at the date before the date the Board of Directors resolves on the appropriation.

(XXII) Employees share-based payments

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(XXIII) Income tax

1. The tax expense comprises current tax and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax charge is calculated by applying the taxable income to the tax rate specified in the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. Where appropriate, management also estimate income tax liabilities based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
3. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheets. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. A deferred income tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(XXIV) Share capital

1. Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.
2. When the Company repurchased shares previously issued, the consideration paid includes any directly attributable additional costs and the net amount after tax is recognized as a deduction of the shareholders' equity. During the subsequent reissuance of repurchased shares, any directly attributable additional costs and income tax are deducted from the consideration received, and the difference from the carrying value is then recognized as an adjustment of shareholders' equity.

(XXV) Dividends appropriation

Dividends appropriated to shareholders of the Company are recognized on the date the Board of Directors' meeting resolves on such appropriation. Appropriation in cash is recognized as liability.

(XXVI) Recognition of revenue

Sale of goods

1. The Group manufactures and sells electronic parts, magnet cores, chip coils, and other wire-wounds. Sales revenue is recognized when the control of products is transferred to clients, *i.e.,* when products are delivered to clients to be handled at their discretion and the Group has no unperformed further obligation that may impact clients from accepting the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the clients and either the clients have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
2. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

(XXVII) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(XXVIII) Operating segments

The information on operating segments is reported in a manner consistent with the way the internal management report is provided to management. The key operating decision makers are responsible for allocating resources to operating segments and evaluate their performance. The Group identifies the Board of Directors as its key operating decision markers.

V. Significant Account Judgments and Assumptions and Primary Sources of Estimation Uncertainty

When preparing this consolidated financial statements, management has exercised their professional judgment to determine the accounting policies to be applied and made accounting estimates and assumptions based on reasonable expectation as to how future events will hold for the circumstances that exist on the balance sheets date. The significant accounting estimates and assumptions being made may deviate from the actual outcomes and will be consistently measured and adjusted in accordance with historical experience and for other factors. Such estimates and assumptions may lead to the risk of significant adjustment being made to the carrying amount of the assets and liabilities on the balance sheet. Significant accounting judgments and the uncertainty in accounting estimates and assumptions are stated below:

(I) Significant Judgments in Applying Accounting Policies

None.

(II) Significant Accounting Estimates and Assumptions

Since inventory is measured at the lower of costs and the net realizable value, the Group needs to exercise judgment and estimates to determine the net realizable value of inventory at the balance sheet date. Since the value of inventory is subject to market price fluctuation and its lifetime, the Group evaluates the market selling price and value lost due to obsolescence of inventory at the balance sheet date, and writes down inventory costs to net realization value. This inventory evaluation is mainly based on the current market conditions and past historical experience, so there may be major changes.

As of December 31, 2022, the carrying amount of the Group's inventories is $944,195.

VI. Description of Significant Accounts

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	$ 2,448	$ 2,685
Checking deposits and demand deposits	1,100,680	1,338,319
Time deposits	425,749	-
Total	$ 1,528,877	$ 1,341,004

1. Since the Group corresponds with multiple financial institutions with good credit quality to diversify credit risks, the risk of default is expected to be low.
2. The Group did not pledge any cash and cash equivalents as collaterals.

(II) Notes and Accounts Receivable

	December 31, 2022	December 31, 2021
Notes receivable	$ 60,385	$ 64,858
Accounts Receivable	$ 1,628,873	$ 2,206,234
Less: Allowance for bad debt	(2,353)	(21,866)
Allowance for sales returns and discounts	(1,480)	(1,802)
	$ 1,625,040	$ 2,182,566
Accounts receivable due from related parties	$ 112,634	$ 207,284
Less: Allowance for bad debt	(89)	(89)
	$ 112,545	$ 207,195

1. The aging analysis of accounts receivable and notes receivable is as follows:

	December 31, 2022		December 31, 2021	
	Accounts Receivable	Notes receivable	Accounts Receivable	Notes receivable
Not yet due	$ 1,733,778	$ 60,385	$ 2,367,154	$ 64,858
Within 30 days	6,825	-	42,292	-
31~90 days	882	-	4,054	-
91~180 days	22	-	18	-
	$ 1,741,507	$ 60,385	$ 2,413,518	$ 64,858

The above aging analysis is based on the number of days past due.

2. The accounts and bills receivables in 2022 and as of December 31, 2021, were all due to client contracts, and the balance of receivables from client contracts as of January 1, 2021, was $1,784,768.
3. Without considering the collateral held or other credit enhancements, the maximum exposure amounts for credit risks that can best represent the Group's bills receivable in 2022 and as of December 31, 2021, were NT$60,385 and NT$64,858, respectively. The maximum credit risk amounts that best represent the Group's accounts receivable in 2022 and December 31, 2021, were NT$1,737,585 and NT$$2,389,761, respectively.

4. Credit risks associated with accounts receivable and notes receivable are stated in Note 12(2).

(III) Inventory

	December 31, 2022 Cost	Allowance for inventory valuation	Carrying amount
Raw materials	$ 159,525	($ 13,448)	$ 146,077
Supplies	30,320	(2,244)	28,076
Work in process	397,520	(17,692)	379,828
Finished products	386,565	(23,140)	363,425
Goods	29,191	(2,402)	26,789
Total	$ 1,003,121	($ 58,926)	$ 944,195

	December 31, 2021 Cost	Allowance for inventory valuation	Carrying amount
Raw materials	$ 196,581	($ 9,641)	$ 186,940
Supplies	27,772	(1,753)	26,019
Work in process	316,877	(10,758)	306,119
Finished products	294,521	(11,435)	283,086
Goods	49,039	(3,109)	45,930
Total	$ 884,790	($ 36,696)	$ 848,094

1. The inventory costs recognized as expenses by the Group in this period:

	2022	2021
Cost of inventory sold	$ 3,456,040	$ 4,034,819
Inventory valuation decline (reversal gain)	21,922	(1,561)
Others	33,846	(3,541)
	$ 3,511,808	$ 4,029,717

In 2021, the Group's net realizable inventory value increased due to continuous inventory depletion.

2. The Group did not pledge any inventory as collaterals.

(IV) Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Non-current:		
Equity instruments		
Shares listed on the stock exchange or the OTC market	$ 53,424	$ 33,195
Shares not traded on the stock exchange, the OTC market, or the emerging stock market	129,255	18,272
	182,679	51,467
Adjustments for change in value	198,390	182,350
Total	$ 381,069	$ 233,817

1. The Group has classified strategic investment stocks as financial assets measured at fair value through other comprehensive income. The fair values of these investments in 2022 and as of December 31, 2021, were NT$381,069 and NT$233,817, respectively.
2. Financial assets at fair value through other comprehensive income recognized in profit and loss/comprehensive income are as follows:

	2022	2021
Equity instruments measured at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	$ 16,040	$ 16,459
Dividend income recognized in profit or loss held at end of year	$ 44,097	$ 18,352

3. Without considering the collateral held or other credit enhancements, the most representative of the financial assets held by the Group is the fair value through other comprehensive income. The exposure amounts with the largest credit risk in 2022, and as of December 31, 2021, were NT$381,069 and NT$233,817, respectively.
4. The Group did not pledge any financial assets at fair value through other comprehensive income as collaterals.

(V) Property, plant and equipment

2022

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and Equipment pending for inspection	Total
January 1									
Cost	$ 777,560	$ 565,912	$ 5,283,887	$ 24,369	$ 12,050	$ 51,323	$ 301,219	$ 109,666	$ 7,125,986
Accumulated depreciation and impairment	-	(228,762)	(2,161,835)	(16,091)	(8,050)	(32,384)	(174,999)	-	(2,622,121)
	$ 777,560	$ 337,150	$ 3,122,052	$ 8,278	$ 4,000	$ 18,939	$ 126,220	$ 109,666	$ 4,503,865
January 1	$ 777,560	$ 337,150	$ 3,122,052	$ 8,278	$ 4,000	$ 18,939	$ 126,220	$ 109,666	$ 4,503,865
Addition	-	-	52,183	650	-	1,504	35,480	300,790	390,607
Disposal	-	-	(47,376)	-	-	-	(199)	-	(47,575)
Reclassification	-	-	352,289	-	-	1,022	14,088	(367,399)	-
Depreciation expenses	-	(26,021)	(406,711)	(1,058)	(967)	(4,898)	(46,148)	-	(485,803)
Net exchange differences	-	4,087	33,596	1	12	133	968	1,718	40,515
December 31	$ 777,560	$ 315,216	$ 3,106,033	$ 7,871	$ 3,045	$ 16,700	$ 130,409	$ 44,775	$ 4,401,609
December 31									
Cost	$ 777,560	$ 572,031	$ 5,629,094	$ 25,030	$ 11,668	$ 52,523	$ 352,990	$ 44,775	$ 7,465,671
Accumulated depreciation and impairment	-	(256,815)	(2,523,061)	(17,159)	(8,623)	(35,823)	(222,581)	-	(3,064,062)
	$ 777,560	$ 315,216	$ 3,106,033	$ 7,871	$ 3,045	$ 16,700	$ 130,409	$ 44,775	$ 4,401,609

2021

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending for inspection	Total
January 1									
Cost	$ 96,495	$ 507,421	$ 3,853,572	$ 19,443	$ 9,544	$ 40,702	$ 211,387	$ 72,486	$ 4,811,050
Accumulated depreciation and impairment	-	(205,217)	(1,873,639)	(15,069)	(7,113)	(28,919)	(141,222)	-	(2,271,179)
	$ 96,495	$ 302,204	$ 1,979,933	$ 4,374	$ 2,431	$ 11,783	$ 70,165	$ 72,486	$ 2,539,871
January 1	$ 96,495	$ 302,204	$ 1,979,933	$ 4,374	$ 2,431	$ 11,783	$ 70,165	$ 72,486	$ 2,539,871
Addition	681,065	56,494	142,260	-	574	5,013	63,614	1,406,864	2,355,884
Disposal	-	-	(17)	-	-	-	-	-	(17)
Reclassification	-	4,076	1,323,995	4,930	2,380	6,278	27,824	(1,369,483)	-
Depreciation expenses	-	(24,179)	(319,621)	(1,025)	(1,382)	(4,101)	(35,148)	-	(385,456)
Net exchange differences	-	(1,445)	(4,498)	(1)	(3)	(34)	(235)	(201)	(6,417)
December 31	$ 777,560	$ 337,150	$ 3,122,052	$ 8,278	$ 4,000	$ 18,939	$ 126,220	$ 109,666	$ 4,503,865
December 31									
Cost	$ 777,560	$ 565,912	$ 5,283,887	$ 24,369	$ 12,050	$ 51,323	$ 301,219	$ 109,666	$ 7,125,986
Accumulated depreciation and impairment	-	(228,762)	(2,161,835)	(16,091)	(8,050)	(32,384)	(174,999)	-	(2,622,121)
	$ 777,560	$ 337,150	$ 3,122,052	$ 8,278	$ 4,000	$ 18,939	$ 126,220	$ 109,666	$ 4,503,865

1. The amounts of interest capitalization in 2022 and 2021 were $0.
2. The Group's significant components of buildings and structures, including buildings and engineering systems, are depreciated over 20~50 years and 5~20 years, respectively.
3. For information on pledged property, plant and equipment, refer to Note 8.

(VI) Lease transactions - lessee

1. The underlying assets of the Group's lease include land use right, parking space, buildings, company cars and multi-function peripherals. The lease duration usually lasts 3 to 50 years. Lease contracts are agreed upon individually and contain different terms and conditions. Except for land use right, leased assets shall not be used as collaterals and are not restricted in any way.
2. The lease term of the buildings and warehouses leased by the Group is less than 12 months. The low-value underlying asset of the Group's lease is the electronic host and printer for business use.
3. The information on the carrying amount of the right-of-use asset and the recognized depreciation expense is as follows:

	December 31, 2022	December 31, 2021
	Carrying amount	Carrying amount
Right-of-use land	$ 27,627	$ 27,893
Buildings	3,763	8,153
Transportation equipment	3,029	4,741
Machinery and equipment	971	1,054
	$ 35,390	$ 41,841

	2022	2021
	Depreciation expenses	Depreciation expenses
Right-of-use land	$ 707	$ 693
Parking space	-	508
Buildings	4,390	4,148
Transportation equipment	1,720	1,396
Machinery and equipment	364	385
	$ 7,181	$ 7,130

4. Profit or loss items in relation to lease contracts are as follows:

	2022	2021
Items that affect profit or loss		
Expenses attributable to short-term lease contracts	$ 14,172	$ 13,845
Expenses attributable to low-value assets	62	66

5. The increase of the Group's right-of-use assets in 2022 and 2021 were NT$281 and NT$14,003, respectively.
6. The Company's total lease cash outflows in 2022 and 2021 were NT$20,708 and NT$20,285, respectively.

(VII) Other non-current assets

	December 31, 2022	December 31, 2021
Refundable deposits	$ 2,533	$ 2,528
Prepayments for construction and equipment	29,391	27,815
Uncollectible overdue receivables	1,252	1,252
Allowance for uncollectible-overdue receivables	(1,252)	(1,252)
	$ 31,924	$ 30,343

(VIII) Short-term borrowings

Nature of borrowings	December 31, 2022	Interest rate range	Collaterals
Bank loan			
Credit loan	$ -	-	-

Nature of borrowings	December 31, 2021	Interest rate range	Collaterals
Bank loan			
Secured loan	$ 50,000	0.85%	Land and plant
Credit loan	365,794	0.71%~0.85%	-
	$ 415,794		

In 2022 and 2021, the interest expenses recognized in profit or loss for short-term borrowings were NT$2,509 and NT$3,931, respectively.

(IX) Short-term notes and bills payable

	December 31, 2022	December 31, 2021
Commercial paper	$ -	$ 20,000
Loan period	-	2021.12~2022.01
Interest rate range	-	0.38%

In 2022 and 2021, the interest expenses recognized in profit or loss for short-term bills payable were NT$5 and NT$206, respectively.

(X) Other payables

	December 31, 2022	December 31, 2021
Salary and bonus payables	$ 183,602	$ 204,903
Social benefits liabilities payable	112,999	112,955
Employee compensation and directors' and supervisors' remuneration payable	95,180	107,279
Construction and equipment payable	57,797	273,446
Others	201,655	244,904
	$ 651,233	$ 943,487

(XI) Long-term borrowings

Nature of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	December 31, 2022
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1.5%	Land, buildings, and structures	$ 515,689
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	1.03%	-	130,490
Secured loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	0.98%~1.03%	Machinery	368,000
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2027.	0.98%	-	112,000
				1,126,179
Less: Current portion of long-term borrowings				(37,733)
				$ 1,088,446

Nature of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	December 31, 2021
Secured loan	Principal and interest are paid from August 2021 to August 2036.	1%	Land, buildings, and structures	$ 553,422
Credit loan	Principal is repaid upon maturity; interest is paid over December 2021 through October 2023. (Note)	0.8%	-	50,000
				603,422
Less: Current portion of long-term borrowings				(37,733)
				$ 565,689

Note: It was repaid in advance in March 2022.

In 2022 and 2021, the interest expenses recognized in profit or loss for long-term borrowings were NT$9,498 and NT$2,921, respectively.

(XII) Pension

1. (1) By adhering to the requirements set forth in the “Labor Standards Act,” the Company has established its own defined retirement benefits plan, which is applicable both to the service years of all regular employees rendered before the enforcement of the “Labor Pension Act” on July 1, 2005, and to the service years of all employees who elected to continue applying the Labor Standards Act after the implementation of the “Labor Pension Act.” Pensions for employees qualified for retirement are calculated based on their servicing years and their average salaries of the 6 months prior to their retirement. Two bases are given for each full year of service rendered within 15 years. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the Independent Retirement Fund Committee. In addition, the Company estimates the balance of the said designated pension account before the end of year. If the balance is not sufficient to cover the amount to be paid to all employees - calculated in the manner specified above - who will qualify the retirement conditions next year, a lump-sum deposit should be made before March-end of the following year to cover the difference.

   (2) The Company has established the "Manager's Retirement and Resignation Method" to determine the payment applicable to the company's appointed managers. The retirement benefit formula is as follows:

   A. Pensions for the service year applying the Labor Standards Act are calculated using the equation stated in the previous section.

B. The Company contributes an amount of pension equal to 6% of an employee's monthly salary for those electing to apply the Labor Pension Act and those taking their post on or after July 1, 2005.

C. For appointed managers who have rendered 25 or more years of services as of December 31, 2018, two bases are given to each full year of services rendered within 15 years, one base is given to each full year of service over 15 years (rounded up to one year for any year of service less than one year), and their annual salary at their 25th year of service is taken as their average salary. The Company makes a pension contribution equal to 6% of their monthly salary starting from their 25th year of service.

(3) The Company is obligated to pay retirement pensions to the directors and chairman of the board who were employees, which is calculated at 6% of the monthly salary according to the "Directors' Salary and Remuneration Measures."

(4) The amounts recognized in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	$ 778	$ 55, 331
Fair value of plan assets	(8, 441)	(40, 569)
Net defined benefit (asset) liabilities	($ 7, 663)	$ 14, 762

(5) Changes in the Confirmed Net Welfare Liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2022			
Balance at January 1	$ 55, 331	($ 40, 569)	$ 14, 762
Current service costs	223	-	223
Interest expenses (income)	333	(303)	30
Liquidation loss (gain)	(6, 638)	-	(6, 638)
	49, 249	(40, 872)	8, 377
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(2, 959)	(2, 959)
Change in demographic assumptions	417	-	417
Change in financial assumptions	(3, 144)	-	(3, 144)
Experience adjustments	767	-	767
	(1, 960)	(2, 959)	(4, 919)
Pension contribution by employer	-	-	-
Liquidation payments	(46, 511)	35, 390	(11, 121)
Balance at December 31	$ 778	($ 8, 441)	($ 7, 663)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2021			
Balance at January 1	$ 54,300	($ 39,648)	$ 14,652
Current service costs	220	-	220
Interest expenses (income)	217	(158)	59
	54,737	(39,806)	14,931
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(763)	(763)
Change in demographic assumptions	686	-	686
Change in financial assumptions	(1,555)	-	(1,555)
Experience adjustments	1,463	-	1,463
	594	(763)	(169)
Pension contribution by employer	-	-	-
Pension paid	-	-	-
Balance at December 31	$ 55,331	($ 40,569)	$ 14,762

(6) The Company settled severances for some employees under the old seniority system according to the Labor Standards Act and Labor Pension Act, and the settlement benefits of 2022 were NT$6,638.

(7) The Company's Confirmed welfare retirement plan fund assets shall be entrusted within the transportation and amount of entrusted business projects determined by the Bank of Taiwan according to the annual investment and application plan of the fund pursuant to items provided by Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., deposit in financial institutions at home and abroad; investing in domestic and foreign listed, OTC, or privately placed equity securities; and investment in securitized goods for real estate at home and abroad). The relevant application status shall be supervised by the Supervision Committee of the Labor Retirement Fund. The utilization of the retirement fund shall have a yield no less than the interest for two-year time deposits provide by local banks. In case there is any shortfall, it shall be made up by the treasury of the government after an approval is obtained from the competent authority. Having no right to the operation and management of the retirement fund, the Group is unable to disclose the classification of plan assets as required by section 142 of the International Accounting Standards 19. Please refer to the report on the use of labor retirement funds for each announced by the government for the fair value that constitutes the fund's total assets for 2022 and as of December 31, 2021.

(8) The actuarial assumptions regarding pensions are summarized as follows:

	2022	2021
Discount rate	1.35%	0.75%
Future salary increase rate	3.00%	2.00%

Assumptions on future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2022				
Effects on the present value of defined benefit obligations	($ 19)	$ 19	$ -	$ -
December 31, 2021				
Effects on the present value of defined benefit obligations	($ 1,411)	$ 1,474	$ 1,323	($ 1,276)

The above sensitivity analysis is based on changes in a single variable, with the other variables held constant. However, in practice, variables are correlated. The manner adopted for conducting sensitivity analysis is the same as that for calculating the net pension liability stated on the balance sheet.

The manner adopted for conducting sensitivity analysis is the same as that adopted for sensitivity analysis in the previous period.

(9) The Company is expected to pay a contribution of $0 to the retirement plan for 2023.

(10) As of December 31, 2022, the weighted average duration of the retirement plan was 10 years. Maturity analysis of pension payment obligation is as follows:

Less than 1 year	$ -
1-2 years	-
2-5 years	-
Over 5 years	889
	$ 889

2. (1) On July 1, 2005, the Company established its own pension regulations applicable to Taiwanese nationals in accordance with the “Labor Pension Act.” For employees of the Company or domestic subsidiaries who elected to apply the “Labor Pension Act,” the Company makes a contribution equal to 6% of the monthly salary to their individual retirement account with the Bureau of Labor Insurance. Employee pensions may be paid in monthly installments or in lump-sum payment based the accumulated amount in the employee’s individual retirement account.

(2) TAI-TECH Advanced Electronics (Kunshan) and TAIPAQ Electronic Components (Si-Hong) Co., Ltd. have paid the monthly pension insurance according to a certain percentage of the total salary of local employees according to the pension insurance system stipulated by the People’s Republic of China, and the allocation ratios for 2022 and 2021 were 16% and 16%, respectively. The pension for employees is managed independently by the government. Except for making monthly contribution, the Group has no further obligation.

(3) In 2022 and 2021, the pension costs recognized by the Group according to the pension scheme were NT$73,506 and NT$67,418, respectively.

(XIII) Share-based payments

1. The share-based payment agreement of the Group in 2021 was as follows: (There was no such transaction in 2022)

Type of agreement	Date granted	Quantity granted	Contract period	Vesting conditions
The portion of common shares issuance reserved for employee subscription	March 29, 2021	1,467 thousand shares	NA	Immediate vesting

The said share-based payment arrangements are settled with equity.

2. The Group adopted the Black-Scholes option pricing model to evaluate the fair value of its employee stock options granted under share-based payment arrangements, stated as follows:

Type of agreement	Date granted	Share price	Exercise Price	Expected volatility	Expected life	Expected dividends	Risk-free interest rate	Fair value per unit
The portion of common shares issuance reserved for employee subscription	March 29, 2021	NT$149	NT$118.78	47.21%	0.07 years	-	0.34%	NT$30.4361

3. Expenses incurred by share-based payment transactions were as follows:

	2021
Equity settlement	$ 44,650

(XIV) Share capital

1. On December 31, 2022, the Company's rated share capital was NT$3,000,000 (of which NT$20,000 was reserved for employee stock option Issuance). The paid-in capital was NT$1,020,340, with a par value of NT$10 per share. All proceeds for share subscription were collected in full.

   Reconciliation for the Company's outstanding common shares at the beginning and ending of periods is as follows (in thousands unit):

	2022	2021
January 1	103,134	91,000
Issuance of common shares for cash	–	12,134
Repurchase and annulment of treasury shares	(1,100)	–
December 31	102,034	103,134

2. On March 2, 2021, the Board of Directors resolved to issue new shares before being initially listed on Taipei Exchange. A total of 12,134 thousand shares with the face value of NT$10 were issued. The public offering price was NT$118.78 per share. The record date for such capital increase was set on April 23, 2021, which was already modified and registered with the competent authority.

3. Treasury share (there was no such transaction for 2021)

   On July 19, 2022, the Company repurchased 1,100 thousand treasury shares via a board of directors resolution. The repurchase price range was NT$68 to NT$128. The full execution was completed on December 31, 2022, and the repurchase amount was NT$99,367. The repurchased shares were cancelled on November 8, 2022 according to the resolution of the Board of Directors, and the same date was used as the capital reduction base date.

   (1) Reason of recovering shares and quantity

		December 31, 2022	
Name of shareholding company	Reason for recovery	Number of shares (in thousands)	Carrying amount
The Company	Protect shareholders' rights and benefits	-	$ -

   (2) According to regulations of the Securities and Exchange Act, the buyback ratio of the outstanding shares of a company shall not exceed 10% of the issued shares of the company, and the total amount of the buyback shares must not exceed the retained earnings plus the premium of the issued shares and the realized capital reserve amount.

(3) The treasury shares held by the Company, in accordance with Securities and Exchange Act, shall not be pledged and shall not enjoy the shareholders' right before transfer.

(4) According to regulations of the Securities and Exchange Act, for the shares bought back for the purpose of protecting the credit of the Company and the shareholders' equity, the registration of share cancellation must be made within 6 months from the buyback date.

(XV) Capital surplus

Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting deficit. Furthermore, if the Company has no accumulated loss, capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original shareholding percentage. According to the Securities and Exchange Act, when the above-mentioned capital surplus is used for capitalization, the total amount every year shall not exceed 10% of the paid-in capital. The Company may use capital surplus to offset loss only when the amount of reserves is insufficient to offset the loss.

(XVI) Retained earnings

1. According to the Company's Articles of Incorporation, if the Company has any earnings in the final account, they should be used to pay off all the taxes and duties, as well as to compensate prior deficits. The remaining amount, if any, should be appropriated in the following order of presentation: (1) 10% as legal reserve until it reaches the Company's paid-in capital; (2) set aside or reverse a certain amount as or of special reserve according to operating needs or laws or regulations; (3) the remainder plus unappropriated earnings from prior years may be used to appropriate dividends or bonuses to shareholders after an earnings appropriation proposal is drafted by the Board of Directors and resolved in favor by the shareholders meeting. As required by Article 240 of the Company Act, if approved by a majority vote at a Board of Directors' meeting attended by two thirds of directors, the Board of Directors may appropriate dividends or bonuses in cash with its existing legal reserve or capital surplus, and shall report to the shareholder's meeting. In such case, the requirements regarding resolution made by shareholders' meeting set out in the Company's Articles of Incorporation do not apply.
2. The Company's dividend appropriation policy takes into account the factors such as the industry environment it is in, its growing phases, future capital demands, financial structure, capital budge, shareholders' interest, balanced dividends and long-term financial planning. An earnings appropriation proposal is drafted by the Board of Directors (and reported to the shareholders' meeting) to the extent appropriable on the conditions that the Company's business is in the expanding phase, profitability expects to grow, and appropriation of stock dividends won't significantly dilute the Company's profitability. No less than 30% of annual earnings are appropriated to shareholders. Shareholder's bonuses may be appropriated in cash or in shares, provided, however, that the appropriation in cash shall not be less than 10% of the total appropriated amount.
3. Except being used to make up previous deficits or appropriate shares or cash to shareholders in proportion to their shareholding percentage, the legal reserve shall not be used. However, the amount of legal reserves used to appropriate new shares or cash shall be limited to the portion exceeding 25% of the paid-in capital.
4. (1) According to law, the Company may appropriate earnings only after it has provided special reserve under the debit balance of other equity on the balance sheet date. If subsequently the debit balance of other equity is reversed, the reversed amount may be used as appropriable earnings.

   (2) As for the special reserves provided upon initial application of IFRSs to satisfy the requirements specified in the official letter Jin-Guan-Zheng-Fa-Zi No. 1010012865

dated April 6, 2012, the Company may reverse them to the extent of their original provision ratio if subsequently the Company intends to use, dispose of or reclassify related assets. If the said related assets are investment property relating to land, such assets are reversed upon disposal or reclassification; if the said related assets are investment property other than land, such assets are reversed gradually over the use period.

5. At the Board of Directors' meeting dated March 2, 2021, the Board of Directors originally intended to appropriate common-share dividends in the amount of $373,100(NT$4.1 per share) with the earning made in 2020. However, the capital amount increased due to issuance of new shares. As such, at the Board of Directors' meeting dated April 29, 2021, the Board of Directors resolved to appropriate common-share dividends in the amount of $422,849 (NT$4.1 per share) with the earnings made in 2020.
6. As resolved on in the shareholder's meeting dated February 25, 2022 the Board of Directors determined to appropriate shares dividends in common shares in the amount of $721,938 (NT$7 per share) with the earnings made in 2021.
7. On February 24, 2023, the board of directors passed a resolution to distribute an ordinary dividend of NT$612,204 (NT$6.0 per share) according to the 2022 surplus.

(XVII) Other equity items

2022	Unrealized gains (losses)	Foreign currency translation	Total
January 1	$ 182, 350	($ 198, 797)	($ 16, 447)
Valuation of financial assets at fair value - Group			
Valuation of financial assets at fair value:			
- Group	16, 040	-	16, 040
Exchange differences:			
- Group	-	64, 155	64, 155
2021	$ 198, 390	($ 134, 642)	$ 63, 748

2021	Unrealized gains (losses)	Foreign currency translation	Total
January 1	$ 165, 891	($ 180, 156)	($ 14, 265)
Valuation of financial assets at fair value - Group			
Valuation of financial assets at fair value:			
- Group	16, 459	-	16, 459
Exchange differences:			
- Group	-	(18, 641)	(18, 641)
2021	$ 182, 350	($ 198, 797)	($ 16, 447)

(XVIII) Operating revenue

	2022	2021
Revenue from contracts with clients	$ 5, 291, 333	$ 6, 165, 281

The Group's revenue derived from transfer of goods at a particular point of time are classified into the following categories:

	2022		2021	
Wire-Wound Products	$	3, 465, 007	$	3, 937, 194
Multilayer Products		811, 890		1, 051, 952
LAN transformers		959, 902		1, 143, 122
Others		54, 534		33, 013
Total	$	5, 291, 333	$	6, 165, 281

(XIX) Other income

	2022		2021	
Rental income	$	10, 200	$	3, 548
Dividends income		44, 097		18, 352
Subsidies income		18, 168		44, 561
Miscellaneous income		7, 313		1, 975
Total	$	79, 778	$	68, 436

The Group recognized government grants primarily because its qualified for the grants awarded to entice investment in the industries within Si-Hong Economic Development Zone.

(XX) Other gains and losses

	2022		2021	
Gains on disposal of property, plant and equipment	$	8, 401	$	1, 343
Exchange gains (losses), net		136, 022	(	6, 025)
Loss of financial assets measured at fair value through profit or loss		512		-
Miscellaneous expenses	(	3, 159)	(	7)
	$	141, 776	($	4, 689)

(XXI) Additional Information on the Nature of Expenses

	2022		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	$ 894, 673	$ 373, 498	$ 1, 268, 171
Depreciation expenses of property, plant and equipment	447, 216	38, 587	485, 803
Depreciation expenses of right-of-use assets	3, 006	4, 175	7, 181
Amortization expenses	3, 277	2, 081	5, 358

	2021		
	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	$ 1, 015, 062	$ 425, 991	$ 1, 441, 053
Depreciation expenses of property, plant and equipment	355, 030	30, 426	385, 456
Depreciation of right-of-use assets	2, 806	4, 324	7, 130
Amortization	2, 262	2, 107	4, 369

(XXII) Employee benefit expense

	2022		
	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	$ 750, 370	$ 325, 832	$ 1, 076, 202
Labor and health insurance expense	26, 473	14, 978	41, 451

Pension expense	59, 296	14, 446	73, 742
Other personnel expense	58, 534	18, 242	76, 776
	$ 894, 673	$ 373, 498	$ 1, 268, 171

2021	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	$ 878, 036	$ 381, 714	$ 1, 259, 750
Labor and health insurance expense	22, 333	14, 049	36, 382
Pension expense	54, 493	13, 204	67, 697
Other personnel expense	60, 200	17, 024	77, 224
	$ 1, 015, 062	$ 425, 991	$ 1, 441, 053

1. Where there are earnings in the final account, (1) no less than 6% shall be allocated as employee compensation, either in cash or in shares, as resolved by the Board of Directors - employees qualified for such compensation include employees from affiliated companies who meet certain criteria; and no higher than 2% shall be allocated as remuneration for directors and supervisors.
2. The estimated compensations for employees in 2022 and 2021 were NT$76,144 and NT$85,823, respectively. The estimated amount of compensations for the directors and supervisors were NT$19,036 and NT$21,456; respectively. The aforesaid amount is accounted for in the salary expense account.

   The employee remuneration as well as director and supervisor remuneration in 2022 were estimated at 6% and 1.5%, respectively, based on the profit status of the current period. The actual distribution amounts resolved by the board of directors were NT$76,144 and NT$19,036, of which employee remuneration was be paid in cash.

   The amount of the accrued employee compensation and directors' and supervisors' remuneration for 2021 as had been resolved by the Board of Directors was the same as the amount recognized in the financial statements for 2021.

   The amounts of employee compensation and directors' and supervisors' remuneration approved by the Board of Directors and resolved by the shareholders' meeting can be found on the Market Observation Post System of TWSE.

(XXIII) Income tax

1. Income tax expense

   (1) Income tax components:

	2022	2021
Current tax:		
Tax attributable to taxable income of the period	$ 176, 617	$ 150, 794
Additional levy on unappropriated earnings	12, 742	–
Over-estimate of income tax of the previous period	(19, 001)	(7, 378)
Total current tax	170, 358	143, 416
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	28, 065	50, 832
Income tax expenses	$ 198, 423	$ 194, 248

   (2) Income tax associates with other comprehensive income: None.

   (3) Income tax directly debited or credited in equity: None.

2. Relationship between income tax expenses and accounting profit

	2022	2021
Income tax derived from applying the statutory tax rate to income before tax (note)	$ 312,500	$ 352,709
Impacts on income tax items that must be adjusted according to the tax law	(99,876)	(115,504)
Temporary differences not recognized as deferred tax assets	-	1,471
Tax effects of investment deductibles	(4,211)	(34,743)
Tax effects of temporary differences	(1,450)	(824)
Change in estimation of probability of realizing deferred tax assets	(2,281)	(1,483)
Over-estimate of income tax of the previous period	(19,001)	(7,378)
Additional levy on unappropriated earnings	12,742	-
Income tax expenses	$ 198,423	$ 194,248

Note: The tax rate is calculated based on the tax rate applicable to incomes in the relevant country.

3. The amount of each deferred income tax asset or liability arising from temporary differences is as follows:

2022	January 1	Recognized in P/L	Exchange differences	December 31
Temporary differences:				
- Deferred tax assets:				
Unrealized gains from disposal	$ 4,561	$ 105	$ 5	$ 4,671
Others	3,047	(1,506)	56	1,597
Loss carryforwards	23,688	10,555	311	34,554
Sub-total	31,296	9,154	372	40,822
- Deferred tax liabilities:				
Reserve for land revaluation increment tax	(28,572)	-	-	(28,572)
Appreciation book-tax differences	(183,323)	(37,219)	(2,658)	(223,200)
Sub-total	(211,895)	(37,219)	(2,658)	(251,772)
Total	($ 180,599)	($ 28,065)	($ 2,286)	($ 210,950)

2021	January 1	Recognized in P/L	Exchange differences	December 31
Temporary differences:				
- Deferred tax assets:				
Unrealized gains from disposal	$ 5,618	($ 998)	($ 59)	$ 4,561
Others	2,155	846	46	3,047
Loss carryforwards	741	22,951	(4)	23,688
Sub-total	8,514	22,799	(17)	31,296
- Deferred tax liabilities:				
Reserve for land revaluation increment tax	(28,572)	-	-	(28,572)
Appreciation book-tax differences	(110,283)	(73,631)	591	(183,323)
Sub-total	(138,855)	(73,631)	591	(211,895)
Total	($ 130,341)	($ 50,832)	$ 574	($ 180,599)

4. Deductible temporary differences that are not recognized as deferred income tax assets

	December 31, 2022	December 31, 2021
Deductible temporary differences:	$ 172,688	$ 183,368

5. The Company did not recognize deferred income tax liabilities for temporary taxable differences related to investments for certain subsidiaries. The temporary differences in the unrecognized deferred income tax liabilities in 2022 and on December 31, 2021, were NT$531,182 and NT$429,284, respectively.
6. The Revenue Service Office has approved the Company's for-profit business income tax until 2020.

(XXIV) Earnings per share (EPS)

	2022		
	Post-tax amount	Weighted average number of Ordinary shares outstanding (shares in thousands)	Earnings per share (EPS) (NT$)
Basic earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 1, 038, 537	102, 704	$ 10. 11
Diluted earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 1, 038, 537	102, 704	
Dilutive effects of the potential common shares			
Employee compensation	-	1, 061	
Profit attributable to shareholders of common shares of the parent plus potentially dilutive ordinary shares effect	$ 1, 038, 537	103, 765	$ 10. 01

	2021		
	Post-tax amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (EPS) (NT$)
Basic earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 1, 197, 065	99, 089	$ 12. 08
Diluted earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 1, 197, 065	99, 089	
Dilutive effects of the potential common shares			
Employee compensation	-	721	
Profit attributable to shareholders of common shares of the parent plus potentially dilutive ordinary shares effect	$ 1, 197, 065	99, 810	$ 11. 99

(XXV) Additional Information on Cash Flows

Investing activities partially involving cash payments:

	2022	2021
Acquisition of property, plant, and equipment	$ 390,607	$ 2,355,884
Add: Construction and equipment payable at the beginning of the period	273,446	83,794
Notes payable at the beginning of the period	175,408	45,604
Less: Construction and equipment payable at the end of the period	(57,797)	(273,446)
Notes payable at the end of the period	(37,028)	(175,408)
Cash paid in the period	$ 744,636	$ 2,036,428

(XXVI) Changes in Liabilities Arising from Financing Activities

2022	Short-term borrowings	Short-term notes and Bills payable	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	$ 415,794	$ 20,000	$ 603,422	$ 14,054	$ 1,053,270
Changes in cash flow from financing activities	(417,215)	(20,000)	522,757	(6,474)	79,068
Effects of exchange rate changes	1,421	-	-	9	1,430
Others non-monetary changes	-	-	-	281	281
December 31	$ -	$ -	$ 1,126,179	$ 7,870	$ 1,134,049

2021	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	$ 697,535	$ 130,000	$ 337,000	$ 7,515	$ 1,172,050
Changes in cash flow from financing activities	(277,341)	(110,000)	266,422	(6,374)	(127,293)
Effects of exchange rate changes	(4,400)	-	-	-	(4,400)
Others non-monetary changes	-	-	-	12,913	12,913
December 31	$ 415,794	$ 20,000	$ 603,422	$ 14,054	$ 1,053,270

VII. Related Party Transactions

(I) Name and Relationship of Related Party

Name of related party	Relationship with the Group
Superworld Electronics (S) Pte Ltd.	Other related party
TAI-TECH ADVANCED ELECTRONICS (S) PTE LTD	Other related party
Superworld Electronics Co., Ltd.	Other related party
Superworld Electronics (Dongguan) Co., Ltd.	Other related party
Jui-hsia Tai	Immediate family member of the major management
Chang-i Hsieh	Immediate family member of the major management
Chairman, Supervisor, President, and Vice President	Major management of the Group

(II) Significant Transactions with Related Party

1. Operating revenue

	2022	2021
Sale of goods:		
Other related party	$ 406,245	$ 496,729

The price of goods sold to related party by the Group is the same as that for an arm's length transaction; the payment terms also approximate those for ordinarily clients.

2. Purchase

	2022	2021
Purchase of goods:		
Other related party	$ 7,385	$ 8,345

The price of goods purchased from related party by the Group is the same as that for an arm's length transaction; the payment terms also approximate those for ordinarily suppliers.

3. Freight expenses and miscellaneous expenses

	2022	2021
Other related party	$ 172	$ 287

4. Other income

	2022	2021
Other related party	$ 163	$ -

5. Lease transactions - lessee

(1) The Group leased buildings from the immediate family members of the major management, with the lease term due between 2018 and 2023 and the rental paid on a monthly basis.

(2) Rental expense

	2022	2021
Other related party	$ 177	$ 171

(3) Lease liabilities

Balance at the end of the period:

	December 31, 2022	December 31, 2021
Jui-hsia Tai	$ 382	$ 1,145
Chang-i Hsieh	362	1,087
	$ 744	$ 2,232

6. Accounts receivables due from related party

	December 31, 2022	December 31, 2021
Accounts receivable:		
Other related party	$ 112, 545	$ 207, 195

7. Accounts payables due to related party

	December 31, 2022	December 31, 2021
Accounts payable:		
Other related party	$ 5, 327	$ 1, 224
Other payables:		
Other related party	28	17
Total	$ 5, 355	$ 1, 241

8. Property transaction (here was no such transaction for 2021)

(1) Disposal of real estate, plant, and equipment

	2022	
	Disposal proceeds	Disposal gain (loss)
Other related party	$ 279	$ 80

(2) Acquisition of financial assets

	Accounting items	Number of share transactions	Transaction targets	2022 Acquisition prices
Superworld Electronics Co., Ltd.	Financial assets at fair value through other comprehensive income - non-current	2,000 thousand shares	SFI Electronics Technology Inc.	$ 40,000

9. The management level of the Group was the joint guarantor for its short-term loans and bills as of December 31, 2021.

(III) Remuneration to Major Management

	2022	2021
Short-term employee benefits	$ 100, 409	$ 100, 963
Post-retirement benefits	1, 496	1, 252
Share-based payments	-	6, 361
Total	$ 101, 905	$ 108, 576

VIII. Pledged Assets

The Group’s assets pledged as collateral are as follows:

Type of asset	December 31, 2022	December 31, 2021	Purpose of collateral
Property, plant and equipment			
- land	$ 766,893	$ 766,893	Short and long-term borrowings
- Buildings and structures	63,277	67,305	Short and long-term borrowings
- Machinery	443,592	-	Long-term borrowings

IX. Significant Commitments or Contingencies

(I) or Contingencies

None.

(II) Commitments

Capital expenditures committed but not yet incurred

	December 31, 2022	December 31, 2021
Property, plant and equipment	$ 71,809	$ 307,879
Computer software	$ 5,649	$ 781

X. Significant Disaster Losses

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital Management

The purposes of the Group’s capital management are to ensure that the Group continues as a going concern, to maintain an optimum capital structure to lower financing costs and to provide returns of investment to shareholders. For the purpose of maintaining an optimal capital structure, the Group may adjust the amount of dividends paid to shareholders or may issue new shares.

(II) Financial Instrument

1. Type of financial instrument

	December 31, 2022	December 31, 2021
Financial Assets		
Financial assets at fair value through other comprehensive income		
Financial assets in equity instruments investment of which the fair value is designated to be recognized in other comprehensive income	$ 381,069	$ 233,817
Financial assets at amortized cost		
Cash and cash equivalents	$ 1,528,877	$ 1,341,004
Notes receivable, net	60,385	64,858
Accounts receivable, net (including those due from related party)	1,737,585	2,389,761
Other receivables (including those due from related party)	13,427	14,909
Refundable deposits (Other non-current assets recognized)	2,533	2,528
	$ 3,342,807	$ 3,813,060

	December 31, 2022	December 31, 2021
Financial Liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ -	$ 415,794
Short-term notes and bills payable	-	20,000
Notes payable	43,300	193,029
Accounts payable (including related party)	538,751	859,752
Other payables (including those due to related party)	651,233	943,487
Long-term borrowings (including the current portion)	1,126,179	603,422
Deposits received (Other non-current liabilities recognized)	1,640	1,640
	$ 2,361,103	$ 3,037,124
Lease liabilities (including those due to related parties)	$ 7,870	$ 14,054

2. Risk management policy

(1) The Group’s daily operations are affected by various financial risks*, e.g.,* market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group’s risk management policy focuses on the unpredictable market events in order to minimize their potentially adverse impacts on the Group’s financial position and financial performance.

(2) The Group’s key financial activities are reviewed by the Board of Directors against relevant regulations and its internal control systems. The Company strictly abides by relevant financial operating procedures during the implementation of financial plans.

3. Nature and degree of significant financial risks

(1) Market risk

Foreign currency risk

A. The Group operates internationally and so is subject to the exchange rate risk of different currencies, particularly the USD and RMB. Relevant exchange rate risk arises from future business transactions and the recognized assets and liabilities. In addition, the conversion from RMB to other currencies is subject to the foreign currency exchange control regulations imposed by China.

B. The Group's management has formulated relevant policy to require entities within the Group to manage the foreign exchange risks associated with their functional currency. Foreign exchange risk arises when future business transactions or recognized assets or liabilities are denominated in a currency other than the entity's functional currency.

C. Since the Group engages in business involving multiple functional currencies (*e.g.,* the Company's functional currency is NTD while some subsidiaries' functional currencies are either USD or RMB), the Group is subject to fluctuation in foreign exchange rates. Foreign-currency-denominated assets and liabilities having significant impacts if foreign exchange rates change were as follows:

	December 31, 2022			
	Foreign currency (in thousands)	Exchange rate		Carrying amount (NTD/ RMB)
(Foreign currency: functional currency)				
Financial Assets				
Monetary items				
USD:NTD	$ 60,894	30.71	$	1,870,055
RMB:NTD	87,017	4.41		383,745
USD:RMB	38,683	6.96		269,234
Financial Liabilities				
Monetary items				
USD:NTD	$ 24,184	30.71	$	742,691
RMB:NTD	3,926	4.41		17,314
USD:RMB	16,623	6.96		115,696

	December 31, 2021			
	Foreign currency (in thousands)	Exchange rate		Carrying amount (NTD/ RMB)
(Foreign currency: functional currency)				
Financial Assets				
Monetary items				
USD : NTD	$ 56,240	27.68	$	1,556,723
RMB : NTD	162,540	4.34		705,424
USD:RMB	45,698	6.38		291,553
Financial Liabilities				
Monetary items				
USD : NTD	$ 39,098	27.68	$	1,082,233
USD：RMB	26,575	6.38		169,549

D. The Group's monetary items have a significant impact due to exchange rate fluctuations. The aggregate amount of all exchange gains and losses (including realized and unrealized) recognized in 2022 and 2021 were exchanged gains of NT$136,022 and exchange losses of NT$6,025, respectively. Since the Group's transactions involve multiple currencies that have significant foreign exchange impacts, they are disclosed as a whole.

E. Foreign exchange risks arising from significant exchange rate changes that the Group is exposed to were as follows:

	2022 Sensitivity Analysis		
	Fluctuation	Effects on P/L (NTD/ RMB)	Impact on other comprehensive income
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD:NTD	1%	$ 18,701	$ -
RMB : NTD	1%	3,837	-
USD:RMB	1%	2,692	-
Financial Liabilities			
Monetary items			
USD:NTD	1%	7,427	-
RMB:NTD	1%	173	
USD:RMB	1%	1,157	-

	2021 Sensitivity Analysis		
	Fluctuation	Effects on P/L (NTD/ RMB)	Impact on other comprehensive income
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD:NTD	1%	$ 15,567	$ -
RMB : NTD	1%	7,054	-
USD:RMB	1%	2,916	-
Financial Liabilities			
Monetary items			
USD:NTD	1%	10,822	-
USD:RMB	1%	1,695	-

Price risk

A. Since the Group's investment is classified as financial assets measured at fair value through profit or loss and financial assets measured at fair value other comprehensive income on the consolidated balance sheets, the Group is exposed to the risk of price changes in financial assets of equity instrument.

B. The Group mainly invests in equity instruments issued by a domestic or foreign company. The price of such equity instruments can be affected by changes in future value of their investment targets. Suppose the price of these equity instruments increases or decreases by 1%, and all other factors remain unchanged. In that case, the gains or losses on other comprehensive profit and loss classified as equity investments measured at fair value in 2022 and from January 1, 2021, to January 31, 2021, through other comprehensive income would increase or decrease by NT$3,811 and NT$2,338, respectively.

<u>Cash flow and fair value interest rate risk</u>

A. The Group's interest rate risks mainly come from short- and long-term borrowings issued at floating interest rates. Such exposure also means the Group is exposed to cash flow interest rate risks, though a portion of risks have been offset by the Group's holding of cash bearing a floating interest rate. In 2022 and 2021, the Group's loans issued at floating rates are mainly valuated in NTD and USD.

B. When the NTD and USD borrowing rate increases or decreases by 1% and all other factors remain unchanged, the post-tax net profit for 2022 and 2021 decrease or increase by NT$9,009 and NT$8,154, respectively, mainly due to interest expense changes caused by floating rate loans.

(2) Credit risk

A. Credit risk refers to the risk of financial loss to the Group arising from default by clients, or by counter-parties of financial instruments on the contract obligations. Credit risk of the Group mainly comes from accounts receivable, notes receivable and the contractual cash flows of financial assets measured at amortized cost that are prone to default by counter-parties.

B. The Group establishes a framework for managing credit risks from a group's perspective. As the internal credit approval policy stipulates, an operating entity within the Group shall manage and analyze the credit risk of a new client before proposing terms and conditions pertaining to payments and delivery of goods. Internal risk control is achieved by evaluating a client's credit quality against the client's financial position, credit records and other factors. The limit on individual risk is set by the management by referring to internal or external ratings. The status of utilization of credit lines is regularly monitored.

C. The Group applies the presumption of IFRS 9 and deems that the credit risk of a financial assets has significantly increased after initial recognition when the receivables obliged by the contractual terms are 30-days past due.

D. The Group's credit risk management procedures deem a default occurred when a counterparty is significantly delinquent on repayments.

E. After the recourse procedures, the Group writes off financial assets that could not be reasonably expected to be recovered. Nonetheless, the Group will continue the recourse legal procedures to secure its right to the debt. The Group's creditor's rights that have been written off and recourse activities still available were $0 in 2022 and as of December 31, 2021.

F. The Group classifies accounts receivable due from clients by the characteristics of their ratings, and adopts the simplified approach that measures expected credit losses based on the preparation matrix.

G. The Group incorporates perspective considerations for future specific periods and the loss rate established by the current information in order to estimate the allowance for receivables and contractual assets. The preparation matrix for 2022 and December 31, 2021, was as follows:

	Individual disclosure	Not overdue	Overdue within 30 days	Overdue 31 ~ 90 days	Overdue 91 ~180 days and above	Total
December 31, 2022						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	$ 1,252	$ 1,794,163	$ 6,825	$ 882	$ 22	$ 1,803,144
Loss allowance	$ 1,252	$ 1,834	$ 559	$ 27	$ 22	$ 3,694

	Individual disclosure	Not overdue	Overdue within 30 days	Overdue 31 ~ 90 days	Overdue 91 ~ 180 days	Total
December 31, 2021						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	$ 1,252	$ 2,432,012	$ 42,292	$ 4,054	$ 18	$ 2,479,628
Loss allowance	$ 1,252	$ 21,347	$ 581	$ 9	$ 18	$ 23,207

H. Changes in the loss allowances provided for accounts receivable using the simplified approach are as follows:

	2022 Accounts Receivable	Notes receivable	Uncollectible overdue receivables	Total
January 1	$ 21,955	$ -	$ 1,252	$ 23,207
Amount written off because it is uncollectible	(19,956)	-	-	(19,956)
Exchange rate effects	443	-	-	443
2021	$ 2,442	$ -	$ 1,252	$ 3,694

	2021 Accounts Receivable	Notes receivable	Uncollectible overdue receivables	Total
January 1	$ 1,842	$ -	$ 1,252	$ 3,094
Impairment loss	20,119	-	-	20,119
Exchange rate effects	(6)	-	-	(6)
2021	$ 21,955	$ -	$ 1,252	$ 23,207

(3) Liquidity risk

A. Cash flows forecast is done by each operating entity; the Administration Department of the Group is responsible only for summarizing the results. Administration Department of the Group monitors the forecast of the Group's liquidity needs to ensure that it has sufficient funds to meet operating needs and maintain sufficient unused loan commitments so that it won't default on any borrowing limits or terms. Such a forecast takes into account the Group's debt financing plan, compliance with provisions of debt instruments, fulfillment of the financial ratio targets on the balance sheet and conformity with external regulatory requirements, such as foreign exchange control.

B. The table below listed the Group's non-derivative financial liabilities by maturity date. They were analyzed for the residual duration between the balance sheet date and the maturity date. The table below disclosed the contractual cash flows not discounted.

Non-derivative financial liabilities:

December 31, 2022	Less than 1 year	1~2 years	2~5 years	Over 5 years
Notes payable	$ 43,300	$ -	$ -	$ -
Accounts payable	533,424	-	-	-
Accounts payables to related parties	5,327	-	-	-
Other payables (including those due to related party)	651,233	-	-	-
Lease liabilities (including the portion with maturity in one year)	5,722	1,890	258	-
Long-term borrowings (including the portion with maturity in one year)	51,295	50,729	597,055	505,298

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	1~2 years	2~5 years	Over 5 years
Short-term borrowings	$ 415,794	$ -	$ -	$ -
Short-term notes and bills payable	20,000	-	-	-
Notes payable	193,029	-	-	-
Accounts payable	858,528	-	-	-
Accounts payables to related parties	1,224	-	-	-
Other payables (including those due to related party)	943,487	-	-	-
Lease liabilities (including the portion with maturity in one year)	6,557	5,538	1,959	-
Long-term borrowings (including the portion with maturity in one year)	43,494	93,047	125,888	382,538

C. The Group does not expect a maturity analysis of which the cash flows timing would be significantly earlier or the actual amount would be significantly different.

(III) Fair Value Information

1. Below are the definitions assigned to each level of valuation technique used to measure the fair value of financial and non-financial assets.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed shares is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. This includes the equity instruments without active market investment by the Company.

2. Financial instruments not measured at fair values

Management of the Group thinks that the carrying amount of financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivables, other receivables, lease liability and long-term borrowings (including the current portion), is the reasonable approximation of their fair value.

3. Financial and non-financial assets at fair value are classified by nature, characteristic, risk and fair value level, stated as follows:

(1) The Group classifies its assets and liabilities by their function; stated as follows:

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets measured at fair value through profit or loss valuation of financial assets at Equity-based securities	$ 83,412	$ -	$ 297,657	$ 381,069

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets measured at fair value through profit or loss Valuation of financial assets at Equity-based securities	$ 121,987	$ -	$ 111,830	$ 233,817

(2) The techniques and assumptions used to measure fair value are stated as follows:

A. Financial instruments of which the fair value is marked to market quotations (*i.e.,* level 1 inputs) are stated as follows:

	Listed shares
Market quotation	Closing price

B. Except for financial instruments with an active market, the fair value of other financial instruments is obtained either based on the valuation technique or by reference to the quotes from counter-parties. Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, or by using other valuation technique, *e.g.,* the one that applies market information available on the consolidated balance sheets date to a pricing model for calculation.

C. Outputs from the valuation models are estimates and valuation techniques may not be able to reflect all relevant factors of the financial and non-financial instruments held by the Group. Therefore, when needed, estimates from the valuation model would be adjusted for additional parameters, *e.g.,* model risk or liquidity risk.

4. In 2022 and 2021, there was no transfer between the Level 1 and Level 2.

5. The following table reflects Level 3 changes in 2022 and 2021.

	2022 Equity-based securities	2021 Equity-based securities
January 1	$ 111,830	$ 136,989
Gains or losses recognized in other comprehensive income		
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income recognized	74,844	(24,631)
Purchase of current period	108,505	-
Exchange rate effects	2,478	(528)
December 31	$ 297,657	$ 111,830

6. There was no transfer in or out from Level 3 in 2022 and 2021.

7. Valuation process regarding fair value Level 3 is conducted by the Group's Administration Department, which conducts an independent fair value verification though use of independent data source in order to make the valuation results close to market conditions, and to ensure that the data source is independent, reliable and consistent with other sources, and that the fair value is adjusted where appropriate, thereby ensuring a reasonable valuation result.

8. The quantitative information on, changes in, and sensitivity analysis of significant unobservable inputs used in Level 3 fair value measurement are stated as follows:

	December 31, 2022 per unit	Valuation technique	Significant unobservable inputs	Interval (weighted average)	Relationship of inputs and fair value
Non-derivative equity instruments:					
Unlisted shares	$ 297,657	Public company comparables	Discount for lack of marketability	15%~25% (20%)	The higher the discount for lack of marketability, the lower the fair value

	December 31, 2021 per unit	Valuation technique	Significant unobservable inputs	Interval (weighted average)	Relationship of inputs and fair value

Non-derivative equity instruments:						
Unlisted shares	$	111,830	Public company comparables	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

9. The Group elects to adopt valuation models and valuation parameters under prudential consideration. Nonetheless, this does not preclude the differences arising from adoption of different valuation models or parameters. If valuation parameters change, financial assets classified as Level 3 will have effects on other comprehensive income, stated as follows:

			December 31, 2022			
			Recognized in P/L		Recognized in other comprehensive income (OCI)	
	inputs	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial Assets						
Equity instruments	$ 364,295	±1%	$ -	$ -	$ 3,163	($ 4,076)

			December 31, 2021			
			Recognized in P/L		Recognized in other comprehensive income (OCI)	
	inputs	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial Assets						
Equity instruments	$ 139,787	±1%	$ -	$ -	$ 1,661	($ 1,661)

(IV) Other Matters

In response to the pandemic alert system for COVID-19 and multiple pandemic prevention measures taken by the government, the Group has also adopted and upheld necessary measures to address the issues brought by the pandemic. A careful assessment conducted by the Group has led to the conclusion that the pandemic has no significant influence on the Group's ability to continue as a going concern, asset impairment and financial risks.

XIII. Additional Disclosures

(I) Information on Significant Transactions

1. Loaning Funds to Others: Refer to Table 1.
2. Provision of Endorsements and Guarantees: refer to Table 2.
3. Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies and the Control Portion in a Joint Venture): refer to Table 3.
4. Accumulative Purchase of Disposal of the Same Marketable Securities that Reaches NT$300 Million or 20% or More of Paid-in Capital: None.
5. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: none.
6. Disposal of Real Property That Reaches NT$300 Million or 20% or More of Paid-in Capital: none.
7. Transaction with Related Party That Reaches NT$100 Million or 20% or More of Paid-in Capital: refer to Table 4.
8. Receivables Due from Related Party That Reach NT$100 Million or 20% or More of Paid-in Capital: refer to Table 5.

9. Engagement in Derivatives Trading: none.
10. The Business Relationship, Significant Transactions and Significant Transaction Amount between Parent and Subsidiaries or among Subsidiaries: refer to Table 6.

(II) Information on Indirect Investment

Names and Location of Investees (Excluding Those in Mainland China): refer to Table 7.

(III) Investment in Mainland China

1. Basic Information: refer to Table 8.
2. Significant Transactions with Investees in Mainland China That Are Invested by the Group, Either Directly or Indirectly Through Another Entity Outside Taiwan and China: Refer to Table 6.

(IV) Major Shareholder Information

Major Shareholder Information: refer to Table 9.

XIV. Segment Information

(I) General Information

The Group engages in a single industry; the Group's Board of Directors evaluates the performance of and allocates resources to the Group as a whole. As such, the Group identifies itself to be a single reporting segment.

(II) Segment Information

Information on reportable segment provided to the main operating decision makers:

	2022		2021	
Segment revenue	$	5, 291, 333	$	6, 165, 281
Segment gross profit	$	1, 779, 525	$	2, 135, 564
Segment profits or losses	$	1, 236, 960	$	1, 391, 313
Discount and amortization (including right-of-use assets)	$	498, 342	$	396, 955
Income tax expenses	$	198, 423	$	194, 248

	December 31, 2022		December 31, 2021	
Segment assets	$	9, 251, 919	$	9, 605, 492
Segment liabilities	$	2, 726, 982	$	3, 382, 901

(III) Reconciliation of Segment Profit or Loss

Reconciliation is not required because the profit or loss information on the reporting segment that was provided to the main operating decision makers is consistent with that prepared and disclosed in the financial statements.

(IV) Product and Labor Information

Revenue from external customers mainly derives from sale of products, e.g. electronic parts, magnet cores, chip coils, and other wire-wounds; components of revenue are presented as follows:

	2022	2021
Wire-Wound Products	$ 3, 465, 007	$ 3, 937, 194
Multilayer Products	811, 890	1, 051, 952
LAN transformers	959, 902	1, 143, 122
Others	54, 534	33, 013
Total	$ 5, 291, 333	$ 6, 165, 281

(V) Regional Information

The Group's regional information for 2022 and 2021 is as follows:

	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 1, 373, 265	$ 2, 334, 459	$ 1, 384, 299	$ 2, 560, 692
Mainland China	2, 661, 398	2, 175, 334	3, 461, 744	2, 059, 125
Hong Kong	679, 816	-	709, 812	-
Singapore	79, 482	-	193, 096	-
Others	497, 372	-	416, 330	-
Total	$ 5, 291, 333	$ 4, 509, 793	$ 6, 165, 281	$ 4, 619, 817

Note: Revenue is attributable to countries based on the origin of the shipment.

(VI) Important Customer Information

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

2022			2021		
Name of Clients	Amount	%	Name of Clients	Amount	%
Client A	$ 934, 204	18	Client A	$ 782, 986	13

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Loans of funds to others
January 1, 2022, to December 31, 2022

Table 1

Unit: NT$ thousand
(unless otherwise sp ecified)

No.	Lending company	Borrowing party	Transaction item	Whether it is a related party	Highest balance of current period	Ending balance	Amount actually drawn	Interest rate range	Nature of loaning of funds	Business transaction amount	Reason for necessary short-term financing	Allowance for impairment Loss	Collaterals Name	Collaterals Value	Loan and limit for individual borrower (Note)	Total limit of loaning of funds to others (Note)	Remarks
1	Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	$ 158,750 (USD 5,000 thousand)	$ 153,550 (USD 5,000 thousand)	$ 128,982 (USD 4,200 thousand)	2%~2.4%	Short-term financing fund	$ -	Business revolving fund	$ -	-	$ -	$ 5,219,950	$ 5,219,950	
1	Fixed Rock Holding Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Other receivables	Yes	$ 95,250 (USD 3,000 thousand)	$ 92,130 (USD 3,000 thousand)	- -	-	Short-term financing fund	$ -	Business revolving fund	$ -	-	$ -	5,219,950	5,219,950	
2	TAI-TECH Advanced Electronics (Kunshan)	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	$ 180,366 (RMB 40,000 thousand)		- -	-	Short-term financing fund	$ -	Business revolving fund	$ -	-	$ -	5,219,950	5,219,950	
3	North Star International Limited	Fixed Rock Holding Ltd.	Other receivables	Yes	$ 95,250 (USD 3,000 thousand)	$ 92,130 (USD 3,000 thousand)	$ 86,909 (USD2,830 thousand)	2.00%	Short-term financing fund	$ -	Business revolving fund	$ -	-	$ -	5,219,950	5,219,950	

Note: The total amount of loaning of funds to others of the Company shall not exceed 40% of the net worth of the Company, and the amount of loaning of fund to an individual company or firm shall not exceed 20% of the net worth of the Company.
The total amount of loaning of funds and the individual loan between subsidiaries with more than 100% of voting shares directly and indirectly by the Company shall not exceed 80% of the net worth of the parent company of the Group, and the loan period shall not exceed three years.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Endorsements/guarantees
January 1, 2022, to December 31, 2022

Table 2

Unit: NT$ thousand
(unless otherwise sp ecified)

No.	Endorsement/ guarantee provider	Enosred/guaranteed party name		Limits on endorsement/ guarantee amount provided to each guaranteed party (Note)	Balance of maximum amount of endorsement/ guarantee of the period	Ending balance of endorsement/ guarantee	Amount	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statements	Maximum amount of endorsement/ guarantee allowance (Note)	Endorsement/ guarantee provided by parent company to subsidiary	Endorsement/ guarantee provided by parent company to subsidiary	Endorsement / guarantee provided to Mainland China	Remarks
		provider	Relationship											
0	Tai-Tech Advanced Electronics Co., Ltd.	Fixed Rock Holding Ltd.	Subsidiary	$ 2,609,975	$ 127,000 (USD4,000 thousand)	$ -	$ -	$ -	-	$ 3,262,469	Yes	No	No	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Subsidiary	$ 2,609,975	$ 476,250 (USD15,000 thousand)	$ 153,550 (USD5,000 thousand)	$ -	$ -	2.35%	$ 3,262,469	Yes	No	Yes	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Subsidiary	$ 2,609,975	$ 63,500 (USD2,000 thousand)	$ -	$ -	$ -	-	$ 3,262,469	Yes	No	Yes	

Note: The total amount of endorsements/guarantees shall not exceed 50% of the net worth of the Company. The amount of endorsements/guarantees made for one single enterprise shall not exceed 40% of the net worth of the Company.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies, and the Control Portion in a Joint Venture)

December 31, 2022

Table 3

Unit: NT$ thousand
(unless otherwise specified)

Holding company name	Marketable securities types and name	Relationship with issuer	Financial statement account	End of period: Number of shares (in thousands)	End of period: Carrying amount	End of period: Shareholdings Percentage	End of period: Fair value	Remarks
Tai-Tech Advanced Electronics Co., Ltd.	All Ring Tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income acquired - non-current	615	$ 37,392	0.74%	$ 37,392	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	Gigabyte Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income acquired - non-current	300	$ 31,950	0.05%	$ 31,950	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	Ample Electronic Technology Inc.	None	Financial assets at fair value through other comprehensive income acquired - non-current	300	$ 14,070	0.94%	$ 14,070	Unpledged
Tai-Tech Advanced Electronics Co., Ltd.	SFI Electronics Technology Inc.	None	Financial assets at fair value through other comprehensive income acquired - non-current	4,000	$ 58,280	9.09%	$ 58,280	Unpledged
Best Bliss Investments Limited	Superworld Holdings (S) PTE. LTD.	Other related party	Financial assets at fair value through other comprehensive income acquired - non-current	2,000	$ 176,819	10%	$ 176,819	Unpledged
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Xiamen Eisend Electronics Co., Ltd	None	Financial assets at fair value through other comprehensive income acquired - non-current	-	$ 62,558	17%	$ 62,558	Unpledged

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Transaction with Related Party That Reaches NT$100 Million or 20% or More of Paid-in Capital
January 1, 2022, to December 31, 2022

Table 4

Unit: NT$ thousand
(unless otherwise specified)

			Transaction Details				Abnormal Transaction and Reason		Notes/ Accounts Receivable (Payable)		
Company of purchase (sale)	Transaction party name	Relationship	Purchase (Sale)	Amount	Percentage of total purchase (sale)	Payment terms	Unit price	Payment terms	Balance	Percentage of total notes/ accounts receivable (payable)	Remarks
Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Parent-subsidiary	Sale	(135,307)	3%	Note 1	Note 1	-	$ 103,630	8%	
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Sale	(763,053)	18%	Note 1	Note 1	-	325,726	24%	
Tai-Tech Advanced Electronics Co., Ltd.	Superworld Electronics (S) Pte. Ltd.	Other related party	Sale	(253,196)	6%	Note 2	Note 2	-	71,594	5%	
Tai-Tech Advanced Electronics Co., Ltd.	Tai-Tech Advanced Electronics (S) Pte. Ltd.	Other related party	Sale	(150,930)	4%	Note 2	Note 2	-	40,197	3%	
TAI-TECH Advanced Electronics (Kunshan)	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sale	(726,440)	57%	Note 1	Note 1	-	210,832	46%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sale	(1,481,696)	42%	Note 1	Note 1	-	517,850	41%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Associate	Sale	(388,199)	11%	Note 1	Note 1	-	125,798	10%	

Note 1: Transaction price adopts the general rules for the payment receipt period agreed by both parties.
Note 2: Transaction price and the payment receipt period adopts the general rules.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Receivables Due from Related Party That Reach NT$100 Million or 20% or More of Paid-in Capital
December 31, 2022

Table 5

Unit: NT$ thousand
(unless otherwise specified)

Company of accounts receivable recognized	Transaction party name	Relationship	Balance of accounts receivables due from related party		Turnover rate	Overdue amount of accounts receivable from related party		Amounts received in subsequent period	Allowance for Impairment Loss
						Amount	Treatment method		
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Accounts Receivable	$ 325, 726	2. 46	$ -	-	$ 129, 003	$ -
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Other receivables	151, 216	-	-	-	115, 657	-
Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Parent-subsidiary	Accounts Receivable	103, 630	2. 53	-	-	53, 876	-
TAI-TECH Advanced Electronics (Kunshan)	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Accounts Receivable	210, 832	2. 86	-	-	98, 586	-
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Accounts Receivable	517, 850	2. 41	-	-	248, 225	-
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Associate	Accounts Receivable	125, 798	2. 58	-	-	72, 374	-
Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Other receivables	130, 743	-	-	-	-	-

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
The Business Relationship, Significant Transactions, and Significant Transaction Amount between Parent and Subsidiaries or among Subsidiaries
January 1, 2022, to December 31, 2022

Table 6

Unit: NT$ thousand
(unless otherwise specified)

No. (Note 1)	Name of transaction party	Transaction party	Relationship with transaction party (Note 2)	Transaction details: Item	Amount	Transaction terms	Percentage of consolidated total revenue or total assets
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Sales revenue	763, 053	Note 3	14%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts Receivable	325, 726		4%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Other receivables	151, 216		2%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Sale of fixed Asset	196, 836	Note 3	2%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts payable	517, 850		6%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Purchase	1, 481, 696	Note 3	28%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	1	Sales revenue	135, 307	Note 3	3%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	1	Purchase	726, 440	Note 3	14%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	1	Accounts Receivable	103, 630		1%
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	1	Accounts payable	210, 832		2%
1	Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Other receivables	130, 743		1%
2	TAI-TECH Advanced Electronics (Kunshan)	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Purchase	388, 199	Note 3	7%
2	TAI-TECH Advanced Electronics (Kunshan)	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Accounts payable	125, 798		1%
3	North Star International Limited	Fixed Rock Holding Ltd.	2	Other receivables	87, 899		1%

Note 1: The business dealing information between the parent company and subsidiary shall be, respectively, indicated in the numbering column and there are two types of number filling methods as follows:
(1) Fill in “0” for the parent company.
(2) Subsidiaries are listed in sequential order starting from Arabic number of “1”
Note 2: There are two types of relationship with the transaction party as follows:
(1) Parent to subsidiary
(2) Subsidiary to parent company
Note 3: Transaction price adopts the general rules for the payment receipt period agreed by both parties.
Note 4: The disclosure standard for business relationships and important transactions between the parent company and the subsidiaries from January 1, 2022, to December 1, 2022, was NT$30 million or higher.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Names and Location of Investees (Excluding those in Mainland China)
January 1, 2022, to December 31, 2022

Table 7

Unit: NT$ thousand
(unless otherwise specified)

				Initial investment amount		End of term holding					
Name of Investor	Name of Investee	Location	Main business	End of current period	End of last year	Number of shares (in thousands)	percentage	Carrying amount	Current profit/ loss of investee	Current investment profit/ loss recognized	Remarks
Tai-Tech Advanced Electronics Co., Ltd.	North Star International Limited	SAMOA	Re-invested business	3, 459	3, 459	100	100%	88, 159	978	978	
Tai-Tech Advanced Electronics Co., Ltd.	Best Bliss Investments Limited	Cayman Islands	Re-invested business	1, 075, 284	1, 075, 284	34, 250	100%	3, 646, 494	382, 624	374, 783	
Best Bliss Investments Limited	Fixed Rock Holding Ltd.	Mahe Seychelles	Re-invested business	890, 624 (USD 29,784 thousand)	890, 624 (USD 29,784 thousand)	26, 450	100%	2, 186, 966	266, 057	266, 057	

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Information on Investments in Mainland China - Basic Information
January 1, 2022, to December 31, 2022

Table 8

Unit: NT$ thousand
(unless otherwise specified)

Name of investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated outward remittance for investment from Taiwan at beginning of the current period	Outward remittance or repatriation of investment amount of the current period: Outward remittance	Outward remittance or repatriation of investment amount of the current period: Repatriation	Cumulative outward remittance of the investment amount from Taiwan in the period end (Note 8)	Current profit/ loss of investee	Ownership percentage of direct or indirect investment	Current Investment profit/ loss recognized (Note 4)	Carrying amount at end of the period (Note 4)	Accumulated repatriation of investment income as of end of current period	Remarks
TAI-TECH Advanced Electronics (Kunshan)	Production, processing, and sale of electronic components	US$11,935 thousand	Investment in Mainland China companies through a company invested and established in a third region (Note 1)	$ 352,249 (USD 10,914 thousand)	$ -	$ -	$ 352,249 (USD 10,914 thousand)	$ 40,243	100%	$ 40,243	$ 607,842	$ -	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing, and sale of electronic components	US$43,049 thousand	Investment in Mainland China companies through a company invested and established in a third region (Note 2)	600,232 (USD 18,821 thousand)	-	-	600,232 (USD 18,821 thousand)	307,096	100%	307,096	2,915,589	-	
TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Sales of electronic components	(Note 3)	Investment through companies in mainland China (Note 3)	-	-	-	-	-	-	-	-	-	

Company name	Accumulated outward remittance for investment Investment amount in mainland China (Note 5, Note 6)	Investment amount approved by the Investment Review Committee of the MOEA (Note 7)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Tai-Tech Advanced Electronics Co., Ltd.	1,412,662 (USD 44,343 thousand)	1,361,774 (USD 44,343 thousand)	3,914,962

Note 1: 100% invested by Best Bliss Investments Limited 100%.
Note 2: Best Bliss Investments Limited and Fixed Rock Holding Ltd. hold 26.60% and 73.40%, respectively.
Note 3: The company was established on September 1, 2022, and is 100% invested by TAIPAQ Electronic Components (Si-Hong) Co., Ltd. But there was no capital injection as of December 31, 2022.
Note 4: The parent company's CPA in Taiwan audited the financial report.
Note 5: The Company liquidated TAI-TECH Advanced Electronics (Dongguan) in 2015 and the accumulated investment loss amount is USD 1,513 thousand.
Note 6: NTD is calculated based on the historical exchange rate.
Note 7: NTD is calculated based on rate of the balance sheet date
Note 8: The amount invested with a third place's self-owned funds is not included.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Major Shareholder Information

December 31, 2022

Table 9

Major shareholders	Shares: Number of shares held	Shares: Shareholdings Percentage
Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank Investment	10,207,649	10.00%
Hengyang Investment Co., Ltd.	6,540,995	6.41%
Northwest Investment Co., Ltd.	6,121,718	5.99%

Explanation: The Company obtains the information of this table from the Taiwan Depository and Clearing Corporation:

(1) This table is based on the information provided by the Taiwan Depository and Clearing Corporation for shareholders holding greater than 5% of the shares completed the process of registration and book-entry delivery in dematerialized form (including treasury stocks) of the Company at the last business date of each quarter.
There may be a discrepancy in the number of shares recorded on the Company's financial statements and its dematerialized securities arising from the difference in basis of preparation.

(2) For the table above, the shareholder who delivers the shares to the trust is disclosed by the individual trustee who opened the trust account. In accordance with the Security Exchange Act, the shareholders have to disclose the insider equity more than 10% of the shares, including their own shares and their delivery to the trust, and have the right to make decisions on the trust property. Information on insider equity is available on the Market Observation Post System (MOPS) website. Information on equity is available on the MOPS website.