

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

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Tai-Tech Advanced Electronics Co., Ltd.
2022 and 2021 Standalone Financial Report and CPA Audit Report
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CPA's Audit Report

(2023) Financial Report No. 22002743

To: Tai-Tech Advanced Electronics Co., Ltd.

Audit Opinions

We have audited the Standalone Asset Balance Sheet of Tai-Tech Advanced Electronics Co., Ltd. as of December 31, 2021, and 2022 as well as the Standalone Comprehensive Income Statement, Standalone Statement of Changes in Shareholders Equity, the Standalone Statement of Cash Flows, and the Notes to Standalone Financial Statements (including the summary of significant accounting policies) covering the period of January 1 to December 31, 2022 and 2021.

In the opinion of this CPA, all major aspects of the preceding Standalone Financial Statements are formulated in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers; and are sufficient to present the standalone financial status of Tai-Tech Advanced Electronics Co., Ltd. as of December 31, 2021, and 2022, as well as its Standalone Financial Performances and Standalone Cash Flows, covering the period of 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 Standalone Financial Statements" in our report. We are independent of the Company 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

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of Tai-Tech Advanced Electronics Co., Ltd. in 2022. These matters were addressed in the context of our audit of the standalone 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 Advanced Electronics Co., Ltd.'s 2022 Standalone Financial Statements are described as follows:

Evaluation of Loss Allowance due to Inventory Impairment

Description

Tai-Tech Advanced Electronics Co., Ltd. mainly manufactures and processes various electronic components, magnetic cores, chip coils, and other coils. Since the value of inventories is affected by market price fluctuations and life cycles, there is a high risk of obsolescence. The evaluation procedure generally involves subjective judgments and may lead to substantial uncertainty in accounting estimates. As of December 31, 2022, Tai-Tech Advanced Electronics Co., Ltd.'s investment balance using the equity method accounted for 42% of its total assets. The financial status and financial performance of its subsidiaries significantly impact Tai-Tech Advanced Electronics Co., Ltd.'s standalone financial statements, and evaluating the subsidiaries' loss allowance due to inventory impairment is critical. Therefore, the CPA listed the inventory allowance evaluation of Tai-Tech Advanced Electronics Co., Ltd. and its subsidiaries' loss allowance due to inventory impairment as one of the most critical matters in this year's audit.

Please refer to Notes 4(11), 5(2), and 6(3) of the individual financial statements for detailed descriptions of the accounting policies, important accounting estimates, inventory evaluation assumption, and accounting items for loss allowance due to inventory impairment. Tai-Tech Advanced Electronics Co., Ltd.'s balances for inventory and loss allowance due to impairment as of December 31, 2022 were NT\$352,032 thousand and NT\$14,107 thousand, respectively.

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 Advanced Electronics Co., Ltd. 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 Company and its subsidiaries, 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.

The Management and Governance Units' Responsibilities for the Standalone Financial Statements

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

The CPA's Responsibilities for the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone financial statements.

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

1. Identify the risks of material misstatements that may lead to fraud or error for the standalone financial statements, design and implement appropriate countermeasures for the risks found, and acquire sufficient and appropriate audit evidence as the basis for the audit 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 gain the necessary understanding of internal controls related to the audit to design the appropriate audit procedures under the circumstances. However, its purpose is not to express an opinion on the internal control performance of Tai-Tech Advanced Electronics Co., Ltd.
3. Evaluate the appropriateness of the accounting policies adopted by the management level, the rationality of its accounting estimates, and the relevant disclosures.
4. Based on the audit evidence obtained, this CPA has concluded that the appropriateness of the accounting basics for continual operations adopted by the management level as well as whether there is any material uncertainty regarding events or circumstances that may cast significant doubt on Tai-Tech Advanced Electronics Co., Ltd.'s capacity to continue its operates. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone 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 Company to cease to continue as a going concern.
5. Evaluate the overall representation, structure, and content of the standalone financial statements (including the relevant notes) and determine whether the standalone 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 Tai-Tech Advanced Electronics Co., Ltd. and issue an opinion regarding the standalone

financial statements. We are responsible for the direction, supervision, and performance of the group audit; we remain solely responsible for our audit opinion.

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

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

The matters communicated between the CPA and the governance unit comprised key audit items for the audit of Tai-Tech Advanced Electronics Co., Ltd.'s 2022 standalone financial statements. 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.
Standalone Asset 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)	\$ 902,773	10	\$ 896,005	10
1150	Notes receivable, net	6 (2)	20,966	-	38,877	1
1170	Accounts receivable, net	6 (2)	806,759	9	1,119,002	12
1180	Accounts receivable from related parties, net	6 (2) and 7	541,855	6	787,265	9
1200	Other receivables		12,999	-	14,859	-
1210	Other receivables (including those due from related party)	7	151,216	2	93,940	1
130X	Inventory	6 (3)	337,925	4	309,820	3
1410	Pre-payments		17,302	-	2,965	-
11XX	Total current assets		<u>2,791,795</u>	<u>31</u>	<u>3,262,733</u>	<u>36</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6 (4), 7, and 12 (3)	141,692	2	121,987	1
1550	Investment accounted for using the equity method	6 (5)	3,734,653	42	3,225,165	35
1600	Property, plant and equipment	6(6), 7, and 8	2,267,447	25	2,497,404	27
1755	Right-of-use assets	6 (7)	7,500	-	13,481	-
1780	Intangible assets		40,273	-	43,961	1
1840	Deferred tax assets	6 (24)	4,357	-	4,252	-
1900	Other noncurrent assets	6 (8)	21,483	-	8,089	-
15XX	Total non-current assets		<u>6,217,405</u>	<u>69</u>	<u>5,914,339</u>	<u>64</u>
1XXX	Total assets		<u>\$ 9,009,200</u>	<u>100</u>	<u>\$ 9,177,072</u>	<u>100</u>

(Continued)

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

Unit: NT\$ thousand

Liabilities and equity	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term borrowings	6 (9)	\$ -	-	\$ 318,914	3
2110	Short-term bills payable	6 (10)	-	-	20,000	-
2150	Notes payable		43,300	1	193,029	2
2170	Accounts payable		101,393	1	229,289	3
2180	Accounts payable - related parties	7	731,348	8	1,010,618	11
2200	Other payables	6 (11) and 7	366,073	4	428,142	5
2230	Current income tax liabilities	6 (24)	77,356	1	92,488	1
2280	Lease liabilities - current	7	5,511	-	6,350	-
2320	Current portion of long-term borrowings	6 (12)	37,733	-	37,733	-
21XX	Total current liabilities		<u>1,362,714</u>	<u>15</u>	<u>2,336,563</u>	<u>25</u>
Non-current liabilities						
2540	Long-term borrowings	6 (12)	1,088,446	12	565,689	6
2570	Deferred tax liabilities	6 (24)	28,572	1	28,572	1
2580	Lease liabilities - non-current	7	2,113	-	7,255	-
2640	Net defined benefit liabilities - noncurrent	6 (13)	778	-	14,762	-
2670	Other noncurrent liabilities - others		1,640	-	1,640	-
25XX	Total non-current liabilities		<u>1,121,549</u>	<u>13</u>	<u>617,918</u>	<u>7</u>
2XXX	Total liabilities		<u>2,484,263</u>	<u>28</u>	<u>2,954,481</u>	<u>32</u>
Equity						
Share capital						
3110	Common shares	6 (15)	1,020,340	11	1,031,340	11
	Capital surplus	6 (16)				
3200	Capital surplus		1,798,320	20	1,886,687	20
	Retained earnings	6 (17)				
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	31
	Other equity	6 (18)				
3400	Other equity		63,748	1	(16,447)	-
3XXX	Total equity		<u>6,524,937</u>	<u>72</u>	<u>6,222,591</u>	<u>68</u>
	Significant Commitments or Contingencies	九				
3X2X	Total liabilities and equity		<u>\$ 9,009,200</u>	<u>100</u>	<u>\$ 9,177,072</u>	<u>100</u>

The notes to the standalone financial statements attached constitute an integral part of the statements. Please refer to them.

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

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

Item	Note	2022		2021	
		Amount	%	Amount	%
4000 Operating revenue	6 (19) and 7	\$ 4,179,085	100	\$ 4,810,030	100
5000 Operating costs	6(3) (22) (23), and 7	(3,037,036)	(72)	(3,454,218)	(72)
5900 Gross profit		1,142,049	28	1,355,812	28
5910 Unrealized gains from sale		(72,830)	(2)	(47,122)	(1)
5920 Realized gain from sale		47,122	1	26,133	1
5950 Gross profit, net		1,116,341	27	1,334,823	28
Operating expenses	6 (22) (23), and 7				
6100 Selling and marketing expenses		(222,801)	(5)	(252,615)	(5)
6200 General and administrative expenses		(149,598)	(4)	(175,046)	(4)
6300 Research and development expenses		(71,033)	(2)	(80,439)	(2)
6000 Total operating expenses		(443,432)	(11)	(508,100)	(11)
6900 Operating gains		672,909	16	826,723	17
Non-operating income and expenses					
7100 Interest income		5,415	-	1,580	-
7010 Other income	6 (20) and 7	25,652	1	7,900	-
7020 Other gains and losses	6 (21)	103,539	2	16,789	1
7050 Finance costs	6 (9) and (10)	(10,059)	-	(5,922)	-
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method	6 (5)	375,761	9	476,038	10
7000 Total non-operating incomes and expenses		500,308	12	496,385	11
7900 Income before income tax		1,173,217	28	1,323,108	28
7950 Income tax expenses	6 (24)	(134,680)	(3)	(126,043)	(3)
8200 Net profit (loss) for current period		\$ 1,038,537	25	\$ 1,197,065	25
Other comprehensive income (loss), net of income tax					
Components of other comprehensive income that will not be reclassified to profit or loss	6 (18)				
8311 Remeasurement of defined benefit plans	6 (13)	\$ 4,919	-	\$ 169	-
8316 Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6 (4)	(79,524)	(2)	41,090	1
8330 Share of profit (loss) of associates and joint ventures accounted for using equity method - Components of other comprehensive income that will not be reclassified to profit or loss		95,564	2	(24,631)	(1)
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 (18)				
8361 Exchange differences on translating the financial statements of foreign operations		358,086	9	(84,511)	(2)
8380 Share of profit (loss) of associates and joint ventures accounted for using equity method - Items that may be reclassified to profit or loss		(293,931)	(7)	65,870	2
8360 Total of items that may be reclassified subsequently to profit or loss		64,155	2	(18,641)	-
8300 Other comprehensive income (loss), net of income tax		\$ 85,114	2	\$ 2,013	-
8500 Total comprehensive income (loss) for the current period		\$ 1,123,651	27	\$ 1,195,052	25
Basic earnings per share	6 (25)				
9750 Basic earnings per share		\$ 10.11		\$ 12.08	
9850 Diluted earnings per share - Total		\$ 10.01		\$ 11.99	

The notes to the standalone financial statements attached constitute an integral part of the statements. Please refer to them.

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

Unit: NT\$ thousand

	Note	Capital surplus			Retained earnings			Other equity			Treasury shares	Total
		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		
<u>2021</u>												
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 (18)	-	-	-	-	-	-	169	(18,641)	16,459	-	(2,013)
Total comprehensive income (loss) for the current period		-	-	-	-	-	-	1,197,234	(18,641)	16,459	-	1,195,052
Appropriation of earnings	6 (17)	-	-	-	-	-	-	-	-	-	-	-
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 (15)	121,340	1,718,514	-	-	-	-	-	-	-	-	1,839,854
Compensation costs - the portion of common shares issuance reserved for employee subscription	6 (14)	-	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
<u>2022</u>												
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 (18)	-	-	-	-	-	-	4,919	64,155	16,040	-	85,114
Total comprehensive income (loss) for the current period		-	-	-	-	-	-	1,043,456	64,155	16,040	-	1,123,651
Appropriation and distribution of earnings:	6 (17)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	-	-	119,723	-	(119,723)	-	-	-	-
Cash dividends		-	-	-	-	-	-	(721,938)	-	-	-	(721,938)
Repurchase of treasury shares	6 (15)	-	-	-	-	-	-	-	-	-	(99,367)	(99,367)
Write Off Treasury Stock	6 (15)	(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 notes to the standalone financial statements attached constitute an integral part of the statements. Please refer to them.

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

Unit: NT\$ thousand

	Note	January 1 to December 31, 2022		January 1 to December 31, 2021
<u>Cash Flow from Operating Activities</u>				
Income before income tax		\$ 1,173,217		\$ 1,323,108
Adjustments				
Adjustments for income and expenses				
Depreciation expenses (including right-of-use assets)	6 (22)	202,667		169,756
Amortization	6 (22)	5,311		4,369
Net gain on financial assets and liabilities at fair value through profit or loss	6 (21)	(512)		-
Compensation costs - share-based payments	6 (14)	-		44,650
Gains on disposal of property, plant and equipment	6 (21)	(11,662 )	(	7,747)
Share of profit of subsidiaries accounted for using equity method	6 (5)	(375,761 )	(	476,038)
Unrealized gains from sale		25,708		20,989
Interest income		(5,415 )	(	1,580)
Dividends income	6 (20)	(8,541 )	(	1,722)
Interest expenses		10,059		5,922
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		17,911	(	24,493)
Accounts Receivable		312,243	(	248,314)
Accounts receivable due from related parties		245,410	(	356,093)
Other receivables		1,860	(	3,164)
Other receivables (including those due from related party)		(57,276 )	(	59,955)
Inventory		(28,105 )	(	78,897)
Pre-payments		(14,337)		1,647
Changes in operating liabilities, net				
Notes payable		(11,349)		6,470
Accounts payable		(127,896)		86,840
Accounts payable - related parties		(279,270)		303,254
Other payables		(28,312)		137,429
Net defined benefit liabilities		(9,065)		279
Cash generated from operating activities		1,037,397		846,710
Interest paid		(10,059 )	(	5,922)
Income taxes paid		(149,917 )	(	87,594)
Net cash inflow from operating activities		877,421		753,194

(Continued)

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

Unit: NT\$ thousand

	Note	January 1 to December 31, 2022		January 1 to December 31, 2021
<u>Cash Flow from Investment Activities</u>				
Interests received		\$ 5,415	\$	1,580
Dividends received		8,541		1,722
Acquisition of financial assets at fair value through other comprehensive income		(99,229 )	(	26,162)
Capital surplus with distribution of cash for financial assets at fair value through other comprehensive income		-		123
Acquisition of property, plant, and equipment	6 (26)	(371,991 )	(	1,604,534)
Proceeds from disposal of property, plant and equipment		245,352		95,935
Acquisition of intangible assets		(1,623 )	(	33,203)
Increase in other noncurrent assets		(13,394 )	(	929)
Net cash flows used in investing activities		(226,929 )	(	1,565,468)
<u>Cash Flow from Financing Activities</u>				
Increase in short-term borrowings		126,792		1,819,738
Repayments for short-term borrowings		(445,706 )	(	2,041,719)
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		(6,262 )	(	6,119)
Cash dividends appropriated	6 (17)	(721,938 )	(	422,849)
Issuance of common shares for cash		-		1,839,854
Repurchase of treasury shares	6 (15)	(99,367)	(-
Net cash generated from (used in) financing activities		(643,724 )	(	1,346,967)
Increase in cash and cash equivalents for the period		6,768		534,693
Cash and cash equivalents - beginning balance		896,005		361,312
Cash and cash equivalents - ending balance		\$ 902,773	\$	896,005

The notes to the standalone financial statements attached constitute an integral part of the statements. Please refer to them.

Tai-Tech Advanced Electronics Co., Ltd.
Standalone Financial Statement Notes
2022 and 2021

Unit: NT\$ thousand
(unless otherwise specified)

I. Company History

Tai-Tech Advanced Electronics (the “Company” hereinafter) was incorporated on November 2, 1992. The Company mainly engages in manufacturing and processing of electronic parts, magnet cores, chip coils, and other wire-wounds, and act 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 standalone financial statements were passed the board of directors resolution and 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:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
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 Company has assessed the aforementioned standards and interpretations, and concluded that they do not have significant effects on the Company’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:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
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 Company has assessed the aforementioned standards and interpretations, and concluded that they do not have significant effects on the Company’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:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
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 Company has assessed the aforementioned standards and interpretations, and concluded that they do not have significant effects on the Company’s financial position and financial performance.

IV. Summary of Significant Accounting Policies

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

(I) Statement of Compliance

These standalone financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of Preparation

1. This financial statement is prepared based on the historical costs except for the following

important items:

- (1) Financial assets and liabilities (including derivatives) measured at fair value through gain 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 International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretations (hereafter "IFRSs") endorsed by the FSC require using some important accounting estimates. When applying the Company's accounting policies, the management level's judgments were needed. Please refer to Note 5 for items involving high levels of judgment or complexity or significant assumptions and estimates of standalone financial statements.

(III) Foreign currency translation

The items listed in the financial statements of each entity of the Company are measured in the currency of the primary economic environment in which the individual operates (i.e., functional currency). The standalone financial statements are presented in New Taiwan Dollars, which is the Company'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 Company 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.

(IV) 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.
Otherwise they are classified as noncurrent assets.
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.

Otherwise they are classified as noncurrent liabilities.

(V) 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.

(VI) 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.

(VII) 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 Company's financial assets measured at fair value through other comprehensive income according to the trading conventions are accounted for on the trade date.
3. The Company has added the transaction cost measurement at fair value during the original recognition, which is subsequently measured via the fair value method. When changes in the fair value of equity instruments recognized as other comprehensive gains or losses are being derecognized, the cumulative profits or losses previously recognized as other comprehensive gains or losses are not subsequently reclassified to gain or loss and are transferred to retained earnings. The Company recognizes dividend income in profit or loss when (a) the Company's right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Company; and (c) such dividends can be reliably measured.

(VIII) 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 discount effect for unpaid-interest short-term accounts and bills receivable is small, so the Company is measured via the original invoice amount.

(IX) Impairment of Financial Assets

At the end of each reporting period, the Company considers financial assets at amortized cost, investments in debt instruments that are measured at FVTOCI, 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 Company recognizes an allowance equal to 12-month expected credit losses; for financial assets of which the credit risk significantly increases since initial recognition, the Company recognizes an allowance equal to the lifetime expected credit loss; for accounts receivables that do not contain significant financial components or contract assets, the Company recognizes an allowance equal to the lifetime expected credit loss.

(X) Derecognition of Financial Assets

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

(XI) 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 applicable variable selling expenses.

(XII) Investment Accounted for Using the Equity Method — Subsidiary

1. Subsidiaries refer to entities (including structural entities) under the control of this Company. When this Company is exposed to the participation of variable remunerations for said entities or has rights over such variable remunerations and has the power to impact said remunerations of such entities, the Company controls said entities.
2. Unrealized gains and losses arising from transactions between the Company and its subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of gain or loss after the acquisition of the subsidiary shall be recognized as current gain or loss, and other shares of comprehensive gain or loss after acquisition shall be recognized as other comprehensive gain or loss. When the Company's share of losses of its subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses in proportion to its shareholding percentage.
4. According to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the current gain or loss in standalone financial statements and other comprehensive gains and losses shall be the same as the current gain or loss and other comprehensive gains and losses attributable to the proportion of the share held by the parent company as listed in the financial report prepared on a consolidated basis. The equity ownership listed in standalone financial statements shall be the same as the equity ownership attributable to the parent company as listed in the individual report prepared on a consolidated basis.

(XIII) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequently, costs are only likely to flow into this Company for future economic benefits associated with the project. Only when the project costs can be reliably measured can they be included in the book amount of the asset or recognized as a separate asset. 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 Company shall review the residual value as well as the durability and depreciation method of each asset at the end of each financial year. Suppose the expected value of the residual value and the useful life differs from the previous assessment, or the expected consumption pattern of the future economic benefits contained in the asset has changed significantly. In that case, the case shall be handled according to the accounting estimate change provisions provided by IAS 8 "Accounting Policies, changes in Accounting Estimates and Errors" from when such changes occurred. The estimated useful lives of property, plant and equipment are as follows:

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

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

1. Lease assets are recognized as right-of-use assets and lease liabilities on the day available for use by the Company. Low-value assets and short-term leases are recognized as expenses on a straight-line basis over the lease period.
2. Lease liabilities are recognized at the present value of unpaid lease payments discounted at the Company's incremental borrowing rate on the lease commencement date. The lease payments include:

Fixed payments less any rental incentives that may be received 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.

(XV) 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, which is 3-5 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.

(XVI) Impairment of Financial Assets

1. The Company shall target the assets with signs of impairment on the balance sheet date to assess the recoverable amount and recognize the impairment loss when the recoverable amount is lower than its book value. 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 longer 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.

(XVII) 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.

(XVIII) 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. Because the effect of discount for unpaid-interest short-term accounts and bills payable is small, the Company is measured via the original invoice amount.

(XIX) Derecognition of Financial Liabilities

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

(XX) 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.

(XXI) 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.

(XXII) 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 Company calculates the current income tax based on the tax rates enacted or substantively enacted at the balance sheet date in the nations whereby the operations and taxable income are generated. 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 shareholders resolve to retain the earnings.

3. The deferred income tax is recognized via the balance sheet method based on the temporary difference arising from the carrying amount of assets and liabilities as well as the carrying amount in the individual balance sheet. The Company does not recognize a temporary difference if (1) the Company can control the point of time at which it is reversed; and (2) such a temporary difference is not expected to be reversed in the foreseeable future. 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.

(XXIII) 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.

(XXIV) 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.

(XXV) Recognition of revenue

Sale of goods

1. The Company manufactures and sells various electronic components, magnetic cores, chip coils, and other coils or related products. The sales revenue is recognized when the products' control is transferred to the clients or when the products are delivered to the clients. The clients have discretion over product sales and prices, and the Company has no outstanding performance obligations that may affect the clients' acceptance of the product. 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. Accounts receivable are recognized when the goods are delivered to the customer. Since the Company has unconditional rights to the contract price from that point in time, it is only necessary to collect the consideration from the customer when the time comes.

(XXVI) 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 Company 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 noncurrent liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

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

When preparing these standalone 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 sheet 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 Company needs to exercise judgment and estimates to determine the net realizable value of inventory at the balance sheet date. Since the inventory value is affected by market price fluctuations and life cycle, the Company shall evaluate the amount of the inventory due to obsolescence or no market sales value on the balance sheet date and list the inventory cost as net realizable 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 Company's inventories is \$337,925.

VI. Description of Significant Accounts

(I) Cash

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 361	\$ 361
Checking deposits and demand deposits	813, 353	895, 644
Time deposits	<u>89, 059</u>	<u>-</u>
Total	<u>\$ 902, 773</u>	<u>\$ 896, 005</u>

1. The Company's financial institutions have good credit quality and have been dealing with several financial institutions to diversify credit risk. The possibility of default is expected at extremely low.
2. The Company pledged no cash or its equivalent as collateral.

(II) Notes and Accounts Receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	<u>\$ 20, 966</u>	<u>\$ 38, 877</u>
Accounts Receivable	\$ 809, 035	\$ 1, 121, 599
Less: Allowance for bad debt	(795)	(795)
Allowance for sales returns and discounts	<u>(1, 481)</u>	<u>(1, 802)</u>
	<u>\$ 806, 759</u>	<u>\$ 1, 119, 002</u>
Accounts receivable due from related parties	\$ 541, 943	\$ 787, 353
Less: Allowance for bad debt	<u>(88)</u>	<u>(88)</u>
	<u>\$ 541, 855</u>	<u>\$ 787, 265</u>

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

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Accounts Receivable</u>	<u>Notes receivable</u>	<u>Accounts Receivable</u>	<u>Notes receivable</u>
Not yet due	\$ 1, 347, 498	\$ 20, 966	\$ 1, 890, 840	\$ 38, 877
Within 30 days	3, 457	-	18, 094	-
31~90 days	1	-	-	-
91~180 days	<u>22</u>	<u>-</u>	<u>18</u>	<u>-</u>
	<u>\$ 1, 350, 978</u>	<u>\$ 20, 966</u>	<u>\$ 1, 908, 952</u>	<u>\$ 38, 877</u>

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, are all due to client contracts, and the balance of receivables from client contracts on January 1, 2021, was \$1,318,893.
3. Without considering the collateral held or other credit enhancements, the maximum exposure amounts for credit risks that best represent the Company's bills receivable in 2022 and as of December 31, 2021, are \$20,966 and \$38,877, respectively. The maximum credit risk amounts that best represent the Company's accounts receivable in 2022 and December 31, 2021, were \$1,348,614 and \$1,906,267, respectively.
4. Credit risks associated with accounts receivable and notes receivable are stated in Note 12(2).

(III) Inventory

	<u>December 31, 2022</u>		<u>Carrying amount</u>
	<u>Cost</u>	<u>Allowance for inventory valuation</u>	
Raw materials	\$ 26, 045	(\$ 3, 208)	\$ 22, 837

Supplies	4,503	(	195)	4,308
Work in process	87,265	(	3,447)	83,818
Finished products	34,164	(	2,390)	31,774
Goods	<u>200,055</u>	(	<u>4,867</u>)	<u>195,188</u>
Total	<u>\$ 352,032</u>	(	<u>\$ 14,107</u>)	<u>\$ 337,925</u>

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for inventory valuation</u>	<u>Carrying amount</u>
Raw materials	\$ 30,962	(\$ 2,371)	\$ 28,591
Supplies	3,896	(196)	3,700
Work in progress	66,227	(3,465)	62,762
Finished products	21,000	(514)	20,486
Goods	<u>198,135</u>	(<u>3,854</u>)	<u>194,281</u>
Total	<u>\$ 320,220</u>	(<u>\$ 10,400</u>)	<u>\$ 309,820</u>

1. The Company's current inventory cost is recognized as a loss:

	<u>2022</u>	<u>2021</u>
Cost of inventory sold	\$ 3,013,781	\$ 3,457,735
Inventory valuation decline (reversal gain)	3,707	(3,816)
Others	<u>19,548</u>	<u>299</u>
	<u>\$ 3,037,036</u>	<u>\$ 3,454,218</u>

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

2. There is no inventory pledged as collateral by the Company.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
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	<u>79,000</u>	<u>-</u>
	132,424	33,195
Adjustments for change in value	<u>9,268</u>	<u>88,792</u>
Total	<u>\$ 141,692</u>	<u>\$ 121,987</u>

1. The Company 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 \$141,692 and \$121,987, respectively.
2. The detailed breakdown of financial assets measured at fair value through other comprehensive income is as follows:

	<u>2022</u>	<u>2021</u>
<u>Equity instruments measured at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive gains or losses	<u>(\$ 79,524)</u>	<u>\$ 41,090</u>
Dividends income recognized in profit or loss held at the end of current period	<u>\$ 8,541</u>	<u>\$ 1,722</u>

3. Without considering the collateral held or other credit enhancements, the most representative of the financial assets held by the Company 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 \$141,692 and \$121,987, respectively.
4. The Company did not provide financial assets measured at fair value through other comprehensive income as a pledge guarantee.

(V) Investment accounted for using the equity method

<u>Investee Company</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Best Bliss Investment Limited	\$ 3,646,494	\$ 3,146,613
North Star International Limited	<u>88,159</u>	<u>78,552</u>
	<u>\$ 3,734,653</u>	<u>\$ 3,225,165</u>

1. For information about the Company's subsidiaries, please refer to Note 4(3) of the Company's 2022 consolidated financial statement.
2. The shares of profit and loss of related companies recognized using the equity method in 2022 and 2021 were \$375,761 and \$476,038, respectively.

(VI) Property, plant and equipment

2022

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Utilities equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment pending for inspection</u>	<u>Total</u>
January 1									
Cost	\$ 777,560	\$ 175,019	\$ 2,286,310	\$ 23,665	\$ 8,282	\$ 27,045	\$ 123,207	\$ 20,739	\$ 3,441,827
Accumulated depreciation and impairment	-	(91,656)	(756,866)	(15,452)	(4,983)	(16,185)	(59,281)	-	(944,423)
	<u>\$ 777,560</u>	<u>\$ 83,363</u>	<u>\$ 1,529,444</u>	<u>\$ 8,213</u>	<u>\$ 3,299</u>	<u>\$ 10,860</u>	<u>\$ 63,926</u>	<u>\$ 20,739</u>	<u>\$ 2,497,404</u>
January 1	\$ 777,560	\$ 83,363	\$ 1,529,444	\$ 8,213	\$ 3,299	\$ 10,860	\$ 63,926	\$ 20,739	\$ 2,497,404
Addition	-	-	2,356	650	-	339	18,600	177,909	199,854
Disposal									
Cost	-	-	(286,549)	-	-	(1,699)	(421)	-	(288,669)
Cumulative Depreciation	-	-	53,343	-	-	1,699	221	-	55,263
Reclassification	-	-	183,880	-	-	1,022	2,230	(187,132)	-
Depreciation expenses	-	(5,913)	(167,440)	(992)	(775)	(2,580)	(18,705)	-	(196,405)
December 31	<u>\$ 777,560</u>	<u>\$ 77,450</u>	<u>\$ 1,315,034</u>	<u>\$ 7,871</u>	<u>\$ 2,524</u>	<u>\$ 9,641</u>	<u>\$ 65,851</u>	<u>\$ 11,516</u>	<u>\$ 2,267,447</u>
December 31									
Cost	\$ 777,560	\$ 175,019	\$ 2,185,997	\$ 24,315	\$ 8,282	\$ 26,707	\$ 143,616	\$ 11,516	\$ 3,353,012
Accumulated depreciation and impairment	-	(97,569)	(870,963)	(16,444)	(5,758)	(17,066)	(77,765)	-	(1,085,565)
	<u>\$ 777,560</u>	<u>\$ 77,450</u>	<u>\$ 1,315,034</u>	<u>\$ 7,871</u>	<u>\$ 2,524</u>	<u>\$ 9,641</u>	<u>\$ 65,851</u>	<u>\$ 11,516</u>	<u>\$ 2,267,447</u>

2021

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Utilities equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment pending for inspection</u>	<u>Total</u>
January 1									
Cost	\$ 96,495	\$ 118,790	\$ 1,439,554	\$ 18,735	\$ 5,902	\$ 20,277	\$ 74,920	\$ 34,954	\$ 1,809,627
Accumulated depreciation and impairment	-	(86,992)	(625,055)	(14,549)	(3,938)	(14,621)	(48,481)	-	(793,636)
	<u>\$ 96,495</u>	<u>\$ 31,798</u>	<u>\$ 814,499</u>	<u>\$ 4,186</u>	<u>\$ 1,964</u>	<u>\$ 5,656</u>	<u>\$ 26,439</u>	<u>\$ 34,954</u>	<u>\$ 1,015,991</u>
January 1	\$ 96,495	\$ 31,798	\$ 814,499	\$ 4,186	\$ 1,964	\$ 5,656	\$ 26,439	\$ 34,954	\$ 1,015,991
Addition	681,065	56,229	5,801	-	-	1,050	41,037	954,430	1,739,612
Disposal	-	-	(94,643)	-	-	-	-	-	(94,643)
Reclassification	-	-	946,932	4,930	2,380	6,278	8,125	(968,645)	-
Depreciation expenses	-	(4,664)	(143,145)	(903)	(1,045)	(2,124)	(11,675)	-	(163,556)
December 31	<u>\$ 777,560</u>	<u>\$ 83,363</u>	<u>\$ 1,529,444</u>	<u>\$ 8,213</u>	<u>\$ 3,299</u>	<u>\$ 10,860</u>	<u>\$ 63,926</u>	<u>\$ 20,739</u>	<u>\$ 2,497,404</u>
December 31									
Cost	\$ 777,560	\$ 175,019	\$ 2,286,310	\$ 23,665	\$ 8,282	\$ 27,045	\$ 123,207	\$ 20,739	\$ 3,441,827
Accumulated depreciation and impairment	-	(91,656)	(756,866)	(15,452)	(4,983)	(16,185)	(59,281)	-	(944,423)
	<u>\$ 777,560</u>	<u>\$ 83,363</u>	<u>\$ 1,529,444</u>	<u>\$ 8,213</u>	<u>\$ 3,299</u>	<u>\$ 10,860</u>	<u>\$ 63,926</u>	<u>\$ 20,739</u>	<u>\$ 2,497,404</u>

1. The amount of interest capitalization from January 1 to December 31, 2022 and 2021 was \$0.
2. The major components of the Company's houses and buildings include buildings and engineering systems, which are depreciated according to 20-50 years and 5-20 years, respectively.
3. For information on pledged property, plant and equipment, refer to Note 8.

(VII) Lease transactions - lessee

1. The underlying assets of the Company's lease include parking space, buildings, company cars, and multi-function peripherals. The lease duration usually lasts 1 to 5 years. Lease contracts are agreed upon individually and contain different terms and conditions. Leased assets are not restricted in any way, except that they shall not be used as collaterals for borrowings.
2. The lease term of the buildings and warehouses leased by the Company is less than 12 months. The low-value underlying asset of the Company's lease is the electronic host for business use.
3. The information on the carrying amount of the right-of-use asset and the recognized depreciation expense is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land of parking lot	\$ -	\$ -
Buildings	3,763	8,153
Transportation equipment	2,766	4,274
Machinery and equipment	971	1,054
	<u>\$ 7,500</u>	<u>\$ 13,481</u>

	<u>2022</u>	<u>2021</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land of parking lot	\$ -	\$ 508
Buildings	4,390	4,148
Transportation equipment	1,508	1,159
Machinery and equipment	364	385
	<u>\$ 6,262</u>	<u>\$ 6,200</u>

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

	<u>2022</u>	<u>2021</u>
<u>Items that affect profit or loss</u>		
Expenses attributable to short-term lease contracts	\$ 11,767	\$ 11,892
Expenses attributable to low-value assets	62	66

5. The increase of the Company's right-of-use assets in 2022 and 2021 were \$281 and \$13,380, respectively.
6. The Company's total lease cash outflows in 2022 and 2021 were \$18,091 and \$18,076, respectively.

(VIII) Other non-current assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Refundable deposits	\$ 2,244	\$ 2,243
Prepayments for construction and equipment	19,239	5,846
Uncollectible overdue receivables	1,252	1,252
Allowance for uncollectible-overdue receivables	<u>(1,252)</u>	<u>(1,252)</u>
	<u>\$ 21,483</u>	<u>\$ 8,089</u>

(IX) Short-term borrowings

<u>Nature of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collaterals</u>
Bank loan			
Credit loan	<u>\$ -</u>	-	-

<u>Nature of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collaterals</u>
Bank loan			
Secured loan	\$ 50,000	0.85%	Land and plant
Credit loan	<u>268,914</u>	0.79%~0.85%	-
	<u>\$ 318,914</u>		

In 2022 and 2021, the interest expenses recognized in profit or loss for short-term borrowings were \$556 and \$2,795, respectively.

(X) Short-term notes and bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial paper	<u>\$ -</u>	<u>\$ 20,000</u>
Borrowing duration	<u>-</u>	<u>2021.12~2022.01</u>
Interest rate range	<u>-</u>	<u>0.38%</u>

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

(XI) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Salary and bonus payables	\$ 127,902	\$ 125,345
Employee compensation and directors' and supervisors' remuneration payable	95,180	107,279
Construction and equipment payable	26,313	60,070
Others	<u>116,678</u>	<u>135,448</u>
	<u>\$ 366,073</u>	<u>\$ 428,142</u>

(XII) Long-term borrowings

<u>Nature of borrowings</u>	<u>Loan period and means of repayment</u>	<u>Interest rate range</u>	<u>Collaterals</u>	<u>December 31, 2022</u>
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 monthly 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 monthly 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. Paid monthly from April 2025 to March 2027.	0.98%	-	<u>112,000</u>
				1,126,179
Less: Current portion of long-term borrowings				<u>(37,733)</u>
				<u>\$ 1,088,446</u>

<u>Nature of borrowings</u>	<u>Loan period and means of repayment</u>	<u>Interest rate range</u>	<u>Collaterals</u>	<u>December 31, 2021</u>
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
				<u>603, 422</u>
Less: Current portion of long-term borrowings				<u>(37, 733)</u>
				<u>\$ 565, 689</u>

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.

(XIII) Pension

- (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:

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

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
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)	<u>(6,638)</u>	<u>-</u>	<u>(6,638)</u>
	<u>49,249</u>	<u>(40,872)</u>	<u>8,377</u>
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	<u>767</u>	<u>-</u>	<u>767</u>
	<u>(1,960)</u>	<u>(2,959)</u>	<u>(4,919)</u>
Pension contribution by employer	-	-	-
Liquidation payments	<u>(46,511)</u>	<u>35,390</u>	<u>(11,121)</u>
Balance at December 31	<u><u>\$ 778</u></u>	<u><u>(\$ 8,441)</u></u>	<u><u>(\$ 7,663)</u></u>
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
2021			
Balance at January 1	\$ 54,300	(\$ 39,648)	\$ 14,652
Current service costs	220	-	220
Interest expenses (income)	<u>217</u>	<u>(158)</u>	<u>59</u>
	<u>54,737</u>	<u>(39,806)</u>	<u>14,931</u>
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	<u>1,463</u>	<u>-</u>	<u>1,463</u>
	<u>594</u>	<u>(763)</u>	<u>(169)</u>
Pension contribution by employer	-	-	-
Pension paid	<u>-</u>	<u>-</u>	<u>-</u>

Balance at December 31	\$	<u>55,331</u>	<u>(\$ 40,569)</u>	\$	<u>14,762</u>
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- (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 \$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:

	<u>2022</u>	<u>2021</u>
Discount rate	<u>1.35%</u>	<u>0.75%</u>
Future salary increase rate	<u>3.00%</u>	<u>2.00%</u>

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:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase by 0.25%</u>	<u>Decrease by 0.25%</u>	<u>Increase by 0.25%</u>	<u>Decrease by 0.25%</u>
December 31, 2022				
Effect on the present value of the defined benefit exchange rate	<u>(\$ 19)</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2021				
Effect on the present value of the defined benefit exchange rate	<u>(\$ 1,411)</u>	<u>\$ 1,474</u>	<u>\$ 1,323</u>	<u>(\$ 1,276)</u>

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.

- (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	-
5-10 years	889
	<u>\$ 889</u>

- (1) Starting July 1, 2005, the Company has established a retirement scheme based on the "Labor Pension Act," which shall apply to the laborers of this nationality. For employees of the Company who elected to apply the Labor Pension Act, the Company makes a contribution equal to 6 percent 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) In 2022 and 2021, the pension costs recognized by the Company according to the pension scheme were \$13,634 and \$13,106, respectively.

(XIV) Share-based payments

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

Type of agreement	Date granted	Quantity granted	Contract duration	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 Company uses the Black-Scholes option evaluation model for its basic share payment transactions. The relevant information is 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	118.78	47.21%	0.07 years	-	0.34%	NT\$30.4361

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

	<u>2021</u>
Equity settlement	<u>\$ 44,650</u>

(XV) 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:

	<u>2022</u>	<u>2021</u>
January 1	103,134	91,000
Issuance of common shares for cash	-	12,134
Repurchase and annulment of treasury shares	<u>(1,100)</u>	<u>-</u>
2021	<u>102,034</u>	<u>103,134</u>

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

<u>Name of shareholding company</u>	<u>Reason for recovery</u>	<u>December 31, 2022</u>	
		<u>Number of shares (in thousands)</u>	<u>Carrying amount</u>
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.

(XVI) 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.

(XVII) 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 policy determination factors include the industry's environment and the Company's growth stage, future capital needs, financial structure, capital budget, shareholders' interests, balanced dividends, and long-term financial planning. Each year shall remain within the range available for distribution. If the business development is in the active expansion stage, the profitability is expected to grow, and the stock dividend distribution will not significantly dilute the Company's profitability. The board of directors shall draft a distribution proposal according to law and submit it to the shareholders' meeting. 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. The Company's board of directors originally passed a resolution on March 2, 2021, to distribute ordinary stock dividends of NT\$373,100 (NT\$4.1 per share) according to the 2020 surplus. Due to the cash capital and share capital increase, the board of directors passed a resolution on April 29, 2021, to distribute ordinary stock dividends of NT\$422,849 (NT\$4.1 per share) according to the 2020 surplus.
6. As resolved on in the shareholder's meeting dated February 25, 2022 the Board of Directors determined to appropriate 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.

(XVIII) Other equity items

	<u>2022</u>		
	<u>Unrealized gains (losses)</u>	<u>Foreign currency translation</u>	<u>Total</u>
January 1	\$ 182,350	(\$ 198,797)	(\$ 16,447)
Valuation of financial assets at fair value - Group through Other Comprehensive Income:			
- Group	16,040	-	16,040
Exchange differences:			
- Associates	-	64,155	64,155
December 31	<u>\$ 198,390</u>	<u>(\$ 134,642)</u>	<u>\$ 63,748</u>

	<u>2021</u>		
	<u>Unrealized gains (losses)</u>	<u>Foreign currency translation</u>	<u>Total</u>
January 1	\$ 165,891	(\$ 180,156)	(\$ 14,265)
Valuation of financial assets at fair value - Group through Other Comprehensive Income:			
- Group	16,459	-	16,459
Exchange differences:			
- Associates	-	(18,641)	(18,641)
December 31	<u>\$ 182,350</u>	<u>(\$ 198,797)</u>	<u>(\$ 16,447)</u>

(XIX) Operating revenue

	<u>2022</u>	<u>2021</u>
Revenue from contracts with clients	<u>\$ 4,179,085</u>	<u>\$ 4,810,030</u>

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

	<u>2022</u>	<u>2021</u>
Wire-Wound Products	\$ 2,894,488	\$ 3,147,714
Multilayer Products	481,332	547,805
LAN transformers	548,556	821,618
Others	254,709	292,893
Total	<u>\$ 4,179,085</u>	<u>\$ 4,810,030</u>

(XX) Other income

	<u>2022</u>	<u>2021</u>
Rental income	\$ 10,118	\$ 3,453
Dividends income	8,541	1,722
Subsidies income	13	1,158
Miscellaneous income	<u>6,980</u>	<u>1,567</u>
Total	<u>\$ 25,652</u>	<u>\$ 7,900</u>

(XXI) Other gains and losses

	<u>2022</u>	<u>2021</u>
Gains on disposal of property, plant and equipment	\$ 11,662	\$ 7,747
Exchange gains, net	94,520	9,042
Loss of financial assets measured at fair value through profit or loss	512	-
Miscellaneous expenses	<u>(3,155)</u>	<u>-</u>
Total	<u>\$ 103,539</u>	<u>\$ 16,789</u>

(XXII) Additional Information on the Nature of Expenses

	<u>2022</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Employee benefits expense	\$ 307,726	\$ 277,580	\$ 585,306
Depreciation expenses of property, plant and equipment	177,678	18,727	196,405
Depreciation expenses of right-of-use assets	3,006	3,256	6,262
Amortization expenses	3,273	2,038	5,311

	<u>2021</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Employee benefits expense	\$ 351,054	\$ 330,735	\$ 681,789
Depreciation expenses of property, plant and equipment	148,226	15,330	163,556
Depreciation of right-of-use assets	2,765	3,435	6,200
Amortization	2,262	2,107	4,369

(XXIII) Employee benefit expense

	<u>2022</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Salary and wages	\$ 260,431	\$ 245,728	\$ 506,159
Labor and health insurance expense	26,473	14,978	41,451
Pension expense	7,014	6,856	13,870
Other personnel expense	<u>13,808</u>	<u>10,018</u>	<u>23,826</u>
	<u>\$ 307,726</u>	<u>\$ 277,580</u>	<u>\$ 585,306</u>

	<u>2021</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Salary and wages	\$ 309,118	\$ 300,832	\$ 609,950
Labor and health insurance expense	22,333	14,049	36,382

Pension expense	6,550	6,835	13,385
Other personnel expense	<u>13,053</u>	<u>9,019</u>	<u>22,072</u>
	<u>\$ 351,054</u>	<u>\$ 330,735</u>	<u>\$ 681,789</u>

- 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.
- The estimated compensations for employees in 2022 and 2021 were \$76,144 and \$85,823, respectively. The estimated compensations for the directors and supervisors were \$19,036 and \$21,456, respectively. The preceding 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 \$76,144 and \$19,036, of which employee remuneration was 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.

(XXIV) Income tax

1. Income tax expense

(1) Income tax expense components:

	<u>2022</u>	<u>2021</u>
Current tax:		
Tax attributable to taxable income of the period	\$ 148,616	\$ 130,823
Additional levy on unappropriated earnings	12,742	-
Over-estimate of income tax of the previous period	<u>(26,573)</u>	<u>(5,777)</u>
Total current tax	<u>134,785</u>	<u>125,046</u>
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	<u>(105)</u>	<u>997</u>
Income tax expenses	<u>\$ 134,680</u>	<u>\$ 126,043</u>

(2) Income tax expense amount related to other comprehensive income: None.

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

2. Relationship between income tax expenses and accounting profit

	<u>2022</u>	<u>2021</u>
Income tax derived from applying the statutory tax rate to income before tax	\$ 234,643	\$ 264,622
Impacts on income tax items that must be adjusted according to the tax law	(77,360)	(95,536)
Temporary differences not recognized as deferred tax assets	-	(1,699)
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	(	3,111)		-
Over-estimate of income tax of the previous period	(	26,573)	(	5,777)
Additional levy on unappropriated earnings		12,742		-
Income tax expenses		<u>\$ 134,680</u>		<u>\$ 126,043</u>

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

	<u>2022</u>		<u>2021</u>
	<u>January 1</u>	<u>Recognized in P/L</u>	
Deferred tax assets			
- Temporary differences:			
Unrealized gains from disposal	<u>\$ 4,252</u>	<u>\$ 105</u>	<u>\$ 4,357</u>
Deferred tax liabilities			
Reserve for land revaluation increment tax	<u>(\$ 28,572)</u>	<u>\$ -</u>	<u>(\$ 28,572)</u>
Total	<u>(\$ 24,320)</u>	<u>\$ 105</u>	<u>(\$ 24,215)</u>

	<u>2021</u>		<u>2021</u>
	<u>January 1</u>	<u>Recognized in P/L</u>	
Deferred tax assets			
- Temporary differences:			
Unrealized gains from disposal	<u>\$ 5,249</u>	<u>(\$ 997)</u>	<u>\$ 4,252</u>
Deferred tax liabilities			
Reserve for land revaluation increment tax	<u>(\$ 28,572)</u>	<u>\$ -</u>	<u>(\$ 28,572)</u>
Total	<u>(\$ 23,323)</u>	<u>(\$ 997)</u>	<u>(\$ 24,320)</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deductible temporary differences:	<u>\$ 8,281</u>	<u>\$ 23,837</u>

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.

(XXV) Earnings per share (EPS)

	<u>2022</u>		<u>Earnings per share</u>
	<u>Post-tax amount</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>(EPS) (NT\$)</u>
<u>Basic earnings per share</u>			
Net Profit Attributable to the Ordinary Shareholders of the Parent Company	<u>\$ 1,038,537</u>	<u>102,704</u>	<u>\$ 10.11</u>
<u>Diluted earnings per share</u>			
Net Profit Attributable to the Ordinary Shareholders of the Parent Company	<u>\$ 1,038,537</u>	<u>102,704</u>	
Dilutive effects of the potential common	<u>-</u>	<u>1,061</u>	

shares Employee compensation			
Net Profit of the Current Parent Company Shareholders and the Impact of Potential Ordinary Shares	<u>\$ 1,038,537</u>	<u>103,765</u>	<u>\$ 10.01</u>

	<u>2021</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (EPS) (NT\$)</u>
	<u>Post-tax amount</u>		
<u>Basic earnings per share</u>			
Net Profit Attributable to the Ordinary Shareholders of the Parent Company	<u>\$ 1,197,065</u>	<u>99,089</u>	<u>\$ 12.08</u>
<u>Diluted earnings per share</u>			
Net Profit Attributable to the Ordinary Shareholders of the Parent Company	\$ 1,197,065	99,089	
Dilutive effects of the potential common shares Employee compensation	<u>-</u>	<u>721</u>	
Net Profit of the Current Parent Company Shareholders and the Impact of Potential Ordinary Shares	<u>\$ 1,197,065</u>	<u>99,810</u>	<u>\$ 11.99</u>

(XXVI) Additional Information on Cash Flows

Investing activities partially involving cash payments:

	<u>2022</u>	<u>2021</u>
Acquisition of property, plant, and equipment	\$ 199,854	\$ 1,739,612
Plus: Equipment payable at the beginning of the period	60,070	54,796
Plus: Notes payable at the beginning of the period	175,408	45,604
Plus: Equipment payable at the end of the period	(26,313)	(60,070)
Less: Notes payable at the end of the period	(37,028)	(175,408)
Cash paid in the period	<u>\$ 371,991</u>	<u>\$ 1,604,534</u>

(XXVII) Changes in Liabilities Arising from Financing Activities

	<u>Short-term borrowings</u>	<u>bills payable</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
January 1, 2022	\$ 318,914	\$ 20,000	\$ 603,422	\$ 13,605	\$ 955,941
Changes from financing cash flows	(318,914)	(20,000)	522,757	(6,262)	177,581
Other non-cash changes	-	-	-	281	281
December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,126,179</u>	<u>\$ 7,624</u>	<u>\$ 1,133,803</u>

	<u>Short-term borrowings</u>	<u>bills payable</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
January 1, 2021	\$ 540,895	\$ 130,000	\$ 337,000	\$ 7,433	\$ 1,015,328
Changes from financing cash flows	(221,981)	(110,000)	266,422	(6,119)	(71,678)
Other non-cash changes	-	-	-	12,291	12,291
December 31, 2021	<u>\$ 318,914</u>	<u>\$ 20,000</u>	<u>\$ 603,422</u>	<u>\$ 13,605</u>	<u>\$ 955,941</u>

VII. Related Party Transactions

(I) Name and Relationship of Related Party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Best Bliss Investments Limited	Being the Company's subsidiary

North Star International Limited	Being the Company's subsidiary
Fixed Rock Holding Ltd.	Being the Company's subsidiary
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Being the Company's subsidiary
TAI-TECH Advanced Electronics (Kunshan)	Being the Company's subsidiary
TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Being the Company's subsidiary
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
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 Company

(II) Significant Transactions with Related Party

1. Operating revenue

	<u>2022</u>	<u>2021</u>
Sale of goods:		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 763,053	\$ 826,801
TAI-TECH Advanced Electronics (Kunshan)	135,307	170,423
Other related party	406,098	496,590
Total	<u>\$ 1,304,458</u>	<u>\$ 1,493,814</u>

When selling goods to a related party, the price is the same as that for an arm's length transaction, except the price for sales to a subsidiary, in which case the price is negotiated by the Company and the subsidiary. The payment terms also approximate those for ordinarily clients.

2. Purchase

	<u>2022</u>	<u>2021</u>
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 1,481,696	\$ 1,551,141
TAI-TECH Advanced Electronics (Kunshan)	726,440	883,001
Other related party	4,285	4,633
Total	<u>\$ 2,212,421</u>	<u>\$ 2,438,775</u>

- (1) The price of commodities purchased by the Company from related parties shall be handled according to general transaction procedures except unless otherwise negotiated by both parties. The payment terms shall be similar to those of general suppliers.
- (2) In 2022, the Company indirectly purchased inventories from TAIPAQ Electronic Components (Si-Hong) Co., Ltd. and TAI-TECH Advanced Electronics (Kunshan), of which \$119,682 and \$234,494 were sold by the Company to TAIPAQ Electronic Components (Si-Hong) Co., Ltd. and TAI-TECH Advanced Electronics (Kunshan), respectively. But these parts are not included in the sales revenue and cost of the Company.
- (3) In 2021, the Company indirectly purchased inventories from TAIPAQ Electronic Components (Si-Hong) Co., Ltd. and TAI-TECH Advanced Electronics (Kunshan), of which \$148,438 and \$355,702 were sold by the Company to TAIPAQ Electronic Components (Si-Hong) Co., Ltd. and TAI-TECH Advanced Electronics (Kunshan), respectively. But these parts are not included in the sales revenue and expenditures of the Company.

3. Other costs

	<u>2022</u>	<u>2021</u>
Subsidiary	\$ 692	\$ 55
Other related party	<u>158</u>	<u>274</u>
	<u>\$ 850</u>	<u>\$ 329</u>
4. Other income		
	<u>2022</u>	<u>2021</u>
Other related party	\$ 163	\$ -
5. Lease transactions - lessee		
(1) The Company leases housing buildings to the close family members of managers. The lease contract period is from 2018 to 2023, and the rent is paid monthly.		
(2) Rental expense		
	<u>2022</u>	<u>2021</u>
Other related party	\$ 6	\$ 4
(3) Lease liabilities		
Balance at the end of the period:		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Jui-hsia Tai	\$ 382	\$ 1,145
Chang-i Hsieh	<u>362</u>	<u>1,087</u>
	<u>\$ 744</u>	<u>\$ 2,232</u>
6. Accounts receivables due from related party		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 325,726	\$ 391,593
TAI-TECH Advanced Electronics (Kunshan)	103,630	188,514
Other related party	<u>112,499</u>	<u>207,158</u>
Sub-total	<u>541,855</u>	<u>787,265</u>
Other receivables:		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	<u>151,216</u>	<u>93,940</u>
Total	<u>\$ 693,071</u>	<u>\$ 881,205</u>
7. Accounts payables due to related party		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 517,850	\$ 712,150
TAI-TECH Advanced Electronics (Kunshan)	210,832	297,244
Other related party	<u>2,666</u>	<u>1,224</u>
Sub-total	<u>731,348</u>	<u>1,010,618</u>
Other payables:		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	17,081	-
Other related party	<u>12</u>	<u>1</u>
Sub-total	<u>17,093</u>	<u>1</u>
Total	<u>\$ 748,441</u>	<u>\$ 1,010,619</u>
8. Asset Transactions		

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

	<u>2022</u>		<u>2021</u>	
	<u>Disposal</u> <u>proceeds</u>	<u>Disposal gain</u> <u>(loss)</u>	<u>Disposal</u> <u>proceeds</u>	<u>Disposal gain</u> <u>(loss)</u>
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 196,836	\$ 5,397	\$ 95,731	\$ 1,088
Other related party	<u>279</u>	<u>80</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 197,115</u>	<u>\$ 5,477</u>	<u>\$ 95,731</u>	<u>\$ 1,088</u>

(2) Acquisition of property, plant, and equipment:

	<u>2022</u>	<u>2021</u>
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	<u>\$ 16,550</u>	<u>\$ 3,654</u>

(3) Acquisition of financial assets:

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

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

10. Status of endorsement guarantee for related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fixed Rock Holding Ltd.	\$ -	\$ 110,720
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	153,550	138,400
TAI-TECH Advanced Electronics (Kunshan)	-	55,360
Total	<u>\$ 153,550</u>	<u>\$ 304,480</u>

(III) Remuneration to Major Management

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 94,908	\$ 93,965
Post-retirement benefits	1,496	1,252
Share-based payments	<u>-</u>	<u>6,361</u>
Total	<u>\$ 96,404</u>	<u>\$ 101,578</u>

VIII. Pledged Assets

Assets pledged as collaterals were as follows:

<u>Type of asset</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Purpose of collateral</u>
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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment	\$ 48,654	\$ 40,005
Computer software	\$ 5,649	\$ 781

X. Significant Disaster Losses

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital Management

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

(II) Financial Instrument

1. Type of financial instrument

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial Assets</u>		
Financial assets at fair value through other comprehensive income		
<u>Financial Assets</u>		
Investment in equity instruments of which the fair value is designated to be recognized in other comprehensive income	\$ 141,692	\$ 121,987
<u>Financial assets at amortized cost</u>		
Cash and cash equivalents	\$ 902,773	\$ 896,005
Notes receivable, net	20,966	38,877
Accounts receivable, net (including those due from related party)	1,348,614	1,906,267
Other receivables (including those due from related party)	164,215	108,799
Refundable deposits (recognized under other noncurrent assets)	2,244	2,243
	<u>\$ 2,438,812</u>	<u>\$ 2,952,191</u>
<u>Financial Liabilities</u>		
<u>Financial liabilities at amortized cost</u>		
Short-term borrowings	\$ -	\$ 318,914
Short-term notes and bills payable	-	20,000

Notes payable	43,300	193,029
Accounts payable (including related party)	832,741	1,239,907
Other payables (including those due to related party)	366,073	428,142
Long-term borrowings (including the current portion)	1,126,179	603,422
Guarantee deposits (recognized under other noncurrent liabilities)	1,640	1,640
	<u>\$ 2,369,933</u>	<u>\$ 2,805,054</u>
Lease liabilities	<u>\$ 7,624</u>	<u>\$ 13,605</u>

2. Risk management policy

- (1) The Company's daily operations are subject to several financial risks, including market risks (including exchange rate, interest rate, and price risks), credit risks, and liquidity risks. The Company's risk management policy focuses on the unpredictable market events in order to minimize their potentially adverse impacts on the Company's financial position and financial performance.
- (2) The board of directors shall review important financial activities of the Company according to the relevant norms and 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 Company 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.
- B. The management level of the Company has established policies to regulate each company's exchange rate risk concerning its 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. The Company's business involves a number of non-functional currencies (the Company's functional currency is NTD, and the functional currency of some subsidiaries is either RMB or USD). So the information on foreign currency assets and liabilities affected by major exchange rate fluctuations due to the exchange rate fluctuation is as follows:

	<u>December 31, 2022</u>		Carrying amount
	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>(New Taiwan Dollars)</u>
(Foreign currency: functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 60,894	30.71	\$ 1,870,055
RMB:NTD	87,017	4.41	383,745
<u>Non-monetary items</u>			
USD:NTD	121,610	30.71	3,734,653
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 24,184	30.71	\$ 742,691
RMB:NTD	3,926	4.41	17,314

	<u>December 31, 2021</u>		Carrying amount
	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>(New Taiwan Dollars)</u>
	(Foreign currency: functional currency)		
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 56,240	27.68	\$ 1,556,723
RMB:NTD	162,540	4.34	705,424
<u>Non-monetary items</u>			
USD:NTD	116,516	27.68	3,225,165
<u>Financial Liability</u>			
<u>Monetary items</u>			
USD : NTD	\$ 39,098	27.68	\$ 1,082,233

- D. The Company's monetary items have a significant impact due to exchange rate fluctuations. The total amount of all exchange gains and losses (including realized and unrealized) recognized for January 1 to December 31, 2022 and 2021, resulted in exchange benefits of \$94,520 and \$9,042, respectively. Since the Company's transactions involve multiple currencies that have significant foreign exchange impacts, they are disclosed as a whole.
- E. The Company's analysis of the foreign currency market affected by significant exchange rate fluctuations is as follows:

	<u>2022</u>		
	<u>Sensitivity Analysis</u>		
	<u>Fluctuation</u>	<u>Effects on P/L</u>	<u>Impact on other comprehensive income</u>
(Foreign currency: functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 18,701	\$ -
RMB : NTD	1%	3,837	-
<u>Non-monetary items</u>			
USD:NTD	1%	-	37,347
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	7,427	-
USD:RMB	1%	173	-

	<u>2021</u>		
	<u>Sensitivity Analysis</u>		
	<u>Fluctuation</u>	<u>Effects on P/L</u>	<u>Impact on other comprehensive income</u>
(Foreign currency: functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 15,567	\$ -
RMB : NTD	1%	7,054	-
<u>Non-monetary items</u>			
USD:NTD	1%	-	32,252
<u>Financial Liability</u>			
<u>Monetary items</u>			
USD:NTD	1%	10,822	-

Price risk

- A. Since the investments held by the Company are classified as financial assets measured at fair value through other comprehensive income in the balance sheet, the Company is exposed to equity instrument price risks.
- B. The Company mainly invests in equity instruments issued by domestic and foreign companies. The prices of these equity instruments will be affected by future investment target value uncertainties. 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 January 1 to December 31, 2022 and 2021, through other comprehensive income would increase or decrease by \$1,417 and \$1,220, respectively.

Cash flow and fair value interest rate risk

- A. The company's interest rate risk mainly comes from short-term and long-term loans issued at floating rates. It exposes the Company to cash flow interest rate risks, part of which is offset by cash held at floating rates. In January 1 to December 31, 2022 and 2021, the Company's loans issued at floating rates are mainly valued in NTD.
- B. When the NTD borrowing rate increases or decreases by 1% and all other factors remain unchanged, the post-tax net profit for January 1 to December 31, 2022 and 2021, would decrease or increase by \$9,009 and \$7,379, respectively, mainly due to interest expense changes caused by floating rate loans.

(2) Credit risk

- A. The Company's credit risk is the financial loss risk due to the inability of the client's counterparty or financial instrument to perform its contractual obligations. It is mainly because the counterparty cannot pay off the accounts payable according to payment terms.
- B. The Company has established credit risk management from the Company's perspective. As the internal credit approval policy stipulates, an operating entity within the Company 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 Company adopts IFRS 9 to provide prerequisite assumptions. When the contract payment is more than 30 days overdue according to the agreed payment terms, the financial asset credit risk is deemed to have increased significantly since the original recognition.
- D. When the counterparty has a significant delay in repayment, it is deemed to have breached the contract according to the Company's credit risk management procedures.
- E. The Company shall write off the amount of financial assets that cannot be reasonably expected to be recovered after the recourse procedure. The Company shall continue to execute legal recourse procedures to preserve the creditors' rights. The company's creditor's rights that have been written off and recourse activities still available are \$0 in 2022 and as of December 31, 2021.
- F. The Company shall divide the clients' accounts receivable into groups based on rating features. The simplified method is to prepare a matrix to estimate the expected credit losses.

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

	<u>Individual disclosure</u>	<u>Not yet due</u>	<u>Within 30 days past due</u>	<u>Overdue 31 ~ 90 days</u>	<u>Overdue 91 ~ 180 days</u>	<u>Total</u>
<u>December 31, 2022</u>						
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	
Total carrying amount	<u>\$ 1,252</u>	<u>\$ 1,368,464</u>	<u>\$ 3,457</u>	<u>\$ 1</u>	<u>\$ 22</u>	<u>\$1,373,196</u>
Loss allowance	<u>\$ 1,252</u>	<u>\$ 733</u>	<u>\$ 127</u>	<u>\$ 1</u>	<u>\$ 22</u>	<u>\$ 2,135</u>
<u>December 31, 2021</u>						
Expected loss (%)	100.00%	0.07%	5.44%	0.00%	100.00%	
Total carrying amount	<u>\$ 1,252</u>	<u>\$ 1,929,717</u>	<u>\$ 18,094</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$1,949,081</u>
Loss allowance	<u>\$ 1,252</u>	<u>\$ 737</u>	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ 18</u>	<u>\$ 2,135</u>

H. The table of changes in the allowance for losses of accounts receivable adopted by the Company's simplified approach is as follows:

	<u>2022</u>			<u>Total</u>
	<u>Notes receivable</u>	<u>Accounts Receivable</u>	<u>Uncollectible overdue receivables</u>	
January 1	\$ -	\$ 883	\$ 1,252	\$ 2,135
Impairment loss reversed	-	-	-	-
December 31	<u>\$ -</u>	<u>\$ 883</u>	<u>\$ 1,252</u>	<u>\$ 2,135</u>
<u>2021</u>				
	<u>Notes receivable</u>	<u>Accounts Receivable</u>	<u>Uncollectible overdue receivables</u>	<u>Total</u>
January 1	\$ -	\$ 883	\$ 1,252	\$ 2,135
Impairment loss reversed	-	-	-	-
December 31	<u>\$ -</u>	<u>\$ 883</u>	<u>\$ 1,252</u>	<u>\$ 2,135</u>

(3) Liquidity risk

A. Cash flow forecasting is performed by individual operating entities within the Company and is aggregated by the Company's management department. Administration Department of the Company monitors the forecast of the Company's liquidity needs, so as to ensure that it has sufficient fund to meet operating needs and maintains sufficient unused loan commitments so that it won't default on any borrowing limits or terms. Such a forecast takes into account the Company'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 shows the Company's non-derivative financial liabilities groups according to the relevant maturity dates. The non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The table below disclosed the contractual cash flows not discounted.

<u>Non-derivative financial liabilities :</u>					
<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over 5 years</u>	
Short-term borrowings	\$ -	\$ -	\$ -	\$ -	
Short-term notes and bills payable	-	-	-	-	
Notes payable	43,300	-	-	-	

Accounts payable	101,393	-	-	-
Accounts payables to related parties	731,348	-	-	-
Other payables (including those due to related party)	366,073	-	-	-
Lease liabilities (including the portion with maturity in one year)	5,511	1,855	258	-
Long-term borrowings (including the current portion)	51,295	50,729	597,055	505,298

Non-derivative financial liabilities:

December 31, 2021	<u>Less than 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 318,914	\$ -	\$ -	\$ -
Short-term notes and bills payable	20,000	-	-	-
Notes payable	193,029	-	-	-
Accounts payable	229,289	-	-	-
Accounts payables to related parties	1,010,618	-	-	-
Other payables (including those due to related party)	428,142	-	-	-
Lease liability (including the current portion)	6,350	5,330	1,925	-
Long-term borrowings (including the current portion)	43,494	93,047	125,888	382,538

C. The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at a significantly different amount.

(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 Company'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 Company thinks that the carrying amount of cash and cash equivalents, notes receivable, accounts receivables, other receivables, and long-term borrowings (including the current portion), is the reasonable approximation of their fair value.

3. The Company classifies the financial and non-financial instruments measured at fair value based on the assets and liabilities' nature, characteristics, risks, and fair value levels. The relevant information is as follows:

(1) The Company is classified according to the nature of its assets and liabilities. The relevant information is as follows:

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income				
Equity-based securities	<u>\$ 83,412</u>	<u>\$ -</u>	<u>\$ 58,280</u>	<u>\$ 141,692</u>

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income				
Equity-based securities	<u>\$ 121,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,987</u>

(2) The methods and assumptions used by the Company to measure fair value are as follows:

A. The company uses the market price as the fair value input value (i.e., Level-1) according to the features of the tool as follows:

	<u>Listed shares</u>
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 balance sheet 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 Company. 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 lists the Level-3 changes for 2022: (No such change in 2021)

	<u>2022</u>
	<u>Equity-based securities</u>
January 1	\$ -
Gains or losses recognized in other comprehensive income	
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income recognized	(20,720)
Purchase of current period	<u>79,000</u>
December 31	<u>\$ 58,280</u>

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

7. The management department is responsible for the independent fair value verification of the Company's financial instruments to evaluate the fair value classified as Level-3. Independent source materials allow the evaluation results the closely reflect the market status. The source of the verification data must be independent, reliable, consistent with other resources, and implement any other necessary fair value adjustments to ensure that the

valuation results are reasonable.

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					
	<u>per unit</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship of inputs and fair value</u>
Non-derivative equity instruments:					
Unlisted shares	\$ 58,280	Public company comparables	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

9. The Company has carefully evaluated and selected the evaluation model and evaluation parameters. However, using different evaluation models or parameters may result in different evaluation results. If valuation parameters change, financial assets classified as Level 3 will have effects on other comprehensive income, stated as follows:

December 31, 2022						
	<u>inputs</u>	<u>Changes</u>	<u>Recognized in P/L</u>		<u>Recognized in other comprehensive income (OCI)</u>	
			<u>Favorable changes</u>	<u>Unfavorable changes</u>	<u>Favorable changes</u>	<u>Unfavorable changes</u>
Financial Assets						
Equity instruments	\$ 72,862	±1%	\$ -	\$ -	\$ 720	(\$ 720)

(IV) Other Matters

In response to the pandemic alert system for COVID-19 and multiple pandemic prevention measures taken by the government, the Company has also adopted and upheld necessary measures to address the issues brought by the pandemic. A careful assessment conducted by the Company has led to the conclusion that the pandemic has no significant influence on the Company's ability to continue as a going concern, on asset impairment, and on 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 or 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 5.
8. Receivables Due from Related Party That Reach NT\$100 Million or 20% or More of Paid-in Capital: refer to Table 6.
9. Engagement in Derivatives Trading: none.

10. Significant Inter-company Transactions during the Reporting Period. Refer to Table 6 for details.

(II) Information on Indirect Investment

Information on Invested Companies (not including investee companies in Mainland China): Refer to Table 7 for details.

(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

Not applicable

Tai-Tech Advanced Electronics Co., Ltd.

Cash and cash equivalents

December 31, 2022

Schedule 1

Unit: NT\$ thousand

Items	Summary	Amount	Remarks
Petty cash		\$ 212	
Cash		149	
Bank deposits			
Time deposits - Foreign currency	USD 2,900 thousand exchange rate 30.71	89,059	
Time deposits - NTD		70,491	
Time deposits - Foreign currency	USD 21,920 thousand exchange rate 30.71	673,125	
	RMB 15,684 thousand exchange rate 4.409	69,160	
	Others	577	
Total		<u>\$ 902,773</u>	

Tai-Tech Advanced Electronics Co., Ltd.

Accounts Receivable

December 31, 2022

Schedule 2

Unit: NT\$ thousand

Client name	Amount	Remarks
Accounts Receivable		
B.I.	\$ 225,101	
P.C.	71,632	
G.T.	64,511	
Others	447,791	The balance of each sporadic customer does not exceed 5% of the subject amount
	809,035	
Less: Allowance for bad debt	(795)	
Allowance for sales returns and discounts	(1,481)	
	806,759	
Accounts receivable due from related parties		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	325,726	
TAI-TECH Advanced Electronics (Kunshan)	103,630	
Superworld Electronics (S) Pte. Ltd,	71,651	
TAI-TECH ADVANCED ELECTRONICS (S) PTE LTD	40,228	
Others	708	The balance of each sporadic customer does not exceed 5% of the subject amount
	541,943	
Less: Allowance for bad debt	(88)	
	541,855	
	<u>\$ 1,348,614</u>	

Tai-Tech Advanced Electronics Co., Ltd.
Inventory
December 31, 2022

Schedule 3

Unit: NT\$ thousand

<u>Item</u>	<u>Amount</u> <u>Cost</u>	<u>Market price</u>	<u>Remarks</u>
Raw material	\$ 26,045	\$ 23,059	
Materials	4,503	4,333	
Work in progress	87,265	163,347	
Finished goods	34,164	50,823	
Products	<u>200,055</u>	<u>238,822</u>	
Subtotal	352,032	<u>\$ 480,384</u>	
Less: allowance for loss for market price decline and obsolete and slow-moving inventories	(<u>14,107</u>)		The lower cost and net realizable value method is adopted for item-by-item comparison.
Total	<u>\$ 337,925</u>		

Tai-Tech Advanced Electronics Co., Ltd.
Investment accounted for using the equity method
January 1, 2022, to December 31, 2022

Schedule 4

Unit: NT\$ thousand

<u>name</u>	<u>Beginning balance</u>		<u>Current period increase</u>		<u>Current period decrease</u>		<u>Ending balance</u>		<u>Net worth</u>		
	<u>Number of shares (thousand shares)</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares</u>	<u>Amount</u>	<u>Number of shares (thousand shares)</u>	<u>Shareholdings Percentage</u>	<u>Amount</u>	<u>Unit (NTD)</u>	<u>Total price</u>
Best Bliss Investments Limited	34,250	\$ 3,146,613	-	\$ 499,881	-	\$ -	34,250	100%	\$ 3,646,494	106	\$ 3,646,494
North Star International Limited	100	78,552	-	9,607	-	-	100	100%	88,159	882	88,159
		<u>\$ 3,225,165</u>		<u>\$ 509,488</u>		<u>\$ -</u>			<u>\$ 3,734,653</u>		

Tai-Tech Advanced Electronics Co., Ltd.

Accounts payable

December 31, 2022

Schedule 5

Unit: NT\$ thousand

Manufacturer name	Amount	Remarks
Accounts payable		
Others	\$ 101,393	Average balance for each sporadic manufacturer does not exceed 5% of the subject amount
Accounts payables to related parties		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	517,850	
TAI-TECH Advanced Electronics (Kunshan)	210,832	
Others	2,666	Average balance for each sporadic manufacturer does not exceed 5% of the subject amount
	731,348	
	<u>\$ 832,741</u>	

Tai-Tech Advanced Electronics Co., Ltd.
Operating revenue
January 1, 2022, to December 31, 2022

Schedule 6

Unit: NT\$ thousand

Items	Quantity	Amount	Remarks
Revenue from Wire-Wound Products	2,506,110 thousand	\$ 2,935,620	
Revenue from Multilayer Products	7,258,644 thousand	488,748	
Revenue from LAN transformer	1,511,664 thousand	552,792	
Others		255,423	
		4,232,583	
Less: returned goods		(11,980)	
Sales discount		(41,518)	
Total		<u>\$ 4,179,085</u>	

Tai-Tech Advanced Electronics Co., Ltd.

Operating costs

January 1, 2022, to December 31, 2022

Schedule 7

Unit: NT\$ thousand

Item	Amount
Goods at the beginning of the period	\$ 198,135
Plus: Current period cargo entry	2,201,243
Goods transferred in	8,598
Less: Closing commodity	(200,055)
Transferred to expense	(642)
Others	39
Cost of purchase	2,207,318
Raw materials at the beginning of the period	30,962
Plus: Current feed	220,888
Less: Transfer to expense	(33,123)
Costs to sale of raw materials	(21,928)
Goods transferred in	(8,598)
Raw materials at the end of the period	(26,045)
Raw materials consumed	162,156
Supplies at the beginning of the period	3,896
Plus: Current feed	72,772
Less: Transfer to expense	(61,057)
Costs to sale of supplies	(11,108)
Supplies at the end of the period	(4,503)
Supplies consumed	-
Direct labor	210,982
Manufacturing overhead	572,401
manufacturing cost	945,539
Plus: Initial work in progress	66,227
Purchase of raw materials	-
Less: Transfer to expense	(1,423)
Costs to sale of work in progress	(33,186)
Others	(131,951)
Work in progress at the end of the period	(87,265)
Cost of finished products	757,941
Finished products at the beginning of the period	21,000
Less: Transfer to expense	(278)
Others	(4,258)

Tai-Tech Advanced Electronics Co., Ltd.
Operating costs
January 1, 2022, to December 31, 2022

Schedule 7

Unit: NT\$ thousand

Finished products at the end of the period	(34,164)
Cost of goods sold	740,241

Tai-Tech Advanced Electronics Co., Ltd.

Operating costs

January 1, 2022, to December 31, 2022

Schedule 7

Unit: NT\$ thousand

Other operating costs		
Plus: Raw material sales costs	\$	21,928
Costs to sale of supplies		11,108
Costs to sale of work in progress		33,186
Reversal gain on market price decline and obsolete and slow-moving inventories		3,707
Others		21,819
Less: Scrape income	(	<u>2,271)</u>
Other operating costs		<u>89,477</u>
Operating costs	\$	<u><u>3,037,036</u></u>

Tai-Tech Advanced Electronics Co., Ltd.
Operating expenses
January 1, 2022, to December 31, 2022

Schedule 8

Unit: NT\$ thousand

Items	Abstract	Amount	Remarks
Selling and marketing expenses			
Salary and wages expense		\$ 107,384	
Freight expense		25,984	
Export charges		14,104	
Lease expenses		11,523	
Other expenses		63,806	
		222,801	
General and administrative expenses			
Salary and wages expense		103,171	
Professional service fees		12,258	
Others		34,169	
		149,598	
Research and development expenses			
Salary and wages expense		34,399	
Depreciation		9,745	
Research and development expenses		8,516	
Repair and maintenance expense		4,626	
Hydroelectric gas fees		4,599	
Other expenses		9,148	
		71,033	
Expected credit impairment gain		-	
Total operating expenses		<u>\$ 443,432</u>	

Tai-Tech Advanced Electronics Co., Ltd.

Summary table by function of the occurred employee benefits, depreciation, depletion, and amortization

January 1, 2022, to December 31, 2022

Schedule 9

Unit: NT\$ thousand

Functions	2022			2021		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Nature						
Employee benefit expense						
Salary and wages	\$ 260,431	\$ 209,721	\$ 470,152	\$ 309,118	\$ 277,283	\$ 586,401
Labor and health insurance expense	26,473	14,978	41,451	22,333	14,049	36,382
Pension expense	7,014	6,856	13,870	6,550	6,835	13,385
Directors' remuneration	-	36,007	36,007	-	23,549	23,549
Other employee benefits expenses	13,808	10,018	23,826	13,053	9,019	22,072
Depreciation (including right-of-use assets)	180,684	21,983	202,667	150,991	18,765	169,756
Amortization expenses	3,273	2,038	5,311	2,262	2,107	4,369

Note 1. The Company has 546 and 511 employees in the current and previous years, respectively. Among them, the number of directors not concurrently employees is 9 and 8, respectively.

2. A company whose stock is listed on a stock exchange or an OTC securities trading center shall additionally disclose the following information:

(1) The average employee benefits expense for the year was NT\$1,023 ("total amount of employee benefits expense for this year - the total amount of director's remuneration" / "number of employees for this year - number of directors who did not hold concurrent posts").

The average employee benefits expense for the previous year was NT\$1,309 ("total amount of employee benefits expense in the previous year - the total amount of director's remuneration" / "number of employees in the previous year - number of directors who did not hold concurrent posts").

(2) The average employee salary cost for this year is \$876 (total salary cost for this year / "number of employees for this year - number of directors who are not also employees").

The average employee salary cost in the previous year was \$1,166 (total salary cost in the previous year / "number of employees in the previous year - number of directors who did not serve as employees concurrently").

(3) The average employee salary cost adjustment changes were decreased by 25% ("average employee salary expense for the current year - average employee salary expense for the previous year" / average employee salary expense for the previous year).

(4) The Company has established an audit committee and does not appoint supervisors according to the law. The supervisor's remuneration for this year is NT\$0, and the supervisor's remuneration for the previous year was NT\$0.

(5) Please describe the Company's remuneration policy (including directors, supervisors, managers, and employees).

A. The remuneration of directors and supervisors includes remuneration, traveling expenses, business execution expenses, and remuneration for profit distribution. The remuneration for profit distribution is stipulated in the Company's articles of incorporation.

B. The remuneration of general and deputy general managers includes salaries, bonuses, and employee remuneration, which shall be based on the position, responsibility, and contribution to the Company and are subject to discretion.

C. The employee remuneration policy is determined based on personal ability, contribution to the Company, performance, and the Company's future operating risks. The Company shall allocate a fixed percentage of the pre-tax profit of the year to employees as employee remuneration according to the Company Act and the Company's articles of incorporation, and distribute it in the middle of the following year. A fixed percentage of the post-tax profit of the year shall be allocated to employees as year-end bonuses and distributed before the Lunar New Year, business performance or results shall be properly reflected in employee compensation.

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

Table 1

Unit: NT\$ thousand
(unless otherwise specified)

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 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.
Endorsements/guarantees
January 1, 2022, to December 31, 2022

Table 2

Unit: NT\$ thousand
(unless otherwise specified)

No.	<u>Endorsement/ guarantee provider</u>	<u>Endorsed/ guaranteed party name</u>	<u>Relationship</u>	<u>Limits on endorsement/ guarantee amount provided to each guaranteed party (Note)</u>	<u>Balance of maximum amount of endorsement/ guarantee of the period</u>	<u>Ending balance of endorsement/ guarantee</u>	<u>Amount</u>	<u>Amount of endorsement/ guarantee collateralized by properties</u>	<u>Ratio of accumulated endorsement/ guarantee to net equity per latest financial statements</u>	<u>Maximum amount of endorsement/ guarantee allowance (Note)</u>	<u>Endorsement/ guarantee provided by parent company to subsidiary</u>	<u>Endorsement/ guarantee provided by parent company to subsidiary</u>	<u>Endorsement/ guarantee provided to Mainland China</u>	<u>Remarks</u>
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.
 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)

<u>Holding company name</u>	<u>Marketable securities types and name</u>	<u>Relationship with issuer</u>	<u>Financial statement account</u>	<u>Number of shares (in thousands)</u>	<u>End of period</u>		<u>per unit</u>	<u>Remarks</u>
					<u>Carrying amount</u>	<u>Shareholdings Percentage</u>		
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.
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)

<u>Company of purchase (sale)</u>	<u>Transaction party name</u>	<u>Relationship</u>	<u>Transaction Details</u>		<u>Percentage of total purchase (sale)</u>	<u>Abnormal Transaction and Reason</u>		<u>Notes/Accounts Receivable (Payable)</u>		<u>Remarks</u>	
			<u>Purchase (Sale)</u>	<u>Amount</u>		<u>Payment terms</u>	<u>Unit price</u>	<u>Payment terms</u>	<u>Balance</u>		<u>Percentage of total notes/accounts receivable (payable)</u>
Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Parent-subsiary	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-subsiary	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-subsiary	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-subsiary	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.
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)

<u>Company of accounts receivable recognized</u>	<u>Transaction party name</u>	<u>Relationship</u>	<u>Balance of accounts receivables due from related party</u>		<u>Turnover rate</u>	<u>Overdue amount of accounts receivable from related party</u>		<u>Treatment method</u>	<u>Amounts received in subsequent period</u>	<u>Allowance for Impairment Loss</u>
						<u>Amount</u>				
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-sub subsidiary	Accounts Receivable	\$ 325,726	2.46	\$ -	-	-	\$ 129,003	\$ -
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-sub subsidiary	Other receivables	151,216	-	-	-	-	115,657	-
Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Parent-sub subsidiary	Accounts Receivable	103,630	2.53	-	-	-	53,876	-
TAI-TECH Advanced Electronics (Kunshan)	Tai-Tech Advanced Electronics Co., Ltd.	Parent-sub subsidiary	Accounts Receivable	210,832	2.86	-	-	-	98,586	-
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-sub 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-sub subsidiary	Other receivables	130,743	-	-	-	-	-	-

Tai-Tech Advanced Electronics Co., Ltd.
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)

<u>No.</u> (Note 1)	<u>Name of transaction party</u>	<u>Transaction party</u>	<u>Relationship with transaction party (Note 2)</u>	<u>Item</u>	<u>Amount</u>	<u>Transaction details</u>		<u>Percentage of consolidated total revenue or total assets</u>
						<u>Transaction terms</u>		
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.
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)

<u>Name of Investor</u>	<u>Name of Investee</u>	<u>Location</u>	<u>Main business</u>	<u>Initial investment amount</u>		<u>End of term holding</u>		<u>Carrying amount</u>	<u>Current profit/loss of investee</u>	<u>Current investment profit/ loss recognized</u>	<u>Remarks</u>
				<u>End of current period</u>	<u>End of last year</u>	<u>Number of shares (in thousands)</u>	<u>percentage</u>				
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.
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 thousand	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		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
					Outward remittance	Repatriation							
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)	-	-	-	-	-	-	-	-	-	
<u>company name</u>		Accumulated outward remittance for investment Investment amount in mainland China (Note 5, Note 6)		Investment amount Approved investment amount (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.
Major Shareholder Information
December 31, 2022

Table 9

<u>Major shareholders</u>	<u>Number of shares held</u>	<u>Shares</u> <u>Shareholdings Percentage</u>
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.