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TAI-TECH Advanced Electronics Co.,
Ltd.

2022

Annual Report

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Table of Contents

One. Letter to Shareholders	1
Two. Company Profile	8
I. Registered date of establishment.....	8
II. Company History	8
Three. Corporate Governance Report	12
I. Organizational System	12
(I) Organization Chart.....	12
(II) Business Operations of Major Departments	13
II. Information on directors, supervisors, the President, vice presidents, associate managers, and supervisors of various departments and branches.....	16
(I) Information on directors and supervisors.....	16
(II) Information on the President, vice presidents, associate managers, and supervisors of various departments and branches	22
(III) Remuneration paid to directors (including independent directors), supervisors, the president, and vice president(s) in the most recent year	26
(IV) Separate comparison and explanation of the ratios of remuneration paid to directors, supervisors, the President and vice presidents of the Company and of all companies in the consolidated financial statements to net profit after tax in the parent company only or individual financial statements in the last two years. Further explain the correlation between the policies, standards, and combinations of payment, procedures for determination of remuneration, business performance and future risks.	32
III. Corporate Governance Operations	35
(I) Operation of the Board of Directors	35
(II) Operation of the Audit Committee.....	39
(III) Status of corporate governance, and deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof.....	45
(IV) If the Company has set up a Remuneration Committee, it shall disclose the composition, responsibilities and operation thereof	54
(V) Operation status of the Corporate Sustainable Development Committee.....	58
Implementation of sustainable development promotions and the deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof	59
(VI) Ethical business performance conditions, as well as differences and reasons for differences with Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies.....	77
(VII) If the Company has established the Corporate Governance Best Practice Principles and the related regulations, it should disclose how to inquire about such principles	79
(VIII) Other important information that is sufficient to improve the understanding of corporate governance operations	79
(IX) The implementation of the internal control system shall disclose the following matters.....	80
(X) In the most recent year and up to the date of publication of the annual report, if the Company and its internal personnel have been punished according to law, and the punishment has been imposed on internal personnel by the Company for violation of the internal control systems, major defects and improvements	82
(XI) In the most recent year and as of the printing date of the annual report, important resolutions of the shareholders meeting and Board of Directors	82
(XII) In the most recent year and up to the date of publication of the annual report, the major contents of the opposition to or qualified opinions expressed by directors or	

supervisors about the significant resolutions passed by the Board of Directors that have been noted in the records or declared in writing	88
(XIII) Resignation and removal of the Company's chairperson, president, chief accountant, treasurer, chief governance officer, internal audit supervisor, and R&D supervisor in the most recent year and up to the date of publication of the annual report	88
IV. Information about CPA professional fees	89
(I) If the proportion of non-audit fees paid to the CPA, the firm to which the CPA belongs, and its affiliated enterprises is more than one-fourth of the audit fees, the amount of audit and non-audit fees and the content of non-audit services should be disclosed.....	89
(II) If the accounting firm has changed and the audit fee paid in the year of change is lower than the audit fee in the year before the change, the amount of audit fees and reasons before and after the replacement should be disclosed	89
(III) If the audit fees are reduced by more than 10% compared with the previous year, the amount, proportion and reasons for the reduction of audit fees should be disclosed	89
V. Change of CPA information.....	89
VI. The chairperson, president, or the manager responsible for financing or accounting affairs, who has worked for the accounting firm to which CPAs belong or the affiliated enterprises in the past year.....	89
VII. Information about the shares transferred by and changes to the shares pledged by the directors, supervisors, managers and the shareholders holding more than 10% of shares in the most recent year and up to the date of publication of the annual report	89
(I) Changes to the shares held by directors, supervisors, managers, and majority shareholders	89
(II) Share transfer information	92
(III) Equity pledge information	92
VIII. Information about the relationships of the ten largest shareholders	92
IX. The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company	94
Four. Fundraising Status	95
I. Capital and Shares	95
(I) Sources of equity.....	95
(II) Shareholder structure	97
(III) Distribution of Equity	97
(IV) List of major shareholders.....	98
(V) Information about market price, net value, earnings, and dividends per share in the most recent two years.....	98
(VI) Company dividend policy and implementation status	99
(VII) The impact of proposed stock dividends this year on the Company's operating performance and earnings per share: There will be no stock dividend.....	99
(VIII) Remuneration of employees, directors, and supervisors	99
(IX) Repurchase of shares by the Company	100
II. Issuances of corporate bonds (including overseas corporate bonds).....	101
III. Handling of preferred shares.	101
IV. Participation in the issuance of overseas depositary receipts	101
V. Employee stock options and new restricted employee shares.....	101
VI. M&A or transfer of shares of other companies to issue new shares	101
VII. Implementation status of fund utilization plan.....	101
Five. Overview of Operations.....	102
I. Business content	102
(I) Business scope	102
(II) Industry overview	104

(III) Technology and R&D overview	106
(IV) Long- and short-term business development plans	108
II. Market and production and sales overview	110
(I) Market analysis	110
(II) Important applications and production processes of products:	117
(III) Availability of major raw materials	119
(IV) List of major purchase and sale customers	119
(V) Production value table for the last two years	120
(VI) Sales value table for the last two years	120
III. Number of employees in the last two years	120
IV. Environmental spending information.....	121
(I) Required description of the application for, payment of, or establishment of pollution facility permits or pollution discharge permits, or pollution prevention costs or environmental protection unit by companies in accordance with the law	121
(II) Investment in major equipment for the prevention and control of environmental pollution, its use and possible benefits.....	126
(III) The improvement of environmental pollution made by the Company, disputes over pollution events, and how the Company dealt with such disputes in the most recent two years, and up to the date of publication of the annual report	133
(IV) In the most recent two years and as of the date of publication of the annual report, losses due to environmental pollution (specifying compensation and environmental protection audit results that violate environmental protection regulations, sanction date, sanction code, regulatory provisions that were violated, details of the regulatory violation, and sanction details) and disclosure of current and future estimated amounts and possible measures. When reasonable estimation cannot be provided, explanation for the such cases should be offered	133
(V) The current impact of pollution and corresponding improvements on the Company's earnings, competitive position and capital expenditures, and the estimated major environmental capital expenditures for the next two years.....	133
V. Labor/management relations.....	133
(I) List each item of the Company's employee welfare measures, advanced education, training, retirement systems and their implementation status, as well as the agreements between labor and management and various employee rights protection measures....	133
(II) In the most recent year and up to the date of publication of the annual report, list any losses suffered due to labor disputes (including labor inspection results that violate the Labor Standards Act, sanction date, sanction code, regulatory provisions that were violated, details of the regulatory violation, and sanction details) and disclose current and future estimated amounts and possible measures. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated	135
VI. Cyber security management.....	135
VII. Important contracts	139
Six. Financial Overview	141
I. Financial data for the most recent five years	141
II. Financial analysis for the last five years - Taiwan financial accounting standards.....	145
III. The Audit Committee's report on the most recent annual financial statements.....	149
IV. Annual financial statements for the most recent year:.....	150
V. The Company's parent company only financial statements that have been audited and certified by an accountant in the most recent year:.....	150
VI. In the most recent year and as of the publication date of the annual report, if any financial difficulties occur among the Company and its affiliated companies, their effect on the Company's financial position should be stated.	150
Seven. Financial position and financial performance review analysis and risk matters.....	151

I. Financial position	151
II. Financial performance	151
III. Cash flows	152
IV. The impact of major capital expenditures in the most recent year on the financial business	153
V. Reinvestment policy in the most recent year, the main reasons for its profit or loss, improvement plan, and investment plan for the following year	153
VI. Risk events shall be analyzed and evaluated for the following events in the most recent year and up to the date of publication of the annual report.....	153
(I) The impact of interest rates, exchange rate changes, and inflation on the Company's profit and loss, and future countermeasures.....	153
(II) Policies for engaging in high-risk, high-leverage investments, lending of funds to others, endorsements/guarantees, and derivatives trading, and the main reasons for profit or loss and future countermeasures	154
(III) Future R&D plans and estimated R&D expenses	155
(IV) The impact of important domestic and foreign policy and legal changes on the Company's financial business, and countermeasures.....	155
(V) The impact of technological changes (including information security risks) as well as industrial changes on the Company's financial business, and countermeasures.....	155
(VI) The impact of corporate image changes on corporate crisis management, and countermeasures	156
Expected benefits, possible risks, and countermeasures of M&A	157
For the most recent year and up to the date of publication of the annual report, the Company has no ongoing merger and acquisition plans	157
(VII) Expected benefits, possible risks and countermeasures of plant expansion	157
(VIII) Risks and countermeasures confronted through purchase or sales concentration:....	157
(IX) For directors, supervisors or major shareholders holding more than 10% of the shares, the impact, risks and countermeasures of a large-scale transfer or replacement of shares on the Company	157
(X) The impact, risks and countermeasures of a change of management rights on the Company	157
(XI) Litigation or non-litigation events.....	157
(XII) Other important risks and countermeasures.....	158
(XIII) Other important matters.....	158
Eight. Special Notes	159
I. Related company information.....	159
II. Handling of privately placed securities in the most recent year and as of the date of publication of the annual report.	163
III. Status of holding or disposing of the Company's stocks by subsidiaries in the most recent year and as of the date of publication of the annual report.	163
IV. Other necessary supplementary explanations	163
Nine. In the most recent year and as of the printing date of the annual report, the occurrence of the matters that have a significant impact on shareholders' equity or securities prices as specified in Article 36 Paragraph 2, Item 2 of the Securities and Exchange Act.....	163

Appendix I: 2022 Annual Financial Statements

One. Letter to Shareholders

I. 2022 Business Report

Dear Shareholders,

In 2022, unfavorable macro-economic factors, e.g., war, inflation, interest rate hike, inventory, and the pandemic, substantially impacted the operations of the industry, and are expected to influence the development of the coming years. TAI-TECH Advanced Electronics is not immune from the downward economic climate, seeing both its annual operating revenue and profits down from 2021. Despite so, thanks to shareholders' trust and our teams' efforts, we still yielded the second highest operating revenue and profits, a relatively sparkling performance.

Below is an analysis of the Company's business achievements and profitability:

Unit: NT\$ thousands

Item	2021	2022	Growth rate
Net operating	6,165,281	5,291,333	-14.2%
Gross profit	2,135,564	1,779,525	-16.7%
Gross margin	34.6%	33.6%	
Operating gains	1,330,196	1,019,017	-23.4%
Net Income After	1,197,065	1,038,537	-13.2%
Earnings per share	12.08	10.11	

In 2022, regarding the product revenue of TAI-TECH Advanced Electronics, the multilayer products accounted for 15.34% of the total revenue; wire-wound products accounted for 65.48% of the total revenue; LAN transformer products accounted for 18.14% of the total revenue; other products accounted for 1.03%% of the total revenue. 2022 main product line performance is summarized in the following:

1. Multilayer products

In 2022, the multilayer chip beads and inductor product lines, which are sold mainly to the markets for end applications, e.g., computer peripherals and consumer electronics, saw their demand substantially impacted by the overall business environment; they declined most notably among the Company's products lines in terms of both shipping volume and operating revenue when compared with 2021. The annual shipping volume was 14.1 billion pieces, down 30.2% from 2021.

2. Wire round products

(1) Precision wire-wound inductors

Products of this category include "sealed low profile power inductors", "single-wire inductors", and "Ultra High Current Beads ", all of which were severely impacted by plummeting market demand for end-user products like consumer electronics throughout 2022.

The demand in the end market for sealed power inductors notably dropped due to the adjustment of inventory made by customers in the networking and panel industries. Single-wire power inductors, which are mainly used in consumer electronics, were the products of this category whose sales decreased the most. On the other hand, Ultra High Current Beads, thanks to the contribution from the customers in the market for power management, were least impacted by the adverse economic climate, so their shipping volume slightly increased, making them the relatively performant items of this product line. A total of 1.52 billion pieces of precision wire-wound inductors were sold in 2022, down about 23% from 2021.

(2) Molded power inductors

This line of products is mainly used as automotive grade applications, and is the one whose capacity utilization rate has remained high throughout the year among all major product lines. Despite so, some items for use in consumer electronics and PCs are still notably impacted by reduced demand. A total of 840 million pieces were sold in 2022, down about 17% from 2021. A higher percentage of such products was used in automotive grade. Although the utilization rate was not full, this product line was able to maintain the consolidated gross margin, and therefore yielded the highest revenue and profits among the Company's product lines.

(3) Common mode filter

The common mode filters element of the Company were applied to high-speed network interface ports of various consumer products, such as HDMI2.1, USB3.0/3.1/4.0, etc., and the products were also widely applied to the filtering of common mode noise of various module interface ports of automotive grade electronics. In 2022, sales dropped notably in the end market for consumer electronics and slightly in the market for automotive grade applications. A total of 670 million pieces were sold in 2022, down 25% from 2021. Thanks to the high gross margin, automotive grade common mode filters still maintained a higher utilization rate. Therefore, the gross margin of all product lines as a whole in 2022 remained the same as that in 2021.

3. LAN transformer products

LAN transformers are mainly used in the networking market. The demand in 2022 remained strong only in the first quarter. Subsequently, the lockdown imposed on Shanghai and Kunshan, the shortage of IC chips, and customers' control of inventory gave a mood of downward demand, which, coupled with traditional LAN transformers and competition from newcomers, drove down the demand in the subsequent three quarters in 2022, thus the order placement. A total of 2.75 billion pieces of such products were sold in 2022, down 3.6% from 2021. Such products of a new pattern are trending towards replacing traditional manually-made LAN transformer modules when it comes to networking applications. Nevertheless, due to the decline in demand in 2022, peer manufacturers of traditional LAN transformers turned to slash price in exchange for orders, driving down the average unit price and impacting the gross margin of products.

In 2022, the product development direction of TAI-TECH Advanced Electronics was mainly for the application demands of the growing market in recent years and focused on compact high-current multilayer chip ferrite beads, low-loss high power inductor, auto grade common mode filters, and so on. The main development outcomes include the following:

1. Completion of the development of the HFZ1005/1608/2012/3216 series, compact multilayer ferrite beads for high current use.
2. The HCB5750 series, large multilayer ferrite chip beads for high current use.
3. The WCM1513/1211/9070/5555 series, common mode filters for high current use.
4. The HSF1210-U4 series, common mode filters of USB4.0 specifications.
5. The ACM3225/4532 series, common mode filters for use in OA1000/OA100, high vehicle-communications standards.
6. The AMIM3225/4020 series, high-efficient loss-loss alloy molded power inductors of the DDR5 standard.
7. Microminiaturization LAN transformer modules .

II. 2023 Business Plan

Since the economy of the coming year is still subject to the factors resulting in the economic downturn in 2022, and to the changes brought about by changes incidental to China's lift of its lockdown measures, the Company remains quite conservative about the economic prospect of 2023. On the other hand, the growth that comes with applications of new technologies, e.g., high-speed computing, AI, high-speed networking, 5G, IoT, and future cars, is highly potential and therefore can be fully expected. The Company will fully leverage its core capabilities to continuously develop new products that meet the demand of the said growth markets. To ensure the production of high quality and high reliable products, we incorporate improved quality and reliability into the early stage of product design, process design, and equipment development. We will also continue to upgrade our factories, software, equipment, and shipping procedures, to keep improving our competitiveness, thereby laying a solid foundation for the Company's continuous growth in the future. The 2023 operation key points established by TAI-TECH Advanced Electronics are as follows:

1. Key points for each production line

(1) Multilayer chip beads and inductors

The volume of orders for such products in the first half of 2023 does not look optimistic. Therefore, the key task of the production line is to produce a product portfolio resembling to that sold in the second half of 2022, and to strictly control costs; we will continue to promote micro-miniaturized products with high technological requirements and gross margin to the market, to improve the profits derived from such products. This way, despite a low turnover, the gross margin still remains at a normal level. In addition, the Company will continue to

upgrade key processing equipment, in order to maintain the monthly production capacity at 2 billion units per month.

(2) Wire-wound products

a. Precision wire-wound inductor

The sealed low profile power inductors mainly applied to network communication, panel, consumer electronics, and automotive-grade electronic markets are standard products of large quantities. For 2023, there is presently no production expansion plan, and the current production capacity will be adopted to satisfy customer demands. The operation strategy will focus on the cost of the production line, yield rate and quality control, and the total monthly production capacity will be maintained at 110 million units per month. Single wire-wound ferrite and ceramic inductors, wire-wound low-frequency antenna products are standard products of large quantity, and the main application markets including consumer electronics, wireless communications, network communications market, and automotive grade electronics, etc., are fast-growing application markets in recent years. In 2023, production capacity for such products will remain at 25 million pieces per month, and the key task is to improve product reliability, and to promote products to the market for automotive grade applications. The Ultra High Current Beads designed and developed by the Company in recent years are of high output efficiency and stable quality due to automated production, such that they can be used to replace the mainstream of manual threading magnetic beads in the market, and the end customer demand increases year after year. In 2022, the monthly production capacity will be able to reach at least 450 million units, and the production capacity can be further increased depending upon the customer's demands.

b. Molded power inductor

This type of product is centralized for production in Si-Hong Plant. In recent years, the Company has been actively focused on the development directions of thin, low resistance, low loss, high inductance, high-temperature resistance, and high energy conversion rate, in order to develop high-value-added products, targeting at automotive-grade electronics and high-end consumer electronic products. For the 2023 product line operation strategy, since the order demand is still high, the Company will still aim to satisfy the order demands of customers with the best effort, and the total monthly production capacity will be maintained at 100 million units. In addition, the Company will expand the production scale depending on the demands from customers and the demand from new application markets, such as electric cars, servers, high-speed computing, and DDR5 memory modules, for mass production. Furthermore, the Company will also accelerate the development of new products manufactured using a special process, and promote them to the market to gain recognition at the same time, in order to expand the market share of such types of differentiated products, thereby increasing revenue and profit.

c. Common mode filters

Facing the competition from multilayer type common-mode filters in multi-layer printed circuit boards in recent years, the Company has adopted a different operational strategy towards such products by shifting to high end applications, e.g., the market for auto grade electronics and high-speed computing. Through the adjustment of the aforementioned strategy, despite that the revenue ratio of this type of product over the total revenue of the Company decreases, the orders are mainly for products of high unit price and high-profit margin. The production capacity allocated to such a product line in 2023 will remain at 65 million units per month.

(2) LAN transformer products

The orders to be received in the first half of 2023 will still be impacted by slowed demand from the end market and by customers' adjustment of inventory, and will be similar to that in 2022. Aside from tightening cost control measures, the Taiwan Plant and Si-Hong Plant will also flexibly adjust the production items and utilization rate according to the state of orders and manufacturing costs, so as to satisfy customers' needs and maintain the gross margin. The Company will continue to do promotion on the end market; roll out application solutions in which "inductor-type LAN transformers" and "PoE LAN transformer modules" are used in high-end products; and focus on product certification on the customers' end. Regarding the discrete-type LAN transformer solution of such type of product in 2023, the monthly production capacity of the components will exceed 400 million Units. The demand for modules will be maintained at a stable monthly production capacity of 1 million units.

2. New product development plan

- (1) HFZ 321611PF-500T120 series, multilayer chip beads with high current resistance and low DC impedance for automotive use.
- (2) multilayer chip beads of dimensions 1608 series for suppression of auto grade soft-electrode power line noise
- (3) multilayer chip beads of dimensions 1608 series with a heat resistance of up to 175 degrees Celsius for auto grade use.
- (4) PASU3225 series, low-frequency UV-resin-covered induction antennas for auto grade use
- (5) TLVR series products, dual wire-wound inductors used in high-end servers.
- (6) The WCM4015/WCM4520 common mode filters series
- (7) The metal injection molded inductor MMIM4030 series
- (8) The TMPC05~07HC series, carbon-substrate current-resistant molded power inductors.
- (9) The TMHC04~06/ TMHA04~05 series, hot-pressed carbon-substrate/alloy molded power inductors
- (10) Innovative LAN transformer modules

III.Impacts of External Competitive Environment, Legal Environment and Overall Operating Environment

As for external competition, inductor components have a variety of applications and are an essential part in ICT products, consumer electronics, and electric cars. Since the market demand is huge, there are multiple competitors, thus fierce competition, in this industry. Over the past decade, the Company has taken the initiative to face and respond to various competition and challenges. The Company will continue to develop key technical capacities in the design and manufacturing of magnetic materials and ferrite cores, and will face external competition with the core competitive advantages of highly automated production.

With regard to the legal environment, the Company has been established for more than 47 years, and all factories in various locations in both Taiwan and China comply with the laws and are committed to the goal of fulfilling corporate social responsibilities. In addition, for changes of the legal environment, the Company also seeks response from professional managerial officers and assistance of legal experts for each facility site in order to comply with the laws and regulations properly.

The macro-economic environment is volatile nowadays. In recent years, slowed market demand and soaring raw material price as a result of inflation have had a broad impact on the electronics industry. New end electronic product functions continue to emerge, such that the demand for inductor component products continues to be driven up, thereby providing continuous growth opportunity for the Company. In the future, the Company will actively engage in R&D and innovation along with the market trend, in order to provide high-value-added and quality products and improve customer services, as well as to understand the market's competitive status and increase growth energy. The Company will also continue to adopt the business strategy of diverse products and application markets in order to achieve growth and spread risks, thereby establishing long-term competitive advantages.

IV.Future Company Development Strategy and Outlook

Looking into the future, new generations of electronic end products and applications will continue to emerge and evolve, which will in turn drive further advances of the electronic component industry technologies and result in increased demand and opportunities for ongoing business growth of the Company. In the upcoming years, TAI-TECH Advanced Electronics will actively plan and develop automotive-grade electronics, network communication, high-speed digital computation, and AI. For product development, the Company will focus on satisfying the demands of the aforementioned application fields and will aim at the development direction of miniaturized products, and products of high frequency, high speed, high current resistance, increased working temperature, as well as increased product performance and reduction of current loss. The Company will continue to increase the product added value and to optimize product combination, in order to increase the output ratio of niche products, thereby further improving gross margin performance and profit performance. The planning for future product line will also be executed based on the consideration

of the international political and economic status change risk. The Company will expand the production line capacity in the headquarter plant in Taiwan and will continue to focus on the core business along with the practical management philosophy, enhancement of ESG implementation, in order to head toward sustainable operation and to achieve the vision of world first-class inductor supplier with best effort.

We sincerely appreciate shareholders' long-term support and care. We wish you all the best.

Good Health and Prosperous

TAI-TECH Advanced Electronics Co., Ltd.



Chairman Hsieh, Ming-Yen



Managerial Officer Ming-Liang Hsieh



Accounting Officer Hui-Yu He



Two. Company Profile

I. Registered date of establishment: November 2, 1992.

II. Company History

- November 1992: TAI-TECH Advanced Electronics Co., Ltd. Established with paid-in capital of NT\$26,500 thousand.
- September 1993: Engaged in cash capital increase of NT\$1,000 thousand; after capital increase, paid-in capital amounted to NT\$27,500 thousand.
- July 1995: Engaged in cash capital increase of NT\$27,500 thousand; after capital increase, paid-in capital amounted to NT\$55,000 thousand
- December 1995: Invested in Dongguan TAI-TECH Advanced Electronics Co., Ltd.
- April 1996: Obtained ISO-9002 quality certification.
- January 1997: In cooperation with the Industrial Technology Research Institute's Institute of Materials, the high-frequency multilayer chip inductor process technology was successfully developed and mass-produced.
- September 1999: Engaged in cash capital increase of NT\$38,500 thousand; after capital increase, paid-in capital amounted to NT\$93,500 thousand.
- August 2000: Capitalization of retained earnings of NT\$16,500 thousand; after capital increase, paid-in capital amounted to NT\$110,000 thousand.
In addition, the investment was transferred to establish Tai Hsiang Technology Co., Ltd.
- November 2000: Merged North West Electrical (NWE) Co., Ltd. to increase capital by NT\$88,127 thousand; capital amount after consolidated capital increase was NT\$198,127 thousand.
- May 2001: Obtained QS-9000 quality certification.
- July 2001: Capitalization of retained earnings of NT\$30,670 thousand; capital reserve was converted into capital of NT\$66,203 thousand, and engaged in cash capital increase of NT\$61,000 thousand; paid-in capital was NT\$356,000 thousand.
- August 2001: Reinvestment in TAI-TECH Advanced Electronics (Kunshan).
- December 2001: Cash capital increase of NT\$100,000 thousand; after capital increase, paid-in capital amounted to NT\$456,000 thousand.
- July 2002: Capitalization of retained earnings of NT\$82,536 thousand. In addition, merged with Tai Hsiang Technology Co., Ltd. and Taito Technology Co., Ltd.
to increase capital by NT\$10,240 thousand; capital increased to NT\$548,776 thousand.
- January 2003: Changed Company name to TAI-TECH Advanced Electronics Co., Ltd.
- May 2003: Capitalization of retained earnings of NT\$35,670 thousand and cash capital increase of NT\$25,554 thousand, bringing paid-in capital to NT\$610,000 thousand.
- August 2003: Passed ISO14001 environmental management certification.
- June 2005: Recapitalization of retained earnings of NT\$61,000 thousand; after the capital increase, the paid-in capital amounted to NT\$671,000 thousand

- November 2006: Engaged in cash capital increase of NT\$28,748 thousand. In addition, merged with Taicheng Technology Co., Ltd. to increase capital by NT\$252 thousand. Paid-in capital amounted to NT\$700,000 thousand.
- April 2007: Thin inductor products won recognition by the Ministry of Economic Affairs for Leading Product Development Plan and Own Brand Marketing in International Markets promotional program grants.
- December 2008: Reinvestment in TAIPAQ Electronics (Si-hong) Co., Ltd.
- December 2009: Engaged in cash capital increase of NT\$550 thousand; after capital increase, paid-in capital amounted to NT\$700,550 thousand.
- June 2010: Developed miniaturized 0201 ferrite beads.
- August 2010: Developed common mode filters for DVI, HDMI, and USB3.0.
- January 2011: Engaged in cash capital increase of NT\$79,450 thousand; after capital increase, paid-in capital amounted to NT\$780,000 thousand.
- March 2011: Applied to the Financial Supervisory Commission for a public offering of shares, and the effective notification was declared on March 17.
- April 2011: Applied to the Taipei Exchange for stock listing and registered as an Emerging Market listed stock on April 6.
- July 2011: Developed a common mode filter for HSF series USB3.0 (the world's smallest wire-wound common mode filter).
- August 2011: Passed TS-16949 quality certification.
- December 2011: Developed sensor PAS4420 series.
- January 2012: Invested in Jui Hsun Advanced Technology Co. for design and sale of RF parts.
- September 2012: Capitalization of retained earnings of NT\$15,600 thousand; after capital increase, paid-in capital amounted to NT\$795,600 thousand.
- December 2013: Merged with Jui Hsun Advanced Technology Co., Ltd.
- January 2014: The Board of Directors passed a resolution to liquidate investment in Dongguan TAI-TECH Advanced Electronics Co., Ltd.
- June 2014: Completed liquidation of Pangu Investment Co., Ltd.
- August 2014: Engaged in cash capital increase of NT\$114,400 thousand; after capital increase, paid-in capital amounted to NT\$910,000 thousand.
- October 2014: Acquired 100% of equity in reinvested business TAIPAQ Electronics (Si-Hong) Co., Ltd.
- January 2015: The Board of Directors passed a resolution to liquidate reinvestment in Kam Heng International Ltd.
- June 2015: Mass production of the AHP series of high-electrical specifications encapsulated wire-wound low profile power inductors.
- August 2015: Mass production of 4-Lines pulse transformer TXF3532/4532 series
- August 2015: Mass production of automatic type LAN transformer module

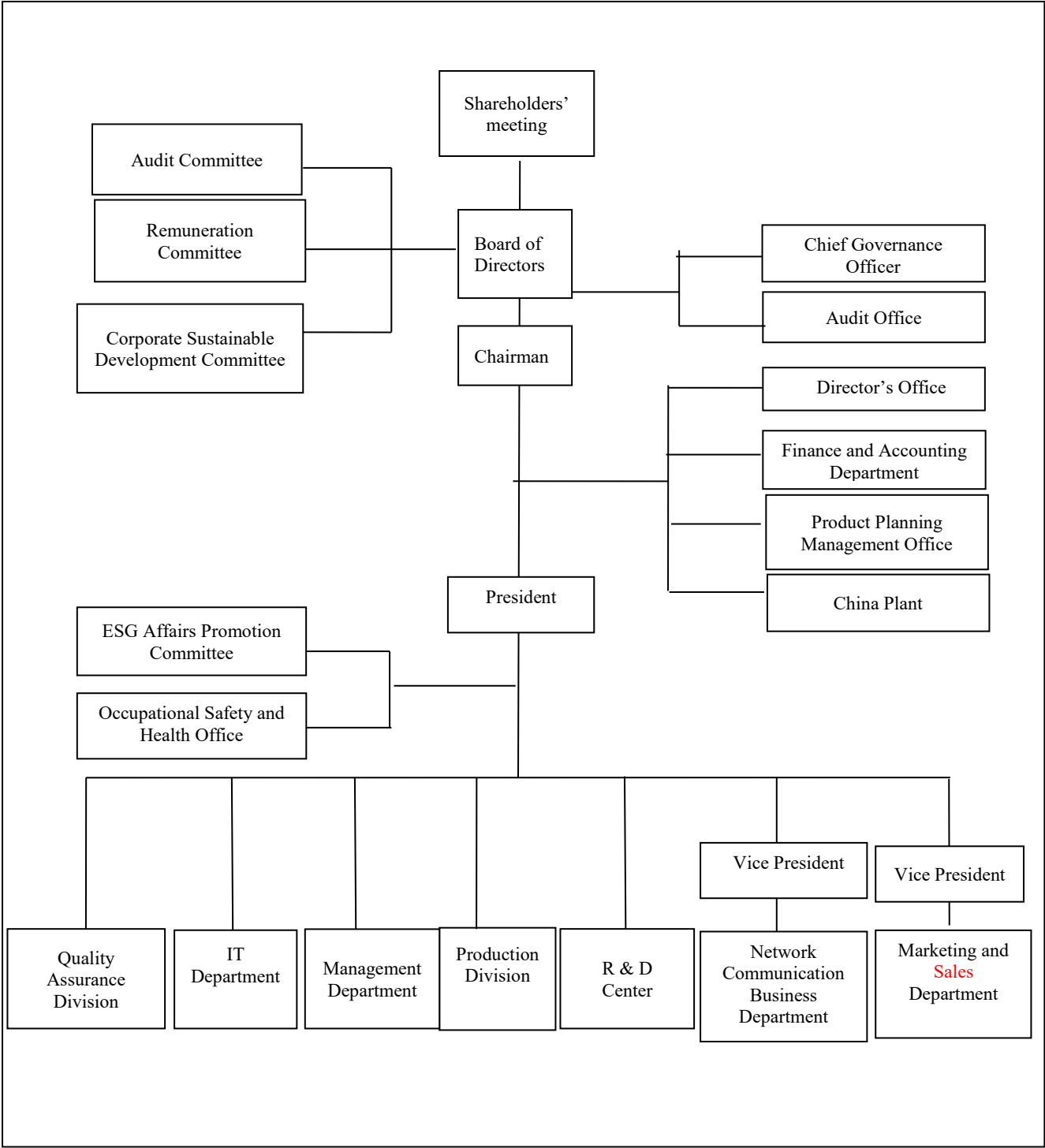
- November 2015: Mass production of AWP series of one-piece alloy miniature power inductors.
- August 2016: Development completed for TXF5353 size 4-lines pulse transformer suitable for POE specification.
- September 2016: Completed development of ACM series of common mode filters for automotive electronic applications.
- September 2016: In respect to automotive electronic applications, completed development of large-size integrated high-current-resistant power inductors.
- December 2016: Applied for approval to acquire subsidiary Yao Tsuan Technology Co., Ltd.
- July 2017: For the BPH series of high-current threading ferrite beads, development of a full series of automated processes was completed and mass production undertaken.
- August 2017: Mass production of the AWP series of miniature alloy molded power inductors at the Si-Hong plant.
- October 2017: On-board (discrete) solution of LAN transformer already in use by several customers.
- January 2018: Common mode filter for HDMI2.1 specification.
- July 2018: Fully automated molded power inductor production line was installed in Si-Hong Plant and started mass production.
- July 2018: Miniaturized development of encapsulated wire-wound ferrite-wound flat wire power inductor AHP products.
- July 2018: Completed development of 2.5G/5G product specification of the inductive LAN transformer module and gained recognition from customers.
- November 2018: 10G product specification development completed for inductive LAN transformer modules and samples began to send out.
- April 2019: The Board of Directors approved a proposal for TAI-TECH Advanced Electronics (Kunshan) to allocate equipment price surplus to Best Bliss Investment Ltd. and subsequently to use this equipment price to apply for investment in TAIPAQ Electronics (Si-Hong) Co., Ltd. After completion, Pangu Holdings to hold 92.29% equity of TAIPAQ Electronics (Si-Hong) Co., Ltd. while Best Bliss Investment Ltd. to account for 7.71%.
- July 2019: Automotive common mode filter ACM4532/ACM3225, suitable for general specifications of CAN FD.
- October 2019: Completed development of LAN transformer TXF5365/TXF4532/TXF3532 series suitable for Power over Ethernet (PoE) specifications of Ethernet power supply.
- October 2019: Passed ISO45001 occupational safety and health management system certification.
- November 2019: Development and certification work applied to the next-generation memory module DDR5 one-piece molded power inductor TMPF series.

- April 2020: Released three-wire balun transformer BCM3225 series.
- October 2020: Completed the CAN FD (Controller Area Network Flexible Data-Rate) Class 1, 2, 3 common mode filter ACM4532/3225 for use in the internet of vehicles.
- October 2020: Completed the development of common mode filter APO322523/30 series (POC, Power Over Coaxial) used in vehicle coaxial power supply network systems.
- November 2020: Completed the development of LAN transformer TXF536540 6-terminal electrode and 7-terminal electrode series compatible with 5GbE Power over Ethernet PoE/60W specification.
- March 2021: Issued new shares for cash capital increase prior to initial public offering on TPEx; 12,134 thousand common shares were issued. After capital increase, paid-in capital amounted to NT\$1,031,340 thousand.
- April 2021: Listed on TPEx on April 27, 2021.
- June 2021: WCM1513/1211/9070 high-current resistant common mode filter automatic production and mass production.
- August 2021: Completed the development of TVMP/TTMA/TTMP vertical and two-wire alloy type high resistance power inductors.
- September 2021: Completed development of miniaturized chip type high resistance ferrite beads HFZ1005/1608 series.
- September 2021: Completed development of AHP160808 series of miniaturized wire-wound high resistance inductors.
- October 2021: Completed development of HPC-BMV series of automobile power inductor products.
- October 2021: Completed automotive grade ACM3225F2DV temperature resistant 150 degree series of products.
- November 2021: Completed development of ACM3225 common mode filter for automotive grade communication high-end OA1000.
- November 2021: Completed development of automotive grade high-reliability low-loss power inductor MMIM4030GV.
- March 2022: The HSF1210-U4 series, common mode filters of USB4.0 specifications.
- August 2022: The AMIM3225/4020 series, high-efficient loss-loss alloy molded power inductors of the DDR5 standard.
- October 2022: The Taiwan head factory set up a molded power inductor production line.
- November 2022: Reduced capital by retiring repurchased shares, and modified the capital registration. The paid-in capital after capital reduction amounted to NT\$1,020,340 thousand.

Three. Corporate Governance Report

I. Organizational System

(I) Organization Chart



(II) Business Operations of Major Departments

Department	Primary Function
Audit Committee	● Supervise the fair presentation of financial statements; evaluate the management of potential risks. ● Supervise the effectiveness of implementing internal controls and compliance with relevant laws and regulations. ● Supervise the selection (removal) of CPAs as well as their independence and performance.
Remuneration Committee	● Establish and regularly review the reasonableness of the remuneration of directors and managers.
Corporate Sustainable Development Committee	● Formulate sustainable development annual plan and strategy. ● Formulate sustainable development projects and activity plans. ● Track and review the effectiveness of the implementation of sustainable development annual plans, strategy, projects, and activity plans. ● Determine matters related to sustainable development.
Chief Governance Officer	● Assist ordinary directors and independent directors in executing their duties. ● Assist in the regulatory compliance of the procedures for, and resolutions of, the Board of Directors meeting and the Shareholders Meeting. ● Supervise the transparency of corporate governance, implementation of internal audit and internal control, and compliance with laws and regulations. ● Promote corporate governance affairs and formulate and revise the regulations therefor. ● Coordinate the self-evaluation under the “Corporate Governance Evaluation System”, submit suggestions on the indicators failing to meet the scoring criteria, and make improvement by consolidating the resources of each unit.
Audit Office	● Audit and evaluation of the internal control system. ● Audit report preparation and improvement work evaluation. ● Evaluation and audit of the internal control systems of overseas subsidiaries.
Director’s Office	● Formulate business strategy and product development direction. ● Supervise each plant’s operations.
Finance and Accounting Department	● Planning and management of budget compilation, accounting, taxation, and shareholder services. ● Fund scheduling, management and financing planning, and handling of accounts and financial reports.
Product Planning Management Office	● Development, negotiation, and procurement of domestic and foreign suppliers. ● Supplier evaluation and management. ● Inventory management of goods on hand.
ESG Affairs Promotion Committee	● Responsible for implementing and supervising the plans, strategy, projects, and activities formulated by the “Corporate Sustainable Development Committee” under the Board of Directors. ● Coordinate the Company’s sustainable operations affairs and hold awareness sessions on stewardship.

Department	Primary Function
Occupational Safety and Health Office	● Continue to promote the occupational safety and health management system and assist in security patrol. ● Organize occupational safety-related education and training for new and in-service employees. ● Manage hazardous chemical substance. ● Monitor the working environment. ● Convene Occupational Safety and Health Committee meetings.
Marketing and Sales Department	● The planning and execution of business objectives. ● Planning and management of market development, customer service, and product sales and collection. ● Global customer market research and business information collection and analysis. ● Planning and execution of product marketing and development of major overseas sales markets.
Network Communication Business Department	● Design, sampling, research, development planning, and implementation of new products and technologies used in the network communication industry. ● Network communication product-related technical support and consultation, and rationalized equipment development. ● The planning and execution of business objectives. ● Planning and management of market development, customer service, and product sales and collection. ● Global customer market research and business information collection and analysis. ● Planning and execution of product marketing and development of major overseas sales markets.
R & D Center	● Design, sampling, research, development planning, and implementation of new products and technologies. ● Product-related technical support and consultation, and rationalized equipment development.
Production Division	● Product production, quality inspection, trial production, and warehouse management. ● Establishment and implementation of quality control and engineering technology. ● Planning and implementation of shipping, outsourcing management, and material control systems. ● Production automation planning and execution. ● Equipment security.
Management Department	● Human resource planning, personnel system, welfare, education, and management of affairs. ● Establishment and implementation of administrative and general affairs systems. ● Handling of public relations and legal affairs. ● Procurement and management of key raw materials, equipment, and various goods. ● Third-party development management.

Department	Primary Function
IT Department	● Regulate the rights, responsibilities, and independence of computer data processing. ● Assist system requirements assessment and development progress control. ● Responsible for information education training and system document production. ● Handle system issues and related custom requirements adjustments. ● Manage data security and information security issues.
Quality Assurance Division	● Product inspection and handling of anomalies and customer complaints. ● Business planning and implementation of quality audit and certification. ● Management of instruments, and after-sales service.

II. Information on directors, supervisors, the President, vice presidents, associate managers, and supervisors of various departments and branches

(I) Information on directors and supervisors

Date of Suspension of Transfer: April 2, 2023; Unit: shares

Title	Nationality or place of registration	Name	Gender	Election (Appointment) Date	Term of office	Initial election date Job Assumption Date	Shares held at the time of appointment		Number of shares currently held		Spouse and minor children currently holding shares		Shares held by proxy		Principal Experience (Education)	Office(s) concurrently held in the Company and in other companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks
							Number of Shares	Share holding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Representative: Hsieh, Ming-Yen	Male 51-60	June 21, 2022	3 years	2006.07.21	2,464,829	2.39%	2,464,829	2.42%	463,371	0.45%	—	—	Master of Business Administration, Pacific Western University (US) Department of Mechanical Engineering, Minghsin University of Science and Technology CEO, TAI-TECH Advanced Electronics Co., Ltd. President, TAI-TECH Advanced Electronics Co., Ltd. Vice President, TAI-TECH Advanced Electronics Co., Ltd. Executive Vice President, TAI-TECH Advanced Electronics Co., Ltd.	Chairman, President and Director, TAIPAC Electronics (Si-Hong) Co., Ltd. Chairman, President and Director, TAI-TECH Advanced Electronics (Kunshan) Holding Limited Chairman and Director, North Star International Limited Chairman and Director, Best Bliss Investments Limited Director, Superworld Holdings (S) Pte. Ltd. Chairman and Director, Northwest Investment Corporation Director, AIPAC Technology Co., Ltd. Chairman and Director, Hsieh Heng Te Investment Corporation Chairman and Director, Yizhi Investment Co., Ltd.	Director	Yu-Hsiang Yu Hsieh	Mother/Son	
	Republic of China	Northwest Investment Corporation	-	June 21, 2022	3 years	2006.07.21	6,121,718	5.94%	6,121,718	6.00%	—	—	—	—	—	—	—	—	—	
Director	Republic of China	Representative: Yu-Hsiang Yu Hsieh	Female 71-80	June 21, 2022	3 years	2010.05.14	1,419,902	1.38%	1,449,902	1.42%	—	—	—	—	Yang Mei Elementary School	Chairman and Director, Hengyang Investment Co., Ltd. Supervisor, PinChen Investment Co., Ltd.	Chairman	Hsieh, Ming-Yen	Mother/Son	—
																	President	Ming-Liang Hsieh	Mother/Son	—
																	Director of Sales Division	Ming-Chi Hsieh	Mother/Son	—
	Republic of China	Heng Yang Investment Corporation	-	June 21, 2022	3 years	2010.05.14	6,467,995	6.27%	6,540,995	6.41%	—	—	—	—	—	—	—	—	—	—

Title	Nationality or place of registration	Name	Gender Age	Election (Appointment) Date	Term of office	Initial election date Job Assumption Date	Shares held at the time of appointment		Number of shares currently held		Spouse and minor children currently holding shares		Shares held by proxy		Principal Experience (Education)	Office(s) concurrently held in the Company and in other companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks
							Number of Shares	Share holding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Director	Singapore	Chin-Sheng Chen	Male 51-60	June 21, 2022	3 years	2010.05.14	—	—	—	—	—	—	—	—	EMBA, College Management, Taiwan University Department of Electrical Engineering, Hwa Hsia University of Technology, TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Director, Superworld Holdings (S) Pte. Ltd. Chairperson and Director, Superworld Electronics (S) Pte. Ltd. Chairperson and Director, TAI-TECH Advanced Electronics (S) Pte. Ltd. Chairman and Director, Superworld Electronics Co., Ltd. (Hong Kong) Chairman and Director, Superworld Electronics Co., Ltd. Chairman and Director, Dongguan Chenghan Electronics Co., Ltd. Director, SC Innovation Limited Director, KL Venture Limited Director, Best Merits Ventures Limited Director, SerLink International Ltd. Chairman and Director, Johnson Enterprise Ltd. Chairman and Director, Superworld Electronics Co., Ltd. (Malaysia)	—	—	—	—
	Republic of China	Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank		June 21, 2022	3 years	June 21, 2022	10,207,649	9.90 %	10,207,649	10.00%	—	—	—	—	—	—	—	—	—	—
Director	Republic of China	Chien-Jung Lin	Male 71-80	June 21, 2022	3 years	2001.08.07	1,836,610	1.78 %	1,836,610	1.80%	629,810	0.62%	—	—	Department of Electromechanical Engineering, Minghsin University of Science and Technology Chairman's Office Director, Managing Director, Consultant, Tai-Tech Advanced Electronics Co., Ltd. President, TAI-TECH Advanced Electronics Co., Ltd.	Supervisor, Northwest Investment Corporation Supervisor, TAIPAQ Electronic Components (Si-Hong) Co., Ltd. Chairman and Director, Smart Investment Corporation	—	—	—	—

Title	Nationality or place of registration	Name	Gender Age	Election (Appointment) Date	Term of office	Initial election date Job Assumption Date	Shares held at the time of appointment		Number of shares currently held		Spouse and minor children currently holding shares		Shares held by proxy		Principal Experience (Education)	Office(s) concurrently held in the Company and in other companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks
							Number of Shares	Share holding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
															Technical Vice President, North West Electric Engineering Specialist, TDK Corporation					
Director	Republic of China	Chih-Cheng Hung	Male 51-60	June 21, 2022	3 years	2010.05.14	1,225,615	1.19%	1,225,615	1.20%	46,650	0.05%	—	—	Master, School of Health Care Administration, Taipei Medical University Bachelor, School of Medicine, Chung Shan Medical University Official Research Fellow, Oregon Health & Science University, U.S.A. Attending Physician, Linkou Chang Gung Medical Cosmetic Center President, Taipei Head Office, Han Fong Cosmetic Clinic	Director, Chimay Plastic Surgery Clinic	—	—	—	—
Director	Republic of China	Kuei-Kuang Huang	Male 71-80	June 21, 2022	3 years	2000.10.16	2,564,591	2.49%	2,564,591	2.51%	1,109,612	1.09%	—	—	Department of Mechanical Engineering, Taipei Municipal Da-An Vocational High School President, Tai Tuo Technology Co., Ltd. Management Department Vice President, North West Electric Engineering Factory Director, North West Electric Engineering Section Chief, TDK Corporation	Chairman and Director, Hua Lan Investment Corporation	—	—	—	—
Independent Director	Republic of China	Yu-Tsun Li	Male 71-80	June 21, 2022	3 years	2015.10.06	—	—	—	—	—	—	—	—	Department of Civil Engineering, Taoyuan Municipal Zhongli	—	—	—	—	—

Title	Nationality or place of registration	Name	Gender Age	Election (Appointment) Date	Term of office	Initial election date Job Assumption Date	Shares held at the time of appointment		Number of shares currently held		Spouse and minor children currently holding shares		Shares held by proxy		Principal Experience (Education)	Office(s) concurrently held in the Company and in other companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks
							Number of Shares	Share holding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
															Commercial High School Independent Director, Tecstar Technology Co., Ltd. Chairperson, TDK Corporation					
Independent Director	Republic of China	Yang-Pin Shen	Male 51-60	June 21, 2022	3 years	July 23, 2021	—	—	—	—	—	—	—	—	PhD in Finance, Louisiana State University (USA) Chief Secretary, Yuan Ze University EMBA President, Yuan Ze University Department Chair, Department of Finance of Yuan Ze University Director, Graduate Institute of Management of Yuan Ze University Associate Professor, Department of Finance of National Chung Cheng University.	Associate Professor and Director of Human Resources Office, School of Management, Yuan Ze University Director, HanTech Venture Capital Corporation Director, CDIB BioScience Ventures I, Inc. Independent Director, ICP DAS Co., Ltd.	—	—	—	—
Independent Director	Republic of China	Yi-Chun Chiang	Female 51-60	June 21, 2022	3 years	July 23, 2021	—	—	—	—	—	—	—	—	Master in Civil and Commercial Law, National Chengchi University College of Law EMBA, National Chiao Tung University Project Manager, Legal Department of Vanguard International Semiconductor Corporation Associate Manager/Attorney, PwC Legal	Attorney, Premium Attorneys-at-Law Independent Director, ICP DAS Co., Ltd.	—	—	—	—

(2) Major shareholders of corporate shareholders:

December 31, 2022

Name of corporate shareholder	Major shareholders of corporate shareholders
Northwest Investment Corporation	Xie Hengde Investment Co., Ltd. (45.93%), Ruiguang Investment Co., Ltd. (29.49%), Hualan Investment Co., Ltd. (24.58%)
Heng Yang Investment Corporation	Ming-Chi Hsieh (25.91%), Yu-Hsiang Yu Hsieh (22.25%), Ming-Liang Hsieh (21.66%), Hsieh, Ming-Yen (21.64%), Ling-Hsia Chou (4.27%), Jui-hsia Tai (4.27%)
Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank	Director, Superworld Holdings (S) Pte. Ltd.)

(3) Major shareholders of major corporate shareholders:

Name of corporate shareholder	Major shareholders of corporate shareholders
Director, Superworld Holdings (S) Pte. Ltd.)	WU,MEI-JU(0.25%), LAI,WEI-LIN(0.20%), LO,WEN-HUNG(0.20%), PHUA TEO CHYE(7%), LIM KIM ENG(0.75%), CHENG MUI LENG(1.45%), CHEN CHIN SHENG(50.85%), YEO SEE ANN(0.85%), CHOONG YOON SONG(0.1%), PE KOK BOON(6%), WONG KIT PING(11.15%), TIEW CHIEW HUN(0.05%), TAN MUI MUI(0.1%), CHEW TZE ROUN(0.05%), BEST BLISS INVESTMENTS LIMITED(10%), CYCLE TECHNOLOGIES COMPANY LIMITED(11%)

(4) Disclosure of information on the professional qualifications of directors and supervisors and the independence of independent directors:

Conditions Name	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	Concurrently serving in other public companies Number of independent directors of the Company
Representative: Hsieh, Ming-Yen, Northwest Investment Corporation	Good at leadership, operational judgment, business management, crisis management, and having industry knowledge and international market knowledge	Not exhibiting any of the circumstances specified under Article 30 of the Company Act.	0
Representative: Yu-Hsiang Yu Hsieh, Heng Yang Investment Corporation	Experience in business management	Not exhibiting any of the circumstances specified under Article 30 of the Company Act.	0

Representative: CHEN CHIN SHENG; Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank	Good at leadership, operational judgment, business management, crisis management, and having industry knowledge and experience in international markets	Not exhibiting any of the circumstances specified under Article 30 of the Company Act.	0
Chien-Jung Lin	Experience in business management and industry knowledge	Not exhibiting any of the circumstances specified under Article 30 of the Company Act.	0
Chih-Cheng Hung	Experience in business management	Not exhibiting any of the circumstances specified under Article 30 of the Company Act.	0
Kuei-Kuang Huang	Experience in business management and industry knowledge	Not exhibiting any of the circumstances specified under Article 30 of the Company Act.	0
Yu-Tsun Li	Chairperson, TDK Corporation; over 38 years of experience in business management and industry knowledge		0
Yang-Pin Shen	Currently an associate professor at the School of Management of Yuan Ze University, a private institution; having more than 29 years of teaching experience		1
Yi-Chun Chiang	Currently an attorney at Premium Attorneys-at-Law; having more than ten years of working experience as a lawyer		1

II. Diversity and independence of the Board of Directors:

- (I) Board of Directors' Diversity: Describe the Board of Directors' diversity policies, goals, and achievements. Diversity policies include but are not limited to the composition or ratio director of selection criteria, professional qualifications and experience that the Board of Directors should have in terms of gender, age, nationality and culture, etc.; and the Company's specific goals and our achievement of the previously disclosed policies are described here.
- (II) Independence of the Board of Directors: State the number and proportion of independent directors, and further explain that the Board of Directors is independent while stating with reasons whether any of the circumstances are present for the Board of Directors as stipulated in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, including a description of any spousal relationship or family relationship within the second degree of kinship among directors or between directors and supervisors.

Note 1: Professional qualifications and experience: Describe the professional qualifications and experience of individual directors and supervisors. If they are members of the Audit Committee and have accounting or finance expertise, they should state their accounting or finance background and work experience. In addition, indicate whether they do not exhibit any of the circumstances specified under Article 30 of the Company Act.

Note 2: Independent directors should state their conformity to status of independence, including but not limited to whether one's self, spouse, or relatives within the second of kinship serve as directors, supervisors or employees of the Company or its affiliated companies; the number and proportion of the Company's shares held by oneself, a spouse, or relatives within the second degree of kinship (or held under the names of others); whether one serves serve in the position of director, supervisor, or employee of a company that has a specified relationship with the Company (in reference to Article 3, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliates in the last two years.

Note 3: For disclosure methods, please refer to the Best Practice Reference Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

(II) Information on the President, vice presidents, associate managers, and supervisors of various departments and branches

Date of Suspension of Transfer: April 2, 2023; Unit: shares

Title	Nationality	Name	Gender	Election (Appointment) Date	Shares held		Spouse and minor children holding shares		Shares held by proxy		Principal Experience (Education)	Current adjunct positions at other companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
President and Supervisor of Occupational Health and Safety Office	Republic of China	Ming-Liang Hsieh	Male	2009.02.06	746,868	0.73%	135,027	0.13%	2,000,000	1.96%	PhD in Physics, Imperial College of Science, Technology and Medicine, University of London (now renamed as Imperial College London) MSc Semiconductor Science and Technology, Imperial College of Science, Technology and Medicine, University of London (now renamed as Imperial College London) Master's degree, In-service Class (EMBA), Master of Finance, National Taiwan University Master's degree, Institute of Optoelectronic Engineering, National Chiao Tung University Bachelor of Physics, Chung Yuan Christian University Manager of Device 2 Department, Integrated Technology Development Office, United Microelectronics Co., Ltd.	Director, TAI-TECH Advanced Electronics (Kunshan) Heng Yang Investment Corporation Director, TAIPAQ Electronic Components (Si-Hong) Co., Ltd. Supervisor, Hsieh Heng Te Investment Corporation Chairman and Director, Jiayu Investment Co., Ltd.	Sales Division Director	Ming-Chi Hsieh	Brother	—
Network Communication Business Department Vice President	Republic of China	Pao-Lin Shen	Male	2016.12.05	—	—	106,120	0.10%	—	—	Joint Engineering College Electrical and Electric Power Division TV Manufacturing Engineer, Sampo Corporation Inductor Production Engineer, Prosperity Dielectrics Co., Ltd.	None	—	—	—	—
TAIPAQ Plant Executive Vice President	Republic of China	Lung-Wang Chang	Male	2011.03.15	596,858	0.59	—	—	—	—	Mechanical Engineering Department of Jianxing Engineering College Production Technology Engineer, MAG. LAYERS Scientific-Technics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd. Director, TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	—	—	—	—
Kunshan Plant Vice President	Republic of China	Chun-Chih Liu	Male	2011.03.15	166,135	0.16%	—	—	—	—	Taoyuan Chenggong Vocational College of Electrical Engineering Mechanical technician at Taoyuan	Vice President and Director, TAI-TECH Advanced Electronics (Kunshan)	—	—	—	—

Title	Nationality	Name	Gender	Election (Appointment) Date	Shares held		Spouse and minor children holding shares		Shares held by proxy		Principal Experience (Education)	Current adjunct positions at other companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
											wool textile factory Technician, North West Electric Engineering					
Director, Product Planning Management Office	Republic of China	Yi-Ju Lin	Male	2012.05.01	54,258	0.05%	32,356	0.03%	—	—	Kunshan Industrial and Commercial College Engineering Management Department Multilayer products Manufacturing Manager, Tai- Tech Advanced Electronics	Director, TAI-TECH Advanced Electronics (Kunshan) TAIPAQ Electronic Components (Si- Hong) Co., Ltd. Supervisor, Juda International Technology Co., Ltd.	Manager, Production and Management Department	Yi-Ting Huang	Spouse	—
Product Planning Management Office Associate Manager	Republic of China	Chi-Ming Tseng	Male	2016.12.05	78,600	0.08%	—	—	—	—	Kainan Commercial and Civil Engineering Department Director of Business Department, Bull Will Co., Ltd. President, Yaozuan Technology Co., Ltd.	None	—	—	—	—
Quality Assurance Division Director	Republic of China	Pai-Hsuan Chung	Male	2011.03.15	9,000	0.01%	66,000	0.06%	—	—	Bachelor of Biology, Tunghai University R&D Manager, Tai-Tech Advanced Electronics Co., Ltd.	Supervisor, TAI-TECH Advanced Electronics (Kunshan)	—	—	—	—
Director's Office Chief Engineer	Republic of China	Shao- Hsiung Huang (Note)	Male	2011.03.15	268,837	0.26%	49,592	0.05%	—	—	Yangmei High School R&D Manager, Tai-Tech Advanced Electronics Co., Ltd.	None	—	—	—	—
Chief Governance Officer Manager, Finance and Accounting Department	Republic of China	Hui-Yu Ho	Female	2011.04.01	40,719	0.04%	—	—	—	—	Bachelor of Business Administration, Chung Yuan Christian University Assistant Accountant, Chain Chon Industrial Co., Ltd. Audit Section Chief, Dessicant Technology Corporation	None	—	—	—	—
Audit Supervisor	Republic of China	Ching-Chi Hsieh	Male	2011.04.01	3,000	0.00%	—	—	—	—	Electronic Application Department of Universal Engineering College Manufacturing Section Chief, Tecstar Technology Co., Ltd.	None	—	—	—	—
Marketing and Operating Department Vice President	Republic of China	Yung-Tzu Li	Male	2011.03.15	218,240	0.21%	—	—	—	—	Master of Business Administration, Chung Yuan Christian University	Manager, TAI-TECH Advanced Electronics (Kunshan)	—	—	—	—

Title	Nationality	Name	Gender	Election (Appointment) Date	Shares held		Spouse and minor children holding shares		Shares held by proxy		Principal Experience (Education)	Current adjunct positions at other companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Remarks
					Number of Shares	Share holding ratio	Number of Shares	Share holding ratio	Number of Shares	Share holding ratio			Title	Name	Relationship	
											Business Specialist, North West Electric Engineering Tax Specialist, National Tax Administration					
Marketing and Operating Department Director	Republic of China	Ming-Chi Hsieh	Male	2011.04.01	750,481	0.74%	611,731	0.60%	2,000,000	1.96%	Bachelor of Electrical and Electronic Engineering, Surthers University (UK) R&D Director, TAI-TECH Advanced Electronics	Director, Heng Yang Investment Corporation Director, Hsieh Heng Te Investment Corporation Chairman and Director, Pinchen Investment Co., Ltd.	President and Supervisor of Occupational Health and Safety Office	Ming- Liang Hsieh	Brother	—
Marketing and Operating Department Deputy Director	Republic of China	Tze-Chun Chan	Male	2016.03.01	68,212	0.07%	—	—	—	—	Electronic Department, Dahua Industrial and Commercial College Business Director, Feite Technology Co., Ltd.	None	—	—	—	—
R&D Center Director	Republic of China	Hsiang- Chung Yang	Male	2011.03.15	192	0.00%	—	—	—	—	Master's degree, Materials Research Institute, National Taiwan University Bachelor of Materials Science and Engineering, Tatung University of Technology R&D Associate, Tecstar Technology	None	—	—	—	—
R&D Center Deputy Director	Republic of China	Chun-Te Tsou	Male	2011.07.01	77,690	0.08%	7,987	0.01%	—	—	Electronics Division, Hsinpu Institute of Technology Papermaking Specialist, Yuen Foong Yu Product Development Manager, Tai-Tech Electronics	None	—	—	—	—
Quality Assurance Department Manager	Republic of China	Jung- Chuan Chang	Male	2012.05.01	66,000	0.06%	40,316	0.04%	—	—	Master's degree, Institute of Computer Science, National Taiwan University of Science and Technology Mechanical Division, Yatung Engineering College Quality Assurance Manager, Tai- Tech Advanced Electronics	None	—	—	—	—

Title	Nationality	Name	Gender	Election (Appointment) Date	Shares held		Spouse and minor children holding shares		Shares held by proxy		Principal Experience (Education)	Current adjunct positions at other companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Remarks
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
											R&D Associate, JMIM Precision Industry Co., Ltd.					
Management Department Manager	Republic of China	Chiang Yu Lin Fan	Female	January 1, 2014	79,623	0.08%	—	—	—	—	Yangmei High School Purchasing Specialist, TAI-TECH Advanced	None	—	—	—	—
IT Department Manager	Republic of China	Kai-Lun Fan	Male	August 1, 2020	32,000	0.03%	—	—	—	—	Bachelor of Information Management, Chung Yuan Christian University Software Engineer, Data Systems Consulting Customer Service Engineer, Data Systems Consulting	None	—	—	—	—
Network Communication Business Department Manager	Republic of China	Chin-Yuan Chen	Male	August 1, 2020	10,000	0.01%	—	—	—	—	Master's Degree, Graduate Institute of Applied Physics, Chung Yuan Christian University R&D Engineer, MAG. LAYERS Scientific-Technics Marketing Manager, Cyntec Co. Business Department Manager, Chilisin	None	—	—	—	—
Production Division Director	Republic of China	Chia-Hung Chang	Male	August 1, 2020	12,000	0.01%	—	—	—	—	Bachelor of Environmental Engineering, Nanya Institute of Technology Production Department Engineer, Taicheng Technology Section Chief, No. 2 Wire-Wound Section, Tai-Tech Advanced Electronics Deputy Manager, Precision Wire- Wound Section, Tai-Tech Advanced Electronics	None	—	—	—	—
Production Division Manager	Republic of China	Yi-Ting Huang	Female	August 1, 2020	32,356	0.03%	54,258	0.05%	—	—	Bachelor of Finance, Ching Yun University of Science and Technology Production Management Specialist, Multilayer Product Department, TAI-TECH Advanced Deputy Production Manager, Wire-Wound Department, Tai- Tech Advanced Electronics	None	Director, Product Planning Management Office	Yi-Ju Lin	Spouse	—

Note: Chief Engineer Shao-Hsiung Huang retired on February 1, 2022.

(III) Remuneration paid to directors (including independent directors), supervisors, the president, and vice president(s) in the most recent year

(1) Remuneration paid to directors and independent directors

December 31, 2022; Units: NT\$ thousand

Title	Name	Directors' remuneration								Ratio of the total amount of A, B, C and D vs. net profit after tax		Remuneration from concurrently serving as employees								Ratio of the total amount of A, B, C, D, E, F, and G vs. net profit after tax		Remuneration received from investee companies outside of subsidiaries, or from the parent company
		Remuneration (A)		Retirement pensions (B)		Remuneration for directors (C)		Business execution expenses (D)				Salaries, bonuses, special expenditures, etc. (E)		Retirement pensions (F)		Employee compensation (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
Amount in cash	Amount in shares															Amount in cash	Amount in shares					
Chairman	Northwest Investment Corporation Representative: Hsieh, Ming-Yen	—	—	—	—	19,036	19,036	516	516	19,551.88%	19,551.88%	14,943	18,038	228	228	—	—	—	—	34,724.34%	37,818.64%	None

Director	Heng Yang Investment Corporation Representative: Yu-Hsiang Yu Hsieh																					
Director	Chien-Jung Lin																					
Director	Chih-Cheng Hung																					
Director	Kuei-Kuang Huang																					
Director (Note)	Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank; Representative: CHEN CHIN SHENG																					
Independent Director	Yu-Tsun Li																					
Independent Director	Yang-Pin Shen	1,296	1,296	—	—	—	—	258	258	1,554 0.15%	1,554 0.15%	—	—	—	—	—	—	—	—	1,554 0.15%	1,554 0.15%	None
Independent Director	Yi-Chun Chiang																					
1. Please state the policies, systems, standards and structure of independent directors' remuneration, and, according to the responsibilities, risks, time invested and other factors, describe the relevance to the remuneration amount: The remuneration of independent directors adopts a fixed payment system and does not participate in the distribution of directors' remuneration in accordance with the Articles of Incorporation. The main consideration is to maintain independence to facilitate the performance of supervisory functions. Every year, independent directors of the Company participate in at least four Board of Directors meetings, four Audit Committee meetings, and two Remuneration Committee meetings. Moreover, in order to implement the integrity of business operations, independent directors review internal audit reports every month and regularly communicate with the internal audit supervisor and with CPAs regarding internal controls and financial statements. Please refer to "Operation of the Audit Committee" for details of these communications. 2. Other than the content revealed in the table above, remuneration received by directors of the Company for their services in the most recent year (such as serving as an external consultant to the parent company, to any company listed in the financial statements, or to a reinvested company): None. Note: Mr. CHEN CHIN SHENG was fully re-elected on June 21, 2022 and continued to be a director in the capacity of the representative of Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank.																						

Table of Remuneration Scales

Range of remuneration paid to each director of the Company	Director name			
	The total amount of the first four remuneration items (A+B+C+D)		The total amount of the first seven remuneration items (A+B+C+D+E+F+G)	
	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements
Less than NT\$1,000,000	Yu-Tsun Li, Yang-Pin Shen, Yi-Chun Chiang	Yu-Tsun Li, Yang-Pin Shen, Yi-Chun Chiang	Yu-Tsun Li, Yang-Pin Shen, Yi-Chun Chiang	Yu-Tsun Li, Yang-Pin Shen, Yi-Chun Chiang

NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	—	—	—	—
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	Yu-Hsiang Yu Hsieh, Kuei-Kuang Huang, Chien-Jung Lin, Chih- Cheng Hung, Chin- Sheng Chen	Yu-Hsiang Yu Hsieh, Kuei-Kuang Huang, Chien-Jung Lin, Chih- Cheng Hung, Chin- Sheng Chen	Yu-Hsiang Yu Hsieh, Kuei-Kuang Huang, Chien-Jung Lin, Chih- Cheng Hung, Chin- Sheng Chen	Yu-Hsiang Yu Hsieh, Kuei-Kuang Huang, Chien-Jung Lin, Chih- Cheng Hung, Chin- Sheng Chen
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	—	—	—	—
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Hsieh, Ming-Yen	Hsieh, Ming-Yen	—	—
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	—	—	—	—
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	—	—	Hsieh, Ming-Yen	Hsieh, Ming-Yen
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	—	—	—	—
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	—	—	—	—
Over NT\$100,000,000	—	—	—	—
Total	9 people	9 people	9 people	9 people

(2) Remuneration paid to President and vice president(s)

December 31, 2022; Units: NT\$ thousand; shares; %

Title	Name	Disclosed for FY 2022, Units: INR thousand, Lakhs, Crores, %												
		Salary (A)		Retirement pensions (B)		Rewards and Special expenses etc. (C)		Employee compensation amount (D)				Ratio of the total amount of A, B, C and D vs. net profit after tax (%)		Remuneration received from investee companies outside of subsidiaries, or from the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
Cash Amount	Stock Amount							Cash Amount	Stock Amount					

President	Ming-Liang Hsieh													—
Network Communication Business Department Vice President	Pao-Lin Shen	6,133	6,133	308	308	7,140	7,140	5,170	—	5,170	—	18,751 1.81%	18,751 1.81%	—
Marketing and Operating Department Vice President	Yung-Tzu Li													—

Table of Remuneration Scales

Range of remunerations paid to President and vice president(s)	Names of President and vice president(s)	
	The Company	All companies included in the financial statements (E)
Less than NT\$1,000,000	—	—
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)	—	—
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	—	—
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	Yung-Tzu Li	Yung-Tzu Li
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Ming-Liang Hsieh, Pao-Lin Shen	Ming-Liang Hsieh, Pao-Lin Shen
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	—	—
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	—	—
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	—	—
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	—	—
Over NT\$100,000,000	—	—
Total	3 individuals	3 individuals

(4-1) Remuneration of listed company top five supervisors with the highest remunerations (Note 1)

Title	Name	Salary (A) (Note 2)		Retirement pensions (B)		Rewards and Special expenses, etc. (C) (Note 3)		Employee compensation amount (D) (Note 4)				Ratio of the total amount of A, B, C and D vs. net profit after tax (%) (Note 6)		Remuneration received from investee companies
		The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company	All companies included in the financial statements (Note 5)	The Company		All companies included in the financial statements (Note 5)		The Company	All companies included in the financial statements	outside of subsidiaries, or from the parent company (Note 7)
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Ming-Liang Hsieh	2,753	2,753	108	108	2,720	2,720	2,198	0	2,198	0	7,780 0.75%	7,780 0.75%	
Network Communication Business Department	Pao-Lin Shen	2,017	2,017	108	108	2,486	2,486	1,769	0	1,769	0	6,379 0.61%	6,379 0.61%	
TAIPAQ Plant Vice President	Lung-Wang Chang	1,555	2,097	107	107	1,961	2,756	1,179	0	1,179	0	4,802 0.46%	6,139 0.59%	
Marketing and Operating Department Vice President	Yung-Tzu Li	1,363	1,363	93	93	1,934	1,934	1,204	0	1,204	0	4,594 0.44%	4,594 0.44%	
Director, Product Planning	Yi-Ju Lin	1,322	1,322	93	93	1,738	1,738	1,212	0	1,212	0	4,364 0.42%	4,364 0.42%	

Note 1: In the "top five supervisors with the highest remuneration" mentioned here, "supervisor" indicates a manager of the Company, and criteria for identification of the relevant managers are handled in accordance with the scope of the application of "managers" stipulated by the former Securities and Futures Commission of the Ministry of Finance in letter Taicaizheng San Zi No. 0920001301 dated March 27, 2003. As for principles of calculation and determination of the "top five supervisors with the highest compensation," this refers to the total amounts of salaries, retirement pensions, bonuses, special expenses, etc., as well as employee compensation (in other words, the total of four items A+B+C+D) that are received by the Company's managers from all companies in the consolidated financial statements; and after this data is sorted, the top five managers with the highest compensations will be identified. If a director concurrently serves as one of the aforementioned supervisors, this table and the above Table (1-1) should be filled out.

Note 2: Fill in the salaries, position bonuses, and severance pay of the top five supervisors with the highest remunerations in the most recent year.

Note 3: In the series, fill in the amount of each type of bonus, incentive, transportation fees, special expenses, each type allowances, housing, vehicles, and other in-kind provisions and other remuneration amounts provided to the top five supervisors by remuneration amount. For example, when providing housing, vehicles, and other means of

transportation or exclusive personal expenses, the nature and cost of the assets provided and the actual or fair market value of rent, fuel, and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the Company to the driver, but do not include it in the remuneration amount. In addition, salary expenses recognized in accordance with IFRS 2 "Share-Based Payments," including employee stock option certificates, employee restricted shares, and participation in cash capital increase subscription shares, etc., should also be included in the remuneration amount.

Note 4: Fill in this amounts of employee compensation of the top five supervisors with the highest compensation as approved by the Board of Directors in the most recent year (including stock and cash). If an estimate cannot be made, the proposed distribution amount for this year shall be calculated according to the proportion of the actual distribution amount of the prior year, and the attached Table 1-3 should be filled out as well.

Note 5: Disclosure should be made of the total amount of remuneration paid by all companies in the consolidated statements (including the Company) to the top five supervisors with the highest remunerations of the Company.

Note 6: Net profit after tax refers to the net profit after tax for the most recent year in the parent company only or individual financial statement.

Note 7: a. This column should clearly fill in the amount of remuneration related to the top five top supervisors of the Company who received the remuneration from reinvested subsidiaries or from the parent company. (If there is none, then please fill in "none.").

b. Remuneration refers to remuneration and rewards received by the Company's top five supervisors with the highest remunerations in serving as a director, supervisor, or manager of a investee companies outside of subsidiaries, or from the parent company (including remuneration of employees, directors and supervisors) as well as remuneration related to business execution costs and so on.

* The content of remuneration disclosed in this table is different from income defined by income tax laws. Therefore, the purpose of this table is for information disclosure and not for tax purposes.

(3) Names of managerial officers entitled to employee compensation and amounts entitled

December 31, 2022; Units: NT\$ thousand

	Title	Name	Amount in shares	Amount in cash	Total	As percentage of income after tax (%)
Manager	President	Ming-Liang Hsieh	—	19,387	19,387	1.87%
	Vice President, Network Communication Business Department	Pao-Lin Shen				
	Vice President, Marketing and Operating Department	Yung-Tzu Li				
	Executive Vice President, TAIPAQ Plant	Lung-Wang Chang				
	Chief Engineer, Chairperson's Office	Shao-Hsiung Huang (Note)				
	Manager, Finance and Accounting Department; Chief Governance Officer	Hui-Yu Ho				
	Audit Supervisor	Ching-Chi Hsieh				
	Director, Product Planning Management Office	Yi-Ju Lin				
	Associate Manager, Product Planning Management Office	Chi-Ming Tseng				
	Production Division	Chia-Hung Chang				
	Quality Assurance Division	Pai-Hsuan Chung				
	Director, Marketing and Operating Department	Ming-Chi Hsieh				
	Deputy Director, Marketing and Operating Department	Tze-Chun Chan				
	Director, R&D Center	Hsiang-Chung Yang				
	Deputy Director, R&D Center	Chun-Te Tsou				
	Manager, Quality Assurance Department	Jung-Chuan Chang				
	Management Department	Chiang Yu Lin Fan				
	Manager, IT Department	Kai-Lun Fan				
	Manager, Network Communication Business Department	Chin-Yuan Chen				
	Manager, Production and Management Division	Yi-Ting Huang				

Note: Chief Engineer Shao-Hsiung Huang retired on February 1, 2022.

- (IV) Separate comparison and explanation of the ratios of remuneration paid to directors, supervisors, the President and vice presidents of the Company and of all companies in the consolidated financial statements to net profit after tax in the parent company only or individual financial statements in the last

two years. Further explain the correlation between the policies, standards, and combinations of payment, procedures for determination of remuneration, business performance and future risks.

- (1) Analysis of the total of the remuneration paid to directors, the President, and vice presidents in the most recent two years as a percentage of net profits after tax:

Unit: NT\$1,000; %

Item Title	The Company				All companies in the consolidated statements			
	2021		2022		2021		2022	
	Total amount	As a percentage of net income after tax (%)	Total amount	As a percentage of net income after tax (%)	Total amount	As a percentage of net income after tax (%)	Total amount	As a percentage of net income after tax (%)
Directors' remuneration	32,585	2.72	34,724	3.34	36,352	3.04	37,818	3.64
President and Vice President Remuneration	24,928	2.08	18,752	1.81	28,697	2.40	18,752	1.81
Net income after tax	1,197,065	-	1,038,537	-	1,197,065	-	1,038,537	-

The remuneration to President and Vice Presidents in 2022 decreased from 2021, mainly due to the decrease in net income after tax in 2022, which in turn caused a reduce in the bonus to President and Vice Presidents. The total remuneration of directors increased in 2022 from 2021, mainly due to the award of performance bonus to the Chairman in accordance with the "Remuneration and Reward Measures for Directors" approved and put into effect by the Remuneration Committee and the Board of Directors on April 28, 2022.

- (2) Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

(I) Remuneration policies, standards, and packages

1. Directors' remuneration is based on the Company's "Remuneration and Reward Measures for Directors". Directors' compensation for performance of duties is determined by the Remuneration Committee based on an individual director's extent of participation and value of contribution, and by reference to prevailing industry payment standards. In addition,

according to Article 26-1 of the Company's Articles of Incorporation, if the Company has earnings in a year, the Company shall distribute no greater than 2% of such earnings as directors' remuneration. In addition, the Company, being it in profit or loss, must pay independent directors a monthly fixed amount of compensation for their performance of duties. Such compensation may be adjusted by the Remuneration Committee by looking at the extent of their participation in the Company's operations and the value of their contribution. Independent directors do not participate in the distribution of profit-sharing remuneration to directors.

2. Managers' remuneration is based on the Company's "Regulations for Management of Employee Remuneration", which specifies a variety of work allowance and bonus to appreciate and reward employees for their performance at work. Bonus is determined based on the Company's operating performance, financial position, and operating status in the year and an employee's personal performance. In addition, according to Article 26-1 of the Company's Articles of Incorporation, if the Company has earnings in a given year, the Company shall distribute no less than 6% of such pre-tax earnings to employees as employees' compensation - which will be distributed in the middle of the following year - and shall allocate a certain percentage of the post-tax earnings of the year as year-end bonus. In doing so, the Company reflects business performance and achievements properly in employees' remuneration, which will be paid by looking at employees' performance results as well. The Company determines the payment of bonus to managers based on the results of performance evaluation carried out by the Company's "Regulations for Evaluation of Employees' Performance". Criteria for evaluating managers' performance are broken down into two categories: 1. Financial indicators, which represent the achievement of tasks allocated to each department based on the Company's set organizational goals; and 2. Non-financial indicators, which include implementation of the Company's core values, operational and administration capability, innovation (business revolution) capability, teamwork coordination capability, major issues analysis and decision-making capability, and the capability for granting authorization and supervising and helping staff's growth.
3. The Company's remuneration packages, which are specified in the Remuneration Committee Charter, include cash compensation, stock warrants, cash dividends and stock dividends, retirement benefits or severance pay, various types of allowances, and other practical reward measures; the scope of remuneration packages is consistent with that specified in the "Regulations Governing Information to be Published in Annual Reports of Public Companies".

(II) Procedures for determining remuneration

1. To regularly evaluate the remuneration of directors and managers, the Company applies its "Rules for Performance Evaluation of Board of Directors" to directors performance evaluation and its "Regulations for Evaluation of Employees' Performance" to employees performance evaluation. In addition, the Chairman's remuneration is formulated in relation

to the Company's operational performance indicators, according to its "Remuneration and Reward Measures for Directors".

2. The Remuneration Committee and Board of Directors regularly evaluate and review the rationality of performance evaluation and remuneration of directors and managers by referring to personal performance achievement rate and extent of contribution to the Company, taking into account the Company's overall business performance, future risks facing the industry, and future industry development. The remuneration system may be adjusted at any time depending on the actual operational status and relevant laws and regulations. Reasonable compensation will be given after factoring in the current corporate governance trend, so as to strike a balance between sustainable management and risk control. The eventually amount of distributed remuneration to directors and employees of 2022 was first reviewed by the Remuneration Committee and then approved by the Board of Directors.

(III) Association with business performance and future risks:

1. Reviews of the remuneration payment standards and systems related to the remuneration policy are largely based on the Company's overall operating status, with the payment standards approved based on performance achievement rate and contribution, to heighten the overall team effectiveness of the board of directors and management departments. The Company also references the industry's remuneration standards in order to ensure a competitive salary for its management, so that it can maintain excellent management talents.
2. The performance goals assigned to the Company's managers also reflect the essence of "risk control", so as to ensure management and prevention of the risks likely to arise from their scope of duties. A performance rating is given based on their actual performance, and correlates with human resource policy and remuneration policy. All decisions taken by the Company's top management are taken after a thorough assessment of all potential risks. The effectiveness of pertinent decisions is demonstrated in the company's financial performance, thus the remuneration of the managerial level is connected to the performance of risk management.

III. Corporate Governance Operations

(I) Operation of the Board of Directors

The Board of Directors met 10 times in the current year and the immediately preceding year (March 15, 2022). Director attendance is as follows:

Title	Name	Actual attendance (observation) Number of times	Attendance by proxy Number of times	Actual attendance (observation) rate (%)	Note
Chairperson	Northwest Investment Corporation	10	0	100	Re-elected

	Representative: Hsieh, Ming-Yen				
Director	Heng Yang Investment Corporation Representative: Yu-Hsiang Yu Hsieh	10	0	100	Re-elected
Director (Note)	Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank; Representative: CHEN CHIN SHENG	10	0	100	Re-elected
Director	Chien-Jung Lin	10	0	100	Re-elected
Director	Chih-Cheng Hung	10	0	100	Re-elected
Director	Kuei-Kuang Huang	10	0	100	Re-elected
Independent Director	Yu-Tsun Li	10	0	100	Re-elected
Independent Director	Yang-Pin Shen	10	0	100	Re-elected
Independent Director	Yi-Chun Chiang	10	0	100	Re-elected

Other matters to be recorded:

I. If any of the following occurs in the operation of the Board of Directors, specify the date, the session, the content of the motion, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:

1. Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an audit committee in accordance with the law. In accordance with Article 14-5, Paragraph 1 of the Securities and Exchange Act, the provisions of Article 14-3 of the same Act do not apply.
2. Further to the aforementioned matters, any adverse opinion or qualified opinion of the Independent Directors against the resolutions of the Board of Directors that have been noted in the record or declared in writing.

Period of the Board of Directors	Date	Proposal content	Handling of opinions
The 19th session of the 12th Board of Directors	February 25, 2022	Establishment of the Company's "Remuneration and Reward Measures for Directors."	[Presiding Chair/Chairperson Hsieh] President Ming-Liang Hsieh was requested to explain the resolution of the remuneration meeting. [Explanation by President Hsieh] In this proposal of the Remuneration Committee, Article 4.4 of the Company's "Remuneration and Reward Measures for Directors" refers to directors' business execution expenses including special expenses, travel expenses, and each type of allowance. The Remuneration Committee recommends that the calculation methods should be clear and should align with measures for internal management. It is also suggested to revise the text and incorporate it into 4.4.5 - "Remuneration Received by Part-Time Employees." Separately, in that section of Article 5.3 "Variable Salary: Performance Bonuses" concerning the Chairperson, the text states that "to receive a performance bonus, the Chairperson must simultaneously hold the status of an employee." The Remuneration Committee recommends that the wording "hold the status of an employee" be changed to "participate in daily operations and management."

			Therefore, in respect to the proposed "Remuneration and Reward Measures for Directors" currently submitted to the Board of Directors, the Remuneration Committee recommends that the Remuneration Committee and the Board of Directors discuss and approve the proposal in their subsequent sessions after the revision of the text of the above proposal is completed. Resolution: Upon consultation by the presiding chair of all directors present, the case is deferred and is to be discussed at the next meeting.
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II. For recusal of directors from motions due to conflicts of interest, specify the names of the Directors, the content of the motions, the reasons for recusal, and the participation in voting:

Board of Directors Period	Date	Participating director's name	Proposal content	Circumstances of director recusal
The 18th session of the 12th Board of Directors	January 18, 2022	Hsieh, Ming-Yen representing Northwest Investment Corporation, Yu-Hsiang Yu Hsieh representing Heng Yang Investment Corporation, Chin-Sheng Chen, Chien-Jung Lin, Kuei-Kuang Huang, Chih-Cheng Hung, Yu-Tsun Li, Yang-Pin Shen, Yi-Chun Chiang	The monthly salary structure and payment amounts of the chairperson and managers of the Company and its subsidiaries, the year-end bonus for the chairperson and managers of the Company and its subsidiaries in 2021, the payment of performance bonuses in 2022, remuneration of independent directors and reasons for remuneration	When discussing the monthly salary structure and payment amount of the chairperson and managers of the Company and its subsidiaries, the chairperson as well as those within the first and second degrees of kinship recused in accordance with the law. With independent director Yu-Tsun Li presiding as acting chair, the proposal was passed without objection by the remaining directors in attendance. When discussing the 2021 year-end bonus and the 2022 performance bonus payment case, the chairperson as well as those within the first and second degrees of kinship recused in accordance with the law. With independent director Yu-Tsun Li presiding as acting chair, the proposal was passed without objection by the remaining directors in attendance. When discussing the remuneration of independent directors, recusals were made by independent director Yu-Tsun Li, independent director Yang-Pin Shen, and independent director Yi-Chun Chiang. The proposal was passed without objection by the remaining directors in attendance.
The 3rd session of the 13th Board of Directors	August 4, 2022	Hsieh, Ming-Yen representing Northwest Investment Corporation; Yu-Hsiang Yu Hsieh representing Heng Yang Investment Corporation; Chin-Sheng Chen, Chien-Jung Lin, Kuei-Kuang Huang, Chih-Cheng Hung, Yu-Tsun Li, Yang-Pin Shen, and Yi-Chun Chiang representing Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank.	The Company's 2021 director's remuneration distribution plan (details)	Discussions about directors' remuneration distribution plan (details); Independent Director Yu-Tsun Li as the acting chair Resolution: Passed as proposed. When the directors who recused themselves from the discussion and voting as required by law are not counted, the three attending independent directors did not express a dissenting opinion.
The 5th session of the 13th Board of Directors	January 12, 2023	Hsieh, Ming-Yen representing Northwest Investment Corporation; Yu-Hsiang Yu Hsieh representing Heng Yang Investment Corporation; Chin-Sheng Chen, Chien-Jung Lin, Kuei-Kuang Huang, Chih-Cheng Hung, Yu-Tsun Li, Yang-Pin Shen, and Yi-Chun Chiang representing Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank.	The monthly salary structure and payment amounts of the chairperson and managers of the Company and its subsidiaries; the year-end bonus for the chairperson the Company of 2022; the year-end bonus of 2022 and operating performance bonus of 2023 for the managers of the Company and its subsidiaries;	When discussing the monthly salary structure and payment amount of the chairperson and managers of the Company and its subsidiaries, the chairperson as well as those within the first and second degrees of kinship recused in accordance with the law. With independent director Yu-Tsun Li presiding as acting chair, the proposal was passed without objection by the remaining directors in attendance. When the 2021 year-end bonus for the Chairperson was discussed, the Chairperson as well as those within the first and second degrees of kinship recused in accordance with the law. With independent director Yu-Tsun Li presiding as acting chair, the proposal was passed without objection by the remaining directors in attendance. When the 2022 year-end bonus and the

			and remuneration to the independent directors.	2022 operating performance bonus for managers of the Company and its subsidiaries were discussed, the Chairperson as well as those within the first and second degrees of kinship recused in accordance with the law. With independent director Yu-Tsun Li presiding as acting chair, the proposal was passed without objection by the remaining directors in attendance. When discussing the remuneration of independent directors, recusals were made by independent director Yu-Tsun Li, independent director Yang-Pin Shen, and independent director Yi-Chun Chiang. The proposal was passed without objection by the remaining directors in attendance.
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III. Information on the evaluation cycle and period, evaluation scope, method and evaluation content of the board's self (or peer) assessment that should be disclosed by TWSE/TPEx listed companies:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Implemented once per year	Evaluation of the Board's performance from January 1, 2022 to December 31, 2022,	Including performance evaluations of the Board of Directors, individual Board members, and functional committees	Internal self-evaluation of the Board of Directors and self-evaluations of Board members	(1) Board performance evaluation: This must include at a minimum the degree of participation in the Company's operations, the decision-making quality of the Board of Directors, the composition and structure of the Board of Directors, the selection and continuous education of directors, and internal control. (2) Individual Board member performance evaluations: These must include at a minimum the mastery of the Company's goals and tasks, the directors' awareness of responsibilities, the degree of participation in the Company's operations, management and communication of internal relations, directors' professional and continuous education, and internal control. (3) Performance evaluation of functional committees (Audit Committee and Remuneration Committee: degree of participation in the Company's operations, awareness of the functional committee's responsibilities, decision-making quality of the functional committee, composition and member selection of the functional committee, and internal control.

IV. Evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g. setting up an Audit Committee, enhancing information transparency, etc.), and measures taken toward achievement thereof: The Company has revised the Rules of Procedure for Board of Directors Meetings; and they are revised regularly to effectively establish the governance system of the Board of Directors, improve its supervisory function, and strengthen its management mechanisms. Furthermore, the Board of Directors established the "Standard Operating Procedures for Handling Directors' Requests" on August 7, 2020 in order to strengthen the functions of the Board of Directors.

Note: Mr. CHEN CHIN SHENG was fully re-elected on June 21, 2022 and continued to be a director in the capacity of the representative of Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank.

(II) Operation of the Audit Committee:

1. Operation of the Audit Committee

1. Three independent directors are elected at the Company's General Shareholders' Meeting, and shall form the Audit Committee, which shall meet once a quarter, and is responsible for the fair presentation of the Company's financial statements, the selection (dismissal), independence, and performance of the Company's certified public accountants (CPAs), the effective implementation of the Company's internal control, the Company's compliance, and the Company's control of existing or potential risks. The Committee's major powers and duties are as follows:
 - (2) Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
 - (3) Assessment of the effectiveness of the internal control system.
 - (11) Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
 - (12) A matter bearing on the personal interest of a director.
 - (13) A material asset or derivatives transaction.
 - (14) A material monetary loan, endorsement, or provision of guarantee.
 - (15) The offering, issuance, or private placement of any equity-type securities.
 - (16) The hiring or dismissal of an attesting CPA, or the compensation given thereto.
 - (17) The appointment or discharge of a financial, accounting, or internal auditing officer.
 - (18) Annual financial reports which are signed or sealed by the chairperson, managerial officer, and accounting officer.
 - (19) Any other material matter so required by the Company or the Competent Authority.
2. The Audit Committee has met 9 times (A) in the current year and the immediately preceding year (as of March 15, 2023). The attendance of independent directors is as follows:

Title	Name	Actual number of attendances (B)	Frequency of attendance	Actual attendance rate (%) (B/A) (Note)	Remarks
Independent Director	Yu-Tsun Li	9	0	100	Re-elected
Independent director / Convener	Yang-Pin Shen	9	0	100	Re-elected
Independent Director	Yi-Chun Chiang	9	0	100	Re-elected

Other matters to be recorded:

I. If any of the following circumstances arises in the operation of the Audit Committee, the meeting date, period, motion content, and any objections of independent directors should be stated, as well as contents of reserved opinions or major recommendations, the results of the audit committee's resolutions, and the Company's handling of the Audit Committee's opinions.

1. Matters listed in Article 14-5 of the Securities and Exchange Act:

Period of the Board of Directors	Date	Proposal content	Audit Committee Resolution Results	The Company's handling of the Audit Committee's opinions
The 18th session of the 12th Board of Directors	January 18, 2022	TAIPAQ Electronic Components (Si-Hong) Co., Ltd. endorsement/guarantee	Approved by all members present	Approved by all directors present
		Approval of the Company's proposed Statement of Internal Control Systems for 2021.		
The 19th session of the 12th Board of Directors	February 25, 2022	Recognition of 2021 business report, financial statements, and consolidated financial statements	Approved by all members present	Approved by all directors present
The 20th session of the 12th Board of Directors	April 28, 2022	Recognition of consolidated financial statements for the first quarter of 2022	Approved by all members present	Approved by all directors present
		Evaluation of independence of the CPA and appointed remuneration for 2022.		
		Loan and agreement for Beixin International Co., Ltd.		
		Proposal on execution of private placement of common shares for capital increase.		
		Proposal on amendments to "Procedures for Acquisition or Disposal of Assets."		
The 2nd session of the 13th Board of Directors	July 19, 2022	Discussion about the Company's intention to repurchase its shares in the prescribed manner.	Approved by all members present	Approved by all directors present
The 3rd session of the 13th Board of Directors	August 4, 2022	Recognition of consolidated financial statements for the second quarter of 2022.	Approved by all members present	Approved by all directors present
The 4th session of the 13th Board of Directors	November 8, 2022	Recognition of consolidated financial statements for the third quarter of 2022.	Approved by all members present	Approved by all directors present
		Submission of the 2023 annual audit plan.		
The 5th session of the 13th Board of Directors	January 12, 2023	Approval of the Company's proposed Statement of Internal Control Systems for 2022.	Approved by all members present	Approved by all directors present
		Proposal on the renewal of the financing facility contract between Taishin International Bank and TAIPAQ Electronic Limited, and on the endorsements and guarantees.		
The 6th session of the 13th Board of Directors	February 24, 2023	Recognition of 2022 business report, financial statements, and consolidated financial statements	Approved by all members present	Approved by all directors present
		Proposal on the evaluation of the independence and suitability of the Company's attesting CPAs for 2023 and the appointment thereof and compensation therefor.		
		Proposal on the replacement of CPAs.		

The 7th session of the 13th Board of Directors	March 15, 2023	Proposal to allow the Company to buy the common shares of APAQ Technology Co., Ltd. on the open market.	Approved by all members present	Approved by all directors present
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2. Further to the aforementioned matters, motions rejected by the Audit Committee but passed by the Board at the consent of more than 2/3 of the Directors: No such situation.

II. For recusal of independent directors from motions due to conflicts of interest, specify the names of the independent directors, the content of the motions, the reasons for recusal, and the participation in voting:
No such situation

III. Communication between independent directors and internal audit supervisors and accountants (including major issues, methods and results of communication about the Company's financial and business conditions): The independent directors of the Company have direct communication channels with the internal audit supervisors and CPAs, and communication is good. In addition, the Company also invites accountants and audit supervisors to attend meetings of the Audit Committee, and invites relevant department heads to attend as needed. Audit supervisors submit audit reports to the independent directors in accordance with the regulations and report to the Audit Committee.

IV. Meeting and one-on-one communication between independent directors, the internal audit officer, and CPAs.

(I) The Company's Audit Committee is composed of all independent directors, shall meet at least once every quarter, and may meet at any time if necessary.

(II) Meeting and one-on-one communication between independent directors of the Audit Committee and the internal audit officer.

1. Periodically: A meeting with independent directors is held generally around the convention of an Audit Committee meeting or a Board of Directors meeting to communicate about internal control issues, report on any anomaly spotted during an audit and on improvement progress, answer questions raised by independent directors, and enhance audit content as instructed by them, so as to ensure effective implementation of the internal control system.

2. Non-periodically: Communication on audit findings and improvement progress is made via phone, e-mail, messaging software, or face-to-face meeting to improve the audit value. Any material violation shall be immediately reported to the independent directors.

3. Below is a summary of communication matters in 2022:

Date	Communication content	Communication results
January 18, 2022	Report on the implementation of the Company's audit plan for the fourth quarter of 2021.	The independent directors were aware of the content, and they had no objections.
	Report the Company's audit plan for the first quarter of 2022.	The independent directors were aware of the content, and they had no objections.
	Report on the self-assessment of the company's 2021 internal control system.	The independent directors were aware of the content, and they had no objections.

	Review of the Company's proposed Statement of Internal Control Systems for 2021.	After deliberation and consent from the independent directors, the proposals was submitted to the board of directors.
April 28, 2022	Report on the implementation of the Company's audit plan for the first quarter of 2022.	The independent directors were aware of the content, and they had no objections.
	Report the Company's audit plan for the second quarter of 2022.	The independent directors were aware of the content, and they had no objections.
	Review of the proposal to revise the Company's Procedures for Acquisition or Disposal of Assets, Articles of Incorporation, and Rules of Procedure for Shareholders Meetings.	After deliberation and consent from the independent directors, the proposals was submitted to the board of directors.
July 19, 2022	Report on the implementation of the Company's audit plan for the second quarter of 2022.	The independent directors were aware of the content, and they had no objections.
	Report the Company's audit plan for the third quarter of 2022.	The independent directors were aware of the content, and they had no objections.
August 4,2022 (One-on-one communication)	Report on the audit progress, the plan to remediate the deficiency in which auditors of the parent company also serve as auditors of subsidiaries, and plan to carry out an on-site audit of subsidiaries in China by auditors of the parent company.	The independent directors were aware of the content, and they had no objections.
November 8, 2022	Report on the implementation of the Company's audit plan for the third quarter of 2022.	The independent directors were aware of the content, and they had no objections.
	Report the Company's audit plan for the fourth quarter of 2022.	The independent directors were aware of the content, and they had no objections.
	Review of the Company's 2023 internal audit plan.	After deliberation and consent from the independent directors, the proposals was submitted to the board of directors.
November 8, 2022 (One-on-one communication)	Report on the audit progress, an on-site audit of subsidiaries in China by auditors of the parent company, progress in cultivating auditors in subsidiaries in China, and formulation of the 2023 audit plan.	The independent directors were aware of the content, and they had no objections.

(III) Meeting and one-on-one communication between independent directors of the Audit Committee and CPAs.

1. Periodically: CPAs communicate with the independent directors of the Audit Committee on the review/audit plan, implementation status, and results around the time the CPAs review the semi-annual report or audit the annual report.

2. Non-periodically: A meeting may be held if so necessitated by any single operational or internal control situation that requires immediate discussion.
3. Below is a summary of communication matters in 2022:

Date	Communication content	Communication results
February 25, 2022	1. Report on the audit of the 2021 consolidated financial statements and parent company only financial statements. 2. Key audit matters	Independent directors had no dissenting opinion.
February 25, 2022	1. To brief independent directors on the 2022 audit plan. 2. CPAs' independence statement.	Independent directors had no dissenting opinion.
August 4, 2022	Report on the review of the consolidated financial statements for 2022Q2.	Independent directors had no dissenting opinion.
August 4, 2022	1. Report on the change in securities laws and regulations. 2. Report on the "Corporate Governance Best Practice Principles". 3. The Controlled Foreign Company (CFC) system. 4. The competent authority's phasing in GHG inventory and verification in the short term for sustainable development. 5. To enhance corporate information security governance. 6. Amendments to Statute for Industrial Innovation.	Independent directors had no dissenting opinion.
August 4, 2022 (One-on-one communication)	Independent directors' inquiry about the audit and review situations, including any review issues and difficulties, and the response of the management.	Well informed.

2. Participation of supervisors in the operation of the Board of Directors:

With the establishment of an audit committee, the Company does not have supervisor and this is therefore inapplicable.

(III) Status of corporate governance, and deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof:

Evaluation item	Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No	Summary description	
I. Has the Company prepared and disclosed Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies?	v		The Company's Board of Directors formulated the "Corporate Governance Best-Practice Principles" on September 17, 2020. The Board of Directors, functional committees, and management are responsible for their respective responsibilities. An internal control system has been established in accordance with the regulations, and the control function is still sound.	No significant differences
II. Shareholding Structure and Shareholders' Equity				
(I) Does the Company have internal operating procedures in place to deal with shareholder recommendations, doubts, disputes and litigation matters according to the procedures?	v		(I) There is a spokesperson and an acting spokesperson, and we disclose their contact information on the Market Observation Post System of TWSE; there are also stock service specialists serving as a conduit for shareholder proposals, doubts, disputes, and litigation matters and to protect shareholders' rights.	No significant differences
(II) Does the Company have a list of the major shareholders who actually control the Company, and the ultimate controllers of the major shareholders?	v		(II) Day-to-day shareholder business is handled by a professional stock agency. There are also stock affairs professionals in the Company who is responsible for related matters. Therefore, the list of the major shareholders who actually control the Company and the ultimate controllers of the major shareholders can be accessed at any time.	No significant differences
(III) Has the Company established and implemented the risk management, control and prevention mechanisms for affiliated companies?	v		(III) There are "Administrative Measures for Transactions with Related Persons" to regulate transactions with related companies, and auditors will also regularly supervise the implementation, so that risk control and firewall mechanisms can be achieved.	No significant differences
(IV) Has the Company established internal regulations that prohibit insiders from using unpublished information in the market to buy and sell securities?	v		(IV) The Company has formulated "Preventative Measures for Insider Trading," and Company insiders are prohibited from using unpublished information on the market to buy and sell securities.	No significant differences
III. Composition and duties of the Board of Directors				
(I) Has the Board of Directors formulated a diversity policy and specific management objectives, and implemented them?	v		(I) 1. The Company's Board of Directors meeting dated September 17, 2020 passed the "Corporate Governance Best Practice Principles", of which Article 20, Section 1, of Chapter 3 "Enhancing Board of Directors Functions" prescribed a Board of Directors diversity policy. Nomination and selection of the Company's Board of Directors members are based on the candidate nomination system prescribed in the Articles of Incorporation. Aside from assessing each candidate's education and work experience qualifications, the Company also factors in stakeholders' opinion and abides by the "Procedures for Election of Directors" and the "Corporate Governance Best Practice Principles" so as to ensure the diversity and independence of Board of Directors members. 2. The Company specifies Board of Directors diversity as a concrete management goal in its "Corporate Governance Best Practice Principles". The Company's Board of Directors shall be composed of at least 5 director seats, where appropriate, depending on the Company's scale, shareholdings of major shareholders, and	No significant differences

Evaluation item	Status		Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No	
			practical operational needs. The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards: (1) Basic requirements and values: Gender, age, nationality, and culture, and the ratio of female directors shall reach one third of the total number of directors. (2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. Each member of the Board of Directors shall have the necessary knowledge, skill, and experience to perform their duties. To achieve the ideal of corporate governance, the abilities that must be present in the board as a whole are as follows: I. The ability to make judgments about operations. II. Accounting and financial analysis ability. III. Business management ability. IV. Crisis management ability. V. Knowledge of the industry. VI. An international market perspective. VII. Leadership ability. VIII. Ability to make policy decisions. 3. From the perspective of basic requirements and values and professional knowledge and skills, the Company's Board of Directors members are considered diversified. Among the 9 directors of the Company's 13th Board of Directors, those specializing in operational judgements, business management, leadership and decision making, and crisis management include director Hsieh, Ming-Yen, director Yu-Hsiang Yu Hsieh, director CHEN CHIN SHENG, director Chien-Jung Lin, director Kuei-Kuang Huang, director Chih-Cheng Hung, and director Yu-Tsun Li. Director Yang-Pin Shen specializes in accounting and finance and director Yi-Chun Chiang specializes in law. The two directors offer useful advice on matters related to accounting, finance, and law as well as corporate governance. The Company does not have a director who is concurrently a manager. The Company has one director of foreign nationality; and three independent directors, which account for 33% of the board seats, with one independent director serving for 8 years and 2 independent directors serving for 2 years. Five directors are aged between 50 and 59, and the remaining four are aged between 70 and 79. The Company also considers gender equality when it comes to the formation of the Board of Directors. At this point , the Board of Directors has 2 female directors, accounts for 22 % of total board seats Although the percentage fails to meet the goal of female directors constituting one third of all directors, the Company will strive towards that goal in the future.

Evaluation item	Status		Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No	
a. Has the Company voluntarily set up other functional committees other than the Remuneration Committee and the Audit Committee according to law? b. Does the Company formulate the Board's performance assessment and evaluation method, conduct a performance evaluation annually and regularly, and report the results of the performance evaluation to the Board of Directors, and apply it to individual directors' remuneration and nomination renewal?	v		(II) Aside from setting up the Remuneration Committee and the Audit Committee according to law, the Company also set up its "Corporate Sustainable Development Committee" and appointed the committee members through a resolution at the Board of Directors meeting dated November 8, 2022. (III) The Board of Directors of the Company formulated and approved the "Board of Directors Performance Evaluation Measures" on August 7, 2020. Starting from 2021, regular performance evaluations are conducted in accordance with the Measures, and annual performance evaluations are carried out for the Board of Directors as a whole and for individual Board members and for the Audit Committee. Evaluations are carried as self-evaluations via questionnaires. The measurement items of the performance evaluation of the Board of Directors of the Company encompass the following five aspects: 1. Degree of participation in company operations 2. Improvement of the quality of Board of Directors' decisions 3. Board of Directors' composition and structure 4. Selection and continuous training of directors 5. Internal control The measurement items for the performance evaluation of individual directors of the Company encompass the following six directions: 1. Mastery of the Company's goals and tasks 2. Awareness of directors' responsibilities 3. Degree of participation in company operations 4. Internal relationship management and communication 5. Directors' professional and continuing education 6. Internal control The measurement items of the performance evaluation of the Audit Committee of the Company encompass the following five aspects directions: 1. Degree of participation in company operations 2. Audit Committee responsibilities 3. Improvement of the decision-making quality of the Audit Committee 4. Audit Committee composition and membership 5. Internal control
			The measurement items of the performance evaluation of the Remuneration Committee of the Company encompass the following five aspects directions:

Evaluation item	Status		Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No	
(IV) Does the Company assess the independence of CPAs at regular intervals?		1. Degree of participation in company operations 2. Awareness of the responsibilities of the Remuneration Committee 3. Improvement of the decision-making quality of the Remuneration Committee 4. Remuneration Committee composition and membership The Company has completed the self-assessment of the performance of the Board of Directors in 2022, evaluating the results and submitting the report to the Board of Directors in the first quarter of 2023 as a basis for review and improvement. The Board's self-evaluation had an overall average score of 98.4 (out of 100 points), while self-evaluations for individual board member performance had an overall average score of 99.1 (out of 100 points); these averages indicate that the overall Board of Directors is functioning well. Performance self-evaluation results of the Audit Committee and of the Remuneration Committee were 97.9 and 99.6 points (out of 100 points), respectively, indicating that all members were satisfied with each measurement item.	No significant differences
		(IV) Each year, the Audit Committee of the Company evaluates attesting CPAs for independence and suitability, and obtains a "Statement of Independence" and "audit quality indicators (AQIs)" from the attesting CPAs. By conducting an independence and suitability evaluation, the Company ascertains that CPAs are not affiliated with insiders and that no family members of CPAs have any monetary stake in the Company. The Company ensures that its CPAs and accounting firm are superior to those of industry peers in terms of the Audit Quality Indicators (AQIs), including training hours, engagement quality control, the experience of CPAs carrying out the engagement quality control review (EQCR), and the review hours of CPAs carrying out the EQCR. In addition, investment in digital tools for innovation has been increased steadily over the past three years. The evaluation results for the most recent year was examined and approved by the Audit Committee meeting dated February 24, 2023, and submitted to and approved by the Board of Directors meeting dated February 24, 2023 through a resolution; therefore, CPAs' independence and suitability have been affirmed.	
c. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and	v	The Company's Chairperson's Office is responsible for corporate governance affairs. The Board of Directors meeting dated November 8, 2022 passed a resolution to appoint Hui-Yu Ho, manager of Accounting Department, as the first Chief Governance Officer of the Company.	No significant differences

Evaluation item	Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons								
	Yes	No	Summary description									
compiling minutes of board meetings and annual general meetings)?												
d. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a special column for stakeholders on the Company's website, and respond appropriately to important corporate social responsibility issues of concern to stakeholders?			The Company has appointed a spokesperson and an acting spokesperson to serve as a communication channel with stakeholders. Currently, the Company has put in place on its website the Investors zone and ESG zone, through which communication with and response to stakeholders will be made. In addition, the Company has a dedicated person regularly examine the e-mail inbox. The Company will set up a stakeholders' message area on its company website in the future. 2022 Stakeholder Communication Track Record <table><thead><tr><th>Stakeholders related party</th><th>Communication channel / response method</th><th>Frequency</th><th>2022 Communication Track Record</th></tr></thead><tbody><tr><td>Government Agencies</td><td>Contact channel: Management Department / e-mail E-mail inbox: adminis@tai-tech.com.tw Participation in the policy awareness sessions held by government agencies. Market Observation Post System of TWSE The Company's website Phone, E-MAIL, official letter On-site audit</td><td>From time to time From time to time From time to time From time to time From time to time From time to time From time to time</td><td>1. 3 pieces of official letters from the Ministry of Labor. 2. 2 online seminars. 3. 3 awareness sessions. 4. Pieces of official letters to/from government agencies. e. Pieces received: 139 f. Pieces sent: 27</td></tr></tbody></table>	Stakeholders related party	Communication channel / response method	Frequency	2022 Communication Track Record	Government Agencies	Contact channel: Management Department / e-mail E-mail inbox: adminis@tai-tech.com.tw Participation in the policy awareness sessions held by government agencies. Market Observation Post System of TWSE The Company's website Phone, E-MAIL, official letter On-site audit	From time to time From time to time From time to time From time to time From time to time From time to time From time to time	1. 3 pieces of official letters from the Ministry of Labor. 2. 2 online seminars. 3. 3 awareness sessions. 4. Pieces of official letters to/from government agencies. e. Pieces received: 139 f. Pieces sent: 27	No significant differences
Stakeholders related party	Communication channel / response method	Frequency	2022 Communication Track Record									
Government Agencies	Contact channel: Management Department / e-mail E-mail inbox: adminis@tai-tech.com.tw Participation in the policy awareness sessions held by government agencies. Market Observation Post System of TWSE The Company's website Phone, E-MAIL, official letter On-site audit	From time to time From time to time From time to time From time to time From time to time From time to time From time to time	1. 3 pieces of official letters from the Ministry of Labor. 2. 2 online seminars. 3. 3 awareness sessions. 4. Pieces of official letters to/from government agencies. e. Pieces received: 139 f. Pieces sent: 27									

Evaluation item	Status		Summary description				Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No					
			Shareholders/Investors	Contact channel: Stock Affairs Department / e-mail E-mail inbox: invest@tai-tech.com.tw General Shareholders' Meeting Investor conference Financial statements Annual report Investors zone on the official website Market Observation Post System of TWSE	From time to time Annually From time to time Quarterly Annually Monthly From time to time	1. Shareholders present at the General Shareholders' Meeting represented 63.77% of total shares. 2. 35 calls received via the Investors' leased lines. 3. 2 investor conferences organized. 4 67 mails.	
			Suppliers/Contractors	Contact channel: Procurement Section / e-mail E-mail inbox: procurement@tai-tech.com.tw Supplier audit checklist Phone, E-MAIL. External audit operations of business waste cleaning contractors Communication software	From time to time Annually From time to time From time to time From time to time	1. ESG Assessment Forms signed by 12 suppliers. 2. 18 suppliers put on the supplier audit checklist. 3. 2 industrial waste disposal contractors audited. 4. Undertaking of Anti-corruption signed by 29 new suppliers	
			Clients	Contact channel: Marketing and Operating Department / e-mail E-mail inbox: sales@tai-tech.com.tw Virtual	From time to time	22 client satisfaction survey questionnaires were distributed in 2022, with a questionnaire response rate up to 100%	

Evaluation item	Status			Summary description	Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons		
	Yes	No					
				visit to clients Client Satisfaction Survey Phone, E-MAIL. Communication software	From time to time Weekly Annually From time to time Weekly	and an average score of 92.36 points (The survey and assessment covers four aspects, namely, quality, order fulfillment, technology research and development, and price and sales services)	
				Contact channel: The President’s email, employees’ opinion box, phone, E-MAIL. Labor-management meeting Employee compliant filing channel Employee Welfare Committee Occupational Safety and Health Committee Employee satisfaction anonymous survey Stakeholders communication log	From time to time Quarterly From time to time Quarterly Quarterly Annually From time to time	g. 0 mail to the President’s e-mail. h. 0 mail to the Employees’ Opinion Box. i. 4 Labor-management meetings j. 4 Employee Welfare Committee meetings. k. 4 Occupational Safety and Health Committee meetings. l. 1 employee satisfaction anonymous survey m. Satisfaction rate indicated by the Employee Satisfaction Survey up to 78.2%. n. 5 cases of employee reflection	

Evaluation item	Status		Summary description				Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No					
			Media	Contact channel: Spokesperson / e-mail E-mail inbox: james-t@tai-tech.com.tw Appointment with media for an interview Press release	From time to time From time to time	1. 3 items of media publicity 2. 1 piece of newspaper publicity.	
VI. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders Meeting?	v		The Company entrusts the stock agency department of Mega Securities Co., Ltd. to handle the affairs of the shareholders' meeting.				No significant differences
VII. Disclosure of information (I) Has the Company installed a website for the disclosure of information on financial position and operation, as well as corporate governance?	v		(I) The Company discloses relevant financial and material information to the Market Observation Post System of TWSE in accordance with laws and regulations; and we set up an investor relations section on the Company's website to disclose financial business and corporate governance information.				No significant differences
(II) Has the Company adopted other means for disclosure (such as the installation of a website in the English language, appointment of designated persons for the collection and disclosure of information on the Company, the implementation of a spokesperson system, and videotaping institutional investor conferences)?	v		(II) Since the Company's public offering, it has strictly followed the regulations of the competent authorities and relevant laws and regulations, and announced and declared each category of information; and investors can inquire on each type of information of the Company through the Market Observation Post System of TWSE. In addition, there is a spokesperson and also a designated person who is responsible for the collection and disclosure of Company information. Therefore, the disclosure of information that may affect stakeholders and the stock price is timely and appropriate.				No significant differences
(III) Does the Company announce and declare its annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation as early as possible within the prescribed time limit?	v		(III) After the Company listed on the TPEx on April 27, 2021, it announces and reports financial statements for the first, second and third quarters and the operating conditions of each month before the specified deadline in accordance with relevant regulations. Furthermore, on February 24, 2023 (within two months of the end of the fiscal year) we announced and report the Company's 2022 financial statements. We will follow the same principles in the future. For disclosures of the above information, please refer to the Market Observation Post System of TWSE.				No significant differences
VIII. Is there any other material information that would facilitate an understanding the pursuit of corporate governance (including but not limited to employee rights, employee care, investor	v		(I) Rights and interests of employees: The Company holds regular or intermittent convenings of the Employee Welfare Committee, labor-management meetings, and labor pension meetings. All policy advocacy, employee opinions, and employee suggestions are conducted through two-way communication. We actively respond to and meet the needs of employees under the premise of not				No significant differences

Evaluation item	Status			Difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and reasons
	Yes	No	Summary description	
relations, supplier relations, stakeholder rights, the continuing education of directors and supervisors, the pursuit of a risk management policy and standard of risk assessment, the pursuit of a customer policy, and professional liability insurance coverage for the directors and supervisors)?			violating laws and regulations. (II) Care for employees: The Company attaches great importance to our employees' safety and their physical and mental health. In order to keep employees in the best condition at all times, there are factory attendants who regularly assist in measuring employees' blood pressure and in collecting and communicating health information; we arrange for the visually impaired to give employees shoulder and neck massages; we regularly station doctors in the factory for health consultations; and we arrange for employees to undergo health checks every year. (III) Investor Relations: In order to protect the rights and interests of shareholders and let the investing public understand the Company's operating conditions, the Company's financial, business, and insider shareholding changes and other information are disclosed on the Market Observation Post System of TWSE. (IV) Supplier Relations: The Company adheres to the principle of mutual trust and reciprocity and maintains good and long-term relationships with suppliers in order to create a win-win situation for both parties. (V) Stakeholders' rights: Stakeholders have the right to communicate and make suggestions with the company to safeguard their legitimate rights and interests. (VI) On-the-job training of directors: The directors of the Company have relevant professional knowledge and take courses on topics such as securities laws and regulations as required by law, and they meet the requirements of training hours. (VII) The Company has established an internal control system and related management measures and implements them in accordance with procedures in order to reduce and prevent any possible risks. (VIII) Implementation customer policies: The Company has always been customer-oriented, doing our best to meet the needs of customers to maintain good long-term relationships and creating maximum mutual benefit. (IX) The Company's purchases of liability insurance for directors and supervisors: The Company has taken out director and supervisor liability insurance on August 15, 2021; the insured amount is US\$5 million.	
IX. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement: The Company was evaluated for the first time in 2022 and did not know the evaluation results as of the publication date of this annual report. The Company will make improvements accordingly when being informed of the corporate governance evaluation results in the future.				

(IV) If the Company has set up a Remuneration Committee, it shall disclose the composition, responsibilities and operation thereof:

1. Information of Remuneration Committee Members:

ID classification (Note 1) Terms Name		Professional qualifications and experience (Note 2)	Status of independence (Note 3)	Number concurrently serving as members of the remuneration committees of other publicly issued companies
Independent Director	Yu-Tsun Li	Experience: Chairperson, TDK Corporation; over 38 years of experience in business management and industry knowledge	During the two years prior to the election and during the term of office, all have met the following independent evaluation criteria: (1) Not an employee of the Company or its affiliates. (2) Not a director or supervisor of the Company or its affiliates. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with the Securities and Exchange Act or local laws, this limitation shall not apply.) (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of outstanding shares of the Company or ranking in the top ten in holdings. (4) Not a manager of those listed in (1), or someone having a relationship with those listed in (2) or (3) including a spousal relationship, a second-degree kinship or	0
Independent Director	Yang-Pin Shen	Currently an associate professor at the School of Management of Yuan Ze University, a private institution; having more than 29 years of teaching experience		1

Independent Director	Yi-Chun Chiang	Currently an attorney at Premium Attorneys-at-Law; having more than ten years of working experience as a lawyer	closer, or an immediate blood relative within three degrees of kinship. (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings, or is designated as a representative in accordance with Article 27, Paragraph 1 or 2 of the Company Act. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with the Securities and Exchange Act or local laws, this limitation shall not apply.) (6) Not a director, supervisor, or employee of another company controlled by the same person with more than half of the shares with voting rights on the Company's Board of Directors. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with the Securities and Exchange Act or local laws, this limitation shall not apply.) (7) Not a director, supervisor, or employee of another company or institution whose chairman, general manager, or equivalent position is the same person as that of the Company, or the spouse thereof. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with the Securities and Exchange Act or local laws, this limitation shall not apply.) (8) Not a director, supervisor, or manager of a specific company or institution having financial or business dealings with the Company, or a shareholder holding 5% or more of shares. (However, if a specific company or institution holds more than 20% of the total issued shares of the Company but not more than 50%, and the established independent director concurrently serves in the Company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with the Securities and Exchange Act or local laws, this limitation shall not apply.) (9) Not a partner, director, supervisor, manager, or spouse thereof of a company or institution that provides commercial, legal, financial, financial, accounting services or	1
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			consultation to the Company or any affiliate of the Company for amounts exceeding NT\$500,000 in the past two years. However, for members of the Remuneration Committee, Public Acquisitions Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the relevant laws and regulations of the Securities and Exchange Act or the Corporate Mergers & Acquisitions Act, this limitation shall not apply. (10)He/she is not the spouse or relative within the second degree of kinship of another director. (11)Not exhibiting any of the circumstances specified under Article 30 of the Company Act. (12)No provision to be elected by a government or juristic person or their representative under Article 27 of the Company Act.	
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Note 1: In the form, please specify relevant working years, professional qualifications and experience, and independence of each member of the Remuneration Committee; in the case of an independent director, please refer to the relevant content in the information of directors and supervisors (I) in Table 1 on page OO. Please fill in as independent director or other. (If the convener, please note as such.)

Note 2: Professional qualifications and experience: State the professional qualifications and experience of individual Remuneration Committee members.

Note 3: Conformity to status of independence: Specify the conformity to the status of independence of the members of the Remuneration Committee, including but not limited to whether one's self, spouse, or relatives within the second of kinship serve as directors, supervisors or employees of the Company or its affiliated companies; the number and proportion of the Company's shares held by oneself, a spouse, or relatives within the second degree of kinship (or held under the names of others); whether one serves serve in the position of director, supervisor, or employee of a company that has a specified relationship with the Company (in reference to Article 6, Paragraph 1, Subparagraphs 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded over the Counter); and the amount of remuneration received for providing business, legal, financial, accounting, and other services to the Company or its affiliates in the last two years.

2. Information on the operation of the Remuneration Committee

(1)There are 3 members of the Remuneration Committee of the Company.

(2) Term of office of the current members: July 19, 2022 through June 20, 2025.
The Remuneration Committee held 7 meetings in the current and most recent prior year
(A). Member qualifications and attendance are as follows:

Title	Name	Actual number of attendances (B)	Frequency of attendance	Actual attendance rate (%) (B/A)	Remarks
Member/Convenor	Yu-Tsun Li	7	0	100	Re-elected (nominated as convenor on July 19, 2022)
Member	Yang-Pin Shen	7	0	100	Re-elected
Member	Yi-Chun Chiang	7	0	100	Re-elected

Other matters to be recorded:

I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, the date and period of the Board of Directors, the content of the proposal, the resolution of the Board of Directors, and the Company's handling of the opinions of the Remuneration Committee should be stated. (If the remuneration approved by the Board of Directors exceeds the recommendation of the Remuneration Committee, the differences and reasons should be stated):

Period of the Board of Directors	Date	Proposal content	Handling of opinions
The 19th session of the 12th Board of Directors	February 25, 2022	Establishment of the Company's "Remuneration and Reward Measures for Directors."	Presiding Chair Yu-Tsun Li: The content has been discussed, and discussion will be held next time after the subsequent amendment. Member Yi-Chun Chiang: I have two comments on the remuneration method for directors: (1) Under 4.4, operational execution costs are listed in six items, including special expenses, travel expenses, and various allowances. Although there are rules, the calculation method is not specified by the Company or by other regulations. (2) Under what circumstances and conditions can the performance bonus of the variable salary of the Chairperson's remuneration be received? Management is requested to revise it clearly in the text. Presiding Chair Yi-Chun Chiang: The plan proposed by member Yu-Tsun Li has been submitted. Creation of more in-depth amendments will be deferred until the next meeting. Resolution: After consultation by the presiding chair of all members present, the case is deferred for subsequent discussion.

II. On resolutions of the Remuneration Committee, if members have objections or reservations and have records or written declarations, the date, period, proposal content, opinions of all members and the handling of the opinions of the members shall be stated: None.

Note:

- Before the end of the year, if a member of the Remuneration Committee resigns, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee during the term of service and the actual number of attendances.
- Before the end of the year, if the Remuneration Committee is re-elected, the new and old Remuneration Committee members should be listed, and the remarks column should indicate whether the member is old, new or re-elected and the date of reelection. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee during the term of service and the actual number of attendances.

(V) Operation status of the Corporate Sustainable Development Committee:

The Company's Board of Directors meeting dated November 8, 2022 resolved to set up the "Corporate Sustainable Development Committee". This Committee, which consists of four directors (three of which are independent directors) and a company manager, is formed to improve the efficiency and effectiveness of the Board of Directors and promote sustainable development initiatives with respect to environmental protection, social responsibility, and corporate governance.

1. Corporate Sustainable Development Committee members

The Board of Directors shall appoint the Corporate Sustainable Development Committee members, which shall consist of at least three people - directors and managers of the Company - with at least one independent director to take on the supervision function. The committee's term of office is equivalent to that of the Board of Directors that appoints it. Should the staffing level drop below that stated in the paragraph before due to any dismissals, the Board of Directors may appoint someone else to fill the vacancy. The 1st Sustainable Development Committee members, who were appointed during the Board of Directors meeting held on November 8, 2022, are listed below:

Title	Name	Whether independent director	Expertise
Chair	Hsieh, Ming-Yen	X	Business management, industry knowledge.
Committee member	Yu-Tsun Li	V	Experience in business management at a Japanese company.
Committee member	Yang-Pin Shen	V	Finance, accounting, and corporate governance
Committee member	Yi-Chun Chiang	V	Law and corporate governance
Committee member	Ming-Liang Hsieh	X	Business management, industry knowledge.

2. Major duties of the Corporate Sustainable Development Committee:

To assist the Board of Directors in the continuous implementation of its corporate policy on environmental, social, and governance issues to achieve the purpose of sustainable operation, the Corporate Sustainable Development Committee of the Company shall be assigned the following duties:

- (1) Set out the direction of the sustainable development and its goals, and develop appropriate management policies, and specific plans for promotion.
- (2) Disseminate information on the Company's ethical management and risk management policy and implement it.
- (3) Track, inspect, and revise the implementation status and effectiveness of corporate sustainable development.
- (4) Other tasks assigned to the Committee by a resolution of the Board of Directors.

3. Operation status of the Corporate Sustainable Development Committee

The Company's Board of Directors meeting dated November 8, 2022 also formulated the "Corporate Sustainable Development Committee Charter", which specifies that the Corporate Sustainable Development Committee shall hold at least two meetings in a year and may convene a meeting at any time if necessary. The Corporate Sustainable Development Committee meeting is timetabled to take place on the same day as the Board of Directors meeting in 2023Q1.

(V) Implementation of sustainable development promotions and the deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
I. Does the Company establish a governance structure to promote sustainable development, and set up a designated full-time (or part-time) unit to promote Sustainable Development, and the Board of Directors authorizes senior management to handle this and the Board of Directors supervises the situation?	v		(1). The Company's Board of Directors meeting dated September 17, 2020 approved the Company's "Corporate Social Responsibility Best Practice Principles", which was then renamed "Sustainable Development Best Practice Principles" by the Board of Directors meeting dated January 18, 2022; such principles are the standards which the Company follows when implementing governance work pertaining to sustainable development. (2). The Company's Board of Directors meeting dated November 8, 2022 passed a resolution to set up the Company's "Corporate Sustainable Development Committee" and appoint the members thereof; it also approved the Company's "Corporate Sustainable Development Committee Charter", which stipulates a governance framework and a concurrently responsible unit for promoting sustainable development. The Board of Directors also authorized the President to establish the Company's "ESG Affairs Promotion Committee", which is responsible for formulating, implementing, and supervising the annual plan, strategy, projects, and activities, for coordinating affairs related to corporate sustainable operations, and for holding awareness sessions on stewardship. (3). The Company's "ESG Affairs Promotion Committee" reports on its implementation progress each quarter at the Board of Directors meetings, starting from the one dated November 8, 2022.	No significant differences
II. Does the Company follow the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues related to company operations, and formulate relevant risk management policies or strategies?	v		Although the Company does not follow the principle of materiality, we conduct risk assessments on environmental, social and corporate governance issues related to Company operations. However, the Company implements environmental-related policies to manage risks in accordance with the ISO14001:2015 environmental system guidelines. There are also "Preventative Measures for Insider Trading," a "Code of Integrity," "Anti-Corruption Management Measures," and an "Internal Control System," which are formulated for the implementation of risk management policies on social and corporate governance issues. Their content is formulated in accordance with relevant government regulations.	No significant differences
III. Environmental issues (I) Has the Company established an appropriate environmental management system based on its industry characteristics?	v		(I) The Company has obtained and passed ISO14001:2015 environmental management system certification, and has clearly formulated environmental policies. The industry characteristics and all systems related to environmental management are handled in accordance with the environmental management system and environmental protection laws and regulations, and their implementation results are to be reviewed at any time for continuous improvement.	No significant differences

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
(II) Has the Company committed itself to improving the utilization efficiency of various resources, and to using recycled materials with low impact on the environment?	v		III) We do our best to improve the utilization of various resources. For example, we implement waste classification management to increase the resource recycling rate and continue to recycle and reuse raw materials from the process, to reduce costs and alleviate the impact on the environment as well. The overall waste recycling rate in 2022 was 85.49%.	No significant differences
(III) Does the Company assess the potential risks and opportunities of climate change for the Company now and in the future, and take measures to deal with climate-related issues?	v		(IV) Although the Company has not yet assessed the potential risks and opportunities of climate change to the Company now and in the future, in practice there are relevant measures to reduce the day-to-day work that may give rise to climate change. Such measures include the use of electronic receipts and introduction of an electronic approval system to make it easier to send and receive documents, saving document delivery time and paperwork costs. We use double-sided paper as much as possible, and set up a recycling container next to the photocopiers to recycle the used paper, significantly reducing resource usage such as paper consumption. In addition, our offices set the air conditioning temperature at 26°C during summer, replace all lights with LED T5 ones, launch a light-off mechanism during lunch breaks and off work to reduce power consumption, thereby slowing down global warming. Moreover, we have replaced old air conditioners and air compressors to achieve the purpose of energy saving and carbon reduction.	No significant differences
(IV) Does the company count greenhouse gas emissions, water consumption and the volume of total waste in the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water management or other waste management?	v		(V) The Company features an ISO14001:2015 environmental management system that is announce in accordance with the content of our policy for a circular environment, and under which we make commitments on environmental management issues. In addition, control targets have been set for each item of industrial waste reduction issues. Topics include water consumption in the factory area, reduction of total electricity consumption, waste reduction, and so on. The performance of each target is in line with the preset target value. The Company has dedicated factory personnel who are responsible for data management and analysis of total water consumption, total electricity consumption, total waste tonnage, greenhouse gas CO2 emissions, energy conservation, and so on in the factory, so as to effectively grasp the relevant information. The specific results are summarized as follows: (1) Environmental stewardship commitment 1. Establish, implement and maintain an environmental management system. 2. Dedicate to industrial waste reduction, pollution prevention, and continuous improvement work. 3. Comply with relevant environmental laws and regulations and customer requirements.	No significant differences

Promotion item	Implementation		Summary description	Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof																																																				
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			4. Promote the concept of green design, implementing waste classification and removal management to improve environmental performance. 5. Through communication, advocacy and education training, make all employees aware of the importance of environmental management. 6. Communicate environmental protection information to relevant parties. (3) Waste reduction issues and control objectives, promotion measures and achievement status 1. Analysis diagram of water withdrawal within the Group <table border="1"> <thead> <tr> <th colspan="5">Analysis diagram of water withdrawal</th></tr> <tr> <th>Year</th><th>Plant</th><th>Total water withdrawal(M)</th><th>Total water discharge(M)</th><th>Water consumption (M)</th></tr> </thead> <tbody> <tr> <td rowspan="4">2021</td><td>Youth Industrial Park Plant in Taiwan</td><td>144,553</td><td>110,237</td><td>34,316</td></tr> <tr> <td>Subsidiary TAIPAQ Plant</td><td>71,747</td><td>25,314</td><td>46,433</td></tr> <tr> <td>Subsidiary Kunshan Plant</td><td>26,596</td><td>10,658</td><td>15,938</td></tr> <tr> <td>Group total</td><td>242,896</td><td>146,209</td><td>96,687</td></tr> <tr> <td rowspan="6">2022</td><td>Youth Industrial Park Plant in Taiwan</td><td>127,395</td><td>88,464</td><td>38,931</td></tr> <tr> <td>Rented plants and rented premises</td><td>9,201</td><td>7,360.8</td><td>1,840.2</td></tr> <tr> <td>Parent company total</td><td>136,596</td><td>9,5824.8</td><td>4,0771.2</td></tr> <tr> <td>Subsidiary TAIPAQ Plant</td><td>45,307</td><td>19,898</td><td>25,409</td></tr> <tr> <td>Subsidiary Kunshan Plant</td><td>15,707</td><td>8,350</td><td>7,357</td></tr> <tr> <td>Group total</td><td>197,610</td><td>124072.8</td><td>73,537.2</td></tr> </tbody> </table> Note: TAI-TECH Advanced Electronics began to include the water resources data of the rented premises and rented plants of the parent	Analysis diagram of water withdrawal					Year	Plant	Total water withdrawal(M)	Total water discharge(M)	Water consumption (M)	2021	Youth Industrial Park Plant in Taiwan	144,553	110,237	34,316	Subsidiary TAIPAQ Plant	71,747	25,314	46,433	Subsidiary Kunshan Plant	26,596	10,658	15,938	Group total	242,896	146,209	96,687	2022	Youth Industrial Park Plant in Taiwan	127,395	88,464	38,931	Rented plants and rented premises	9,201	7,360.8	1,840.2	Parent company total	136,596	9,5824.8	4,0771.2	Subsidiary TAIPAQ Plant	45,307	19,898	25,409	Subsidiary Kunshan Plant	15,707	8,350	7,357	Group total	197,610	124072.8	73,537.2	
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			company in 2022, and to disclose 2-year water resources data of subsidiaries. 2. Water resources reuse <u>Goals:</u> Water recycling and reuse rate in the main plant in the Youth Industrial Park of Taiwan in 2022 was more than 15%. <u>Promotional measures:</u> Utilize excess ROR wastewater in the plant, introduce water for public toilets, processes with low water quality requirements, and air pollution equipment, etc., and record the results according to the reading value of the water meter <u>Achieving status:</u> Goals achieved. <table border="1"> <thead> <tr> <th colspan="4">Water recycling and reuse</th></tr> <tr> <th>Year</th><th>Total tap water consumption (M)</th><th>Total water reuse (M)</th><th>Water recovery rate</th></tr> </thead> <tbody> <tr> <td>2021</td><td>144,553</td><td>22,057</td><td>15.26%</td></tr> <tr> <td>2022</td><td>127,395</td><td>23,770</td><td>18.66%</td></tr> </tbody> </table> Notes: Achievements derived from recycling and reusing water resources of the Youth Industrial Park Plant in Taiwan. 3. To reduce the ratio of water consumed in the core processes of the Taiwan-based Youth Industrial Park Plant to total water consumption <u>Goal:</u> Continue to progress towards the goal of reducing the ratio of water consumption in core processes to total water consumption from 80% to 75%. <u>Implementation measures:</u> Making investment to replace old-model pure water fountains with an RO system to effectively increase the water production rate, and monitoring the use of water on a daily basis to spot any problem and review and resolve it. <u>Achieving status:</u> Goals achieved. <table border="1"> <thead> <tr> <th colspan="4">Ratio of water consumed in core processes to total water consumption</th></tr> <tr> <th>Year</th><th>Total tap water consumption (M)</th><th>Water consumed in core processes (M)</th><th>Ratio</th></tr> </thead> <tbody> <tr> <td>2021</td><td>144,553</td><td>108,875</td><td>75.32%</td></tr> <tr> <td>2022</td><td>127,395</td><td>92,710</td><td>72.77%</td></tr> </tbody> </table> 4. Group-wide waste statistics chart <table border="1"> <thead> <tr> <th colspan="4">Waste statistics chart</th></tr> </thead> </table>	Water recycling and reuse				Year	Total tap water consumption (M)	Total water reuse (M)	Water recovery rate	2021	144,553	22,057	15.26%	2022	127,395	23,770	18.66%	Ratio of water consumed in core processes to total water consumption				Year	Total tap water consumption (M)	Water consumed in core processes (M)	Ratio	2021	144,553	108,875	75.32%	2022	127,395	92,710	72.77%	Waste statistics chart			
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Promotion item	Implementation					Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof			
	Yes	No	Summary description						
			Year	Plant	Total waste (metric tonnes)	Hazardous waste Total volume (metric tonnes)	Non-hazardous waste Total volume (metric tonnes)		
			2021	Taiwan-based parent company	621.344	458.319	163.025		
				Subsidiary TAIPAQ Plant	501.493	210.838	290.655		
				Subsidiary Kunshan Plant	107.926	40.126	67.8		
				Group total	1230.763	709.283	521.48		
			2022	Taiwan-based parent company	604.277	491.732	112.545		
				Subsidiary TAIPAQ Plant	448.421	180.915	267.506		
				Subsidiary Kunshan Plant	106.155	40.855	65.3		
				Group total	1158.853	713.502	445.351		
			Note: TAI-TECH Advanced Electronics began to disclose the waste data of subsidiaries for 2 years in 2022.						
			5. To increase the overall waste recycling and reuse rate in the Taiwan-based Youth Industrial Park Plant.						
			Goal: To increase the overall waste recycling and reuse rate by 1%, from 76.78%, in 2022.						
			Promotion measures: To explore the methods for reusing the waste to be disposed of on a commission basis, so as to effectively recycle and reuse waste; and to record the reused volume, expressed as a percentage of the total waste volume and total disposal volume in a given year.						
			Achieving status: Goals achieved.						
			Total amount of sustainable waste recycling (mt)						
			Item		2021	2022			
			Total waste weight		621.344	604.277			
			Total weight of recycled hazardous waste		396.254	457.717			
			Total weight of recycled non-hazardous waste		80.825	58.895			

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof										
	Yes	No	Summary description											
			<table><tr><td colspan="2">Hazardous waste recycling rate</td><td>63.77%</td><td>75.75%</td></tr><tr><td colspan="2">Overall waste recycling rate</td><td>76.78%</td><td>85.49%</td></tr></table>			Hazardous waste recycling rate		63.77%	75.75%	Overall waste recycling rate		76.78%	85.49%	
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			Overall waste recycling rate		76.78%	85.49%								
			Sustainable waste recycling (unit: metric tons)											
			Year	Waste designation	Total output	Total amount of reuse (off-site)	Recycling rate							
			2021	Electroplating sludge	191.99	187.63	97.73%							
			2022	Electroplating sludge	144.27	144.27	100%							
			2021	Waste electronic components, scraps, and defective products	8.624	8.624	100.00%							
			2022	Waste electronic components, scraps, and defective products	12.937	8.917	68.93%							
			Note: Waste recycling and reuse rate in the Taiwan-based Youth Industrial Park Plant.											
			Waste sustainable recycling technology											
			Year	Waste designation	Total output	Total recycling volume (within factory)	Recycling rate							
			2021	Electroplating waste liquid	200	200	100.00%							
			2022	Electroplating waste liquid	305	304.53	99.85%							
Note: Taiwan-based Youth Industrial Park Plant introduced high-concentration processing operations through innovative technologies in the factory, passing high-concentration waste liquid in the electroplating process through the high-concentration primary treatment facility.														

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof																																														
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			After the treatment, the water is channeled to the wastewater treatment facility. Finally, the qualified drainage water is discharged. 6. Energy saving: <u>Objective:</u> Taiwan-based Youth Industrial Park Plant cooperates with the government to promote energy saving declarations by major energy users, attaining at least 1% energy savings per year <u>Promotional measures:</u> Set annual electricity reduction targets for multiple years, and purchased energy-efficient air compressors of 200HP in the current year, which were installed in March 2022. <u>Achieving status:</u> Goals achieved. <table><tr><th>Year</th><th>Energy used (units)</th><th>Energy savings (units)</th><th>Annual electricity saving rate</th></tr><tr><td>2021</td><td>26,022,800</td><td>278,906.25</td><td>1.06%</td></tr><tr><td>2022</td><td>24,192,400</td><td>398,437.5</td><td>1.62%</td></tr></table> Note: The average annual electricity saving rate from 2015 through 2022 is 1.73%. (3) Group energy consumption and intensity over the past two years <table><tr><th rowspan="2">Data on the type of energy consumed</th><th colspan="2">2021</th><th colspan="2">2022</th></tr><tr><th>Total</th><th>Unit</th><th>Total</th><th>Unit</th></tr><tr><td>Liquefied natural gas (internal) - Taiwan-based Youth Industrial Park Plant</td><td>10,1132</td><td>kg</td><td>67,529</td><td>kg</td></tr><tr><td>Purchased electricity (internal) - - Taiwan-based Youth Industrial Park Plant</td><td>26,022,800</td><td>kWh</td><td>24,192,400</td><td>kWh</td></tr><tr><td>Purchased electricity (internal) - - Taiwan-based plants - other rented premises</td><td>0</td><td>kWh</td><td>6,427,149</td><td>kWh</td></tr><tr><td>Purchased electricity (internal) - - Subsidiary (TAIPAQ Plant)</td><td>38,113,788</td><td>kWh</td><td>33,234,781</td><td>kWh</td></tr><tr><td>Purchased electricity</td><td>6,864,600</td><td>kWh</td><td>6,560,085</td><td>kWh</td></tr></table>	Year	Energy used (units)	Energy savings (units)	Annual electricity saving rate	2021	26,022,800	278,906.25	1.06%	2022	24,192,400	398,437.5	1.62%	Data on the type of energy consumed	2021		2022		Total	Unit	Total	Unit	Liquefied natural gas (internal) - Taiwan-based Youth Industrial Park Plant	10,1132	kg	67,529	kg	Purchased electricity (internal) - - Taiwan-based Youth Industrial Park Plant	26,022,800	kWh	24,192,400	kWh	Purchased electricity (internal) - - Taiwan-based plants - other rented premises	0	kWh	6,427,149	kWh	Purchased electricity (internal) - - Subsidiary (TAIPAQ Plant)	38,113,788	kWh	33,234,781	kWh	Purchased electricity	6,864,600	kWh	6,560,085	kWh	
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Promotion item	Implementation					Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof		
	Yes	No	Summary description					
			(internal) - - Subsidiary (Kunshan Plant)					
			Gasoline (external) - Taiwan-based plant of the parent company	5,704.55	Liter	7,231.98		Liter
			Diesel (external) - Taiwan-based plant of the parent company	10,344.67	Liter	9,006.67		Liter
			Gasoline (external) - Subsidiary (TAIPAQ Plant)	7979.13	Liter	5922.43		Liter
			Gasoline (external) - Subsidiary (Kunshan Plant)	3,650	Liter	3,600		Liter
			Group energy consumption					
			Type	2021		2022		
			Energy consumption within the organization	Total consumption (Gigajoules) (Note 2)	Ratio (%)	Total consumption (Gigajoules) (Note 2)		Ratio (%)
			Parent company	100,605.44	38.35%	114,853.32		44.52%
			Subsidiary (TAIPAQ Plant)	137,057.18	52.24%	119,512.27		46.33%
			Subsidiary (Kunshan Plant)	24,685.1	9.41%	23,590.07		9.15%
			(Note 1)					
			Energy consumption within the organization - subtotal	262,347.72	99.65%	257,955.66		99.67%
			Energy consumption outside the organization	Total consumption (Gigajoules) (Note 2)	Ratio	Total consumption (Gigajoules) (Note 2)		Ratio

Promotion item	Implementation					Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof		
	Yes	No	Summary description					
			Parent company	549.74	59.41%	552.56	64.24%	
			Subsidiary (TAIPAQ Plant)	257.75	27.85%	191.31	22.24%	
			Subsidiary (Kunshan Plant)	117.9	12.74%	116.29	13.52%	
			(Note 1)					
			Energy consumption outside the organization - subtotal	925.39	0.35%	860.16	0.33%	
			Group total	263,273.11	100%	258,815.82	100%	
			Group energy consumption intensity					
			Type	2021		2022		
			Energy Intensity of the organization	Intensity (GJ /million dollars)(Note 3)	Ratio (%)	Intensity (GJ /million dollars)(Note 3)	Ratio (%)	
			Parent company	21.03	28.35%	27.62	35.96%	
			Subsidiary (TAIPAQ Plant)	34.89	47.05%	34.26	44.61%	
			Subsidiary (Kunshan Plant)	18.24	24.6%	14.92	19.43%	
			Group total	74.16	100%	76.8	100%	
			Note 1: TAI-TECH Advanced Electronics began to include the energy consumption data of the rented premises and rented plants of the parent company in 2022, including internally consumed energy, e.g., purchased electricity, liquefied petroleum gas, and so on, and externally consumed energy, e.g., gasoline, diesel, and so on, and to disclose 2-year data of subsidiaries. Note 2: (a) Calorific value of electricity purchased by the Taiwan-based plant of the parent company: 3,600 GJ/million kWh;					

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof																																												
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			the conversion is subject to the calorific value table per product unit announced by the Bureau of Energy, Ministry of Economic Affairs. The calorific values of automotive grade gasoline, diesel, and LNG are 7,800kcal/L, 8,400kcal/L, and 9,000 kcal/L, respectively, according to the announcement by the Bureau of Energy. The conversion of calories to Joules is 1 cal = 4.184J. (b) The calorific value of electricity purchased by the two plants of subsidiaries: 3,596KJ/degress. The intensity of vehicle -grade gasoline was 0.75KG/L. The calorific value of gasoline was 1KG=43070KJ. All are based on the Energy Statistics Knowledge Manual (compiled by the Industry and Transportation Department of the National Bureau of Statistics). Note 3: Replaced the denominator, which was total sales value in the past. Energy intensity = (GJ)/Sales value of each plant (in millions of dollars). (4) Greenhouse gas emissions and intensity over the past two years <table border="1"> <thead> <tr> <th rowspan="2">Data on GHG by type</th><th colspan="2">2021</th><th colspan="2">2022</th></tr> <tr> <th>Total</th><th>Unit</th><th>Total</th><th>Unit</th></tr> </thead> <tbody> <tr> <td>Liquefied natural gas (Scope 1) - Taiwan-based Youth Industrial Park Plant</td><td>10,1132</td><td>kg</td><td>67,529</td><td>kg</td></tr> <tr> <td>Petrol (Scope 1) - Taiwan-based plant of the parent company</td><td>5,704.55</td><td>Liter</td><td>7,231.98</td><td>Liter</td></tr> <tr> <td>Diesel fuel (Scope 1) - Taiwan-based plant of the parent company</td><td>10,344.67</td><td>Liter</td><td>9,006.67</td><td>Liter</td></tr> <tr> <td>Petrol (Scope 1) - Subsidiary (TAIPAQ Plant)</td><td>7979.13</td><td>Liter</td><td>5922.43</td><td>Liter</td></tr> <tr> <td>Petrol (Scope 1) - Subsidiary (Kunshan Plant)</td><td>3,650</td><td>Liter</td><td>3,600</td><td>Liter</td></tr> <tr> <td>Outsourced electricity (Scope 2) - Taiwan-based Youth Industrial Park Plant</td><td>26,022,800</td><td>kWh</td><td>24,192,400</td><td>kWh</td></tr> <tr> <td>Outsourced electricity (Scope 2) - Taiwan-based plants -</td><td>0</td><td>kWh</td><td>6,427,149</td><td>kWh</td></tr> </tbody> </table>	Data on GHG by type	2021		2022		Total	Unit	Total	Unit	Liquefied natural gas (Scope 1) - Taiwan-based Youth Industrial Park Plant	10,1132	kg	67,529	kg	Petrol (Scope 1) - Taiwan-based plant of the parent company	5,704.55	Liter	7,231.98	Liter	Diesel fuel (Scope 1) - Taiwan-based plant of the parent company	10,344.67	Liter	9,006.67	Liter	Petrol (Scope 1) - Subsidiary (TAIPAQ Plant)	7979.13	Liter	5922.43	Liter	Petrol (Scope 1) - Subsidiary (Kunshan Plant)	3,650	Liter	3,600	Liter	Outsourced electricity (Scope 2) - Taiwan-based Youth Industrial Park Plant	26,022,800	kWh	24,192,400	kWh	Outsourced electricity (Scope 2) - Taiwan-based plants -	0	kWh	6,427,149	kWh	
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Promotion item	Implementation					Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof			
	Yes	No	Summary description						
			other rented premises						
			Outsourced electricity (Scope 2) - Subsidiary (TAIPAQ Plant)		38,113,788	kWh	33,234,781	kWh	
			Outsourced electricity (Scope 2) - Subsidiary (Kunshan Plant)		6,864,600	kWh	6,560,085	kWh	
			Group-wide greenhouse gas emissions						
			Type	2021		2022			
			Scope 1	Total emissions (Ton CO2e) (Note 2)	Percentage (%)	Total emissions (Ton CO2e) (Note 2)	Percentage (%)		
			Parent company	363.45	93.44%	256.33	92.46%		
			Subsidiary (TAIPAQ Plant)	17.50	4.5%	12.99	4.69%		
			Subsidiary (Kunshan Plant)	8.01	2.06%	7.9	2.85%		
			Scope 1 Subtotal	388.96	0.79%	277.22	0.59%		
			Scope 2	Total emissions (Tonnes of CO2e)	Percentage (%)	Total emissions (Tonnes of CO2e)	Percentage (%)		
			Parent company	13,063.45	26.83%	15,585.35	33.09%		
			Subsidiary (TAIPAQ Plant)	30,189.93	62%	26,325.27	55.88%		
			Subsidiary (Kunshan Plant)	5,437.45	11.17%	5,196.24	11.03%		
			Scope 2 Subtotal	48,690.83	99.21%	47,106.86	99.41%		

Promotion item	Implementation					Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof		
	Yes	No	Summary description					
			Scope 3					
			Group total	49,079.79	100%		47,384.08	100%
			Group-wide greenhouse gas emissions intensity					
			Type	2021			2022	
			Energy Intensity of the organization	Intensity (Tonnes of CO2e/million dollars)(Note 3)	Ratio (%)		Intensity (Tonnes of CO2e/million dollars)(Note 3)	Ratio (%)
			Parent company	2.79	19.3%		3.79	25.94%
			- Subsidiary No.2 (TAIPAQ Plant)	7.67	53.04%		7.54	51.61%
			Subsidiary (Kunshan Plant)	4	14.46%		3.28	22.45%
			Group total	14.46	100%		14.61	100%
			Note 1: TAI-TECH Advanced Electronics began to include the greenhouse gas inventory data of the rented premises and rented plants of the parent company in 2022, and to disclose 2-year data of subsidiaries. .					
			Note 2: (a) Data on the Taiwan-based plant of the parent company was based on the EPA’s GHG Emission Factor Management Table (version 6.0.4), which indicates a gasoline emission factor of 2.2631kg CO2e/L; a diesel emission factor of 2.606kg CO2e/L; and an LNG emission factor of 1.7529 kg CO2e/L under Scope 1. Scope 2 emissions are based on the Taiwan Power Company's electricity emission factor in 2021, which was 0.509kg CO2e/kWh.					
			(b) Data of subsidiaries are based on the power distribution network of China. TAIPAQ Plant and Kunshan Plant are located in East China, where the emission coefficient of power distribution network is 0.7921 t CO2e/MWh, and the emission coefficient of gasoline is 18.9*10 ⁻³ *0.98*44/12 tCO2e/GJ.					
			Note 3: Replaced the denominator, which was total sales value in the past.					
			Emissions of each plant (tonnes of CO2e)/ sales value of each plant (million dollars).					

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof				
	Yes	No	Summary description					
IV. Social issues								
(I) Has the Company established related policies and procedures in accordance with applicable legal rules and the International Convention on Human Rights?	v		(I) In order to fulfill our corporate social responsibilities and to safeguard and protect basic human rights, the Company agrees to and promises to abide by norms of international human rights conventions, including the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the OECD Guidelines for Multinational Enterprises, the International Labor Convention, and so on. The Company accordingly took the initiative to formulate a human rights policy to reflect our responsibility to respect and protect human rights and comply with local labor and environmental laws and regulations in our places of operation. Announced on March 2, 2022 and translated into migrant workers’ mother languages in June of the same year (Vietnamese, Indonesian), this policy was formulated in order to prevent any infringements or violations of human rights.	No significant differences				
(II) Has the Company formulated and implemented reasonable employee welfare measures (including salary, vacation and other benefits, etc.), and appropriately reflected business performance or results in employee compensation?	v		(II) Tai-Tech’s salary and remuneration policy for employees is subject to individual ability, contribution to the Company, performance, and the consideration for the Company’s future operational risks. The Company abides by the Company Act and its Articles of Incorporation to appropriate a certain percentage of pre-tax income as employee compensation, which is distributed in the middle of the following year. The Company also appropriates a fixed percentage of post-tax earnings as employee bonuses, which are distributed before the Chinese New Year’s Eve, and is reflective of the Company’s business performance and outcomes.	No significant differences				
(III) Has the Company provided a safe and healthy work environment for the employees, and related education on occupational safety and health for the employees at regular intervals?	v		(III) The Company has set up its Occupational Safety and Health Office, which comprises one occupational health management specialist, two occupational health management personnel, and one occupational safety and health manager. The office is mainly responsible for the Company’s occupational safety and health policy, planning of occupational safety and health measures, and maintaining the ISO 45001 system, in the hope to help create a safe and healthy workplace for workers and relevant personnel, thereby avoiding risks, death, and work-related injury and illness and continuing to improve the occupational safety and health performance.	No significant differences				
			<table><tr><th>Occupational safety and health policies</th><th>Content</th></tr><tr><td>Compliance</td><td>1. There was no violation of occupational safety and health laws or any resulting penalty in 2022. 2. Have relevant management measures and introduce the ISO 45001 management system</td></tr></table>	Occupational safety and health policies	Content	Compliance	1. There was no violation of occupational safety and health laws or any resulting penalty in 2022. 2. Have relevant management measures and introduce the ISO 45001 management system	
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Promotion item	Implementation		Summary description	Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No		
				3. The Occupational Safety and Health Act, the Enforcement Rules of the Occupational Safety and Health Act, and the management requirements of ISO 45001 were referenced when the Company formulated its occupational safety and health work rules and regulations.
			Training and Education	1. Education and training shall be implemented for newly recruited employees, machinery and equipment operators, special operators, and supervisors in accordance with laws and regulations, and they shall obtain relevant qualification certificates. 2. All dangerous machinery and equipment in the factory are subject to regular inspections according to laws and regulations. Operators have obtained professional licenses and received regular on-the-job training. 3. In-service employees are given on-the-job trainings regularly every year, so as to raise their safety and health awareness and give a sense of work safety.
			Risk Management	1. The Company formulated its "Procedures for Assessing Occupational Safety and Health Risks" by referencing the Guidelines for Assessing Risks announced by the Occupational Safety and Health Administration, MOL, lest any operation or facility endangers personnel's safety and health. Risks were reduced to an acceptable level via hazard identification, risk assessment, and project-based management and improvement. 2. The Company has formulated its emergency response procedures, procurement management system, contractor management system, and change management and control system to reduce the occurrence of risks incidental to certain operation. 3. Work-related accidents and near misses are investigated, dealt with, tallied up, and analyzed.
			Health Care	1. Annual health checks are conducted for employees in order to understand the health status of employees and the basis for improving the management of the operating environment. 2. If there are employees with abnormal health checks and they are listed as second-tier management, assessments and health education recommendations will be scheduled. 3. The Company implements operating environment monitoring every six months to maintain employee health.

Promotion item	Implementation		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
			Summary description
			4. The Company arranges for occupational health physicians to advise employees on health issues on site every month. 5. The Company distributes health-promoting literature to employees so that they can gain knowledge of health. 6. Health-promoting seminars are held from time to time to raise the awareness of health-related issues and take care of employees' health. 7. To cope with the COVID-19 pandemic, the Company irregularly disseminates promotion literature to remind employees of pandemic-prevention information; employees on a business trip abroad are also provided with pandemic-prevention information on both Taiwan and China, and pandemic-prevention supplies. 8. The Company provided employees with rapid tests at the outbreak of the pandemic. Migrant workers who live in close proximity are given a rapid testing once a week, and once every two weeks at the ease of the pandemic, until November when the pandemic gradually subsided. 9. The Company provided employees confirmed to have contracted Covid-19 with pandemic-prevention information and health education, and tracked their long-COVID symptoms and gave them health advice.
			Continuous Improvement 1. For each assessed risk, the Company either makes project-based improvement, revises management regulations, adds personal protective gears, adjusts environment facilities, or improves work methods, so as to prevent the recurrence of the same accident. 2. On-site audits are carried out monthly to confirm the working environment and employee personal safety protection measures; and appropriate improvement suggestions are given to provide colleagues with a safe working environment. 3. Employees' dormitory provided by brokers is checked quarterly, so as to ensure that employees' living conditions meet the minimum requirements.
			Occupational accident investigation and statistics A total of 8 occupational accidents were reported in 2022. Near miss 3 Traffic accident 3 Minor injury 32

Promotion item	Implementation			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
(IV) Has the Company provided effective training in career planning for employees?			Disability accident 5 Severe occupational accident 0 Note 1: Minor injuries means those whose treatment requires only simple bandaging or the first-aid kit instead of hospitalization. Nor do such injuries have any effect on the loss of work hours. Note 2: Near misses are occasional events that do not adversely impact personnel, equipment, or environment. (IV) The Company has been attentive toward employee career planning and is committed to talent cultivation. We actively encourage employees to participate in various training courses that are based on the functional needs of the Company's employees as they participate in courses or seminars sponsored by external or internal organizations. Employees can also apply for education and training sessions according to their needs at work, to train their abilities for career development. In addition, the Company has formulated its "Regulations for Application for Continuing Education", by which tuition and miscellaneous expenses are fully subsidized in order to encourage employees to continue their education while working. In 2022, the Company took the initiative to apply for the coaching on the Talent quality-management system (TTQS) of the Ministry of Labor; that was the first time the Company had been evaluated, and it won a bronze certificate, indicating its effort and professionalism in talent training and development.	No significant differences
(5) Regarding issues such as customer health and safety, customer privacy, and marketing and labeling of products and services, does the Company comply with relevant regulations and international standards, and formulate relevant consumer and customer protection policies and complaint procedures?			(V) The Company does not manufacture end products, but we have "Customer Complaint Handling Procedures" to respond to the situation when customers are dissatisfied with the Company's products or services. For customer health and safety, customer privacy, marketing and labelling of products and services, we follow industry-related regulations and international standards.	No significant differences
(VI) Has the Company formulated supplier management policies, where suppliers are required to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor and their implementation?			(VI) In order to implement our supply chain management strategy, the Company conducts regular evaluations of its suppliers so as to avoid dishonest business activities. We also follow international organization standards and initiative trends by incorporating the spirit of the Responsible Business Alliance (RBA) Code of Conduct into the Company's overall supply chain management strategy. We have thus formulated the guidelines for the entire supply chain to follow in the five major dimensions of labor, health and safety, environment, ethics, and management systems, to lead our business partners to jointly create the maximum values for the environment and society. In the aspect of occupational safety, we have formulated the Contractor Management Procedures, and the Occupational Safety and Health Office sends emails regularly regarding relevant occupational safety and health matters to engage with supply chain partners. As for environmental protection issues, we have formulated the "Green/Environmental Product Specifications Operating Procedures," which will be requested to suppliers to sign and return when new specifications are recognized, to urge	No significant differences

Promotion item	Implementation		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
V. Does the Company refer to the internationally-prepared reporting standards or guidelines, preparation of sustainability reports and other reports that disclose the Company's non-financial information? Did the preliminary report obtain the confidence or assurance opinion of the third-party verification unit?	v		No significant differences
VI. If the Company has its own sustainable development code in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the differences between its operation and the Principles: 1. On September 17, 2020, the Board of Directors of the Company approved the "Corporate Social Responsibility Best Practice Principles;" and on January 18, 2022, the Board of Directors revised and approved to change its designation to the "Sustainable Development Best Practice Principles." 2. The Company attaches great importance to the fields of industrial safety, environmental protection, and safety and health. In addition to having obtained ISO 14001 and ISO 45001 certifications, the Company regularly monitors air, noise, waste, and energy usage in the factory. If any such measures exceed the standard values, an improvement plan will be carried out immediately. 3. The Company attaches great importance to harmonious labor relations and the employee welfare system. An Employee Welfare Committee has been established; the pension system has been implemented; and we have arranged a range of employee training courses, employee group insurance, and regular health checkups. Meanwhile, regular labor-management meetings are held to emphasize the importance of harmonious labor relations. VIII. Other important information helpful to understand the implementation of the promotion of sustainable development: 1. The Company complies with the requirements of environmental protection laws in terms of raw material input, product output, exhaust gas, wastewater, and waste treatment. The Company entrusts a professional treatment company to operate the sewage treatment facility at the plants 24/7. To ensure that our wastewater discharged is in compliance with laws and regulations. In 2022, we paid a total of NT\$2,970,000 on the costs of operation by the treatment company, and a total of NT\$1,700,000 on chemicals. 2. Companies of the Group treat their employees as family members, providing various types of emergency assistance and visits to vulnerable families in towns and villages, etc. to offer assistance for living needs. 3. The Company's waste paper recycling is entrusted to Tzu Chi to handle. Funds from the recovered amounts will be given to Tzu Chi for charity. 4. We have engaged in planting and adoption outside the factory areas, pruning flowers and trees; we increased the scope of adoption in 2019. 5. We adopt temperature controls in using air-conditioning to achieve energy savings and carbon reduction.			

Promotion item	Implementation		Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
			Summary description
6. We promote e-concepts with online applications and sign-offs for multiple assignments, reducing paper waste and making good use of the blank surfaces of waste documents for recycling and reuse. 7. In cooperation with the government's promotional requirements, the Company has an electric scooter charging station in the factory to charge electric vehicles. 8. We cooperate with the government's promotion of energy saving among major energy users to declare at least 1% energy saving per year, and the average annual electricity saving rate for the five consecutive years from 2015 to 2022 reached 1.73%, which was in line with government requirements. 9. We donated NT\$50,000 to the Fangzhou Nursing Home to care for the mentally disabled elders. 10. In respect to social welfare and care activities in 2021 and 2022, starting in November 2021 we sponsored the Taitung National Chenggong Commercial Fisheries Vocational School Youth Baseball Team with NT\$50,000 month; meanwhile, starting from December 2021, our monthly sponsorship of the Taipei University of Technology swimming team is NT\$20,000.			

(VI) Ethical business performance conditions, as well as differences and reasons for differences with Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies:

Evaluation item	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
I. Formulation of ethical management policies and plans				
(I) Has the Company formulated the ethical management policy approved by the board of directors, and in the regulations and external documents expressed the policies and practices of operating in good faith, and the commitment of the board of directors and senior management to actively implement business policies?	v		(I) On September 17, 2020, the Board of Directors of the Company approved the "Ethical Corporate Management Best-Practice Principles" in order to establish a corporate culture of honest management and sound development while establishing optimal business operations. The Board of Directors and senior management also undertake to implement it in internal management and business activities.	No significant differences
(II) Has the Company established an assessment mechanism for the risk of dishonesty, regularly analyzing and evaluating business activities with a high risk of dishonesty in the business scope, and formulated a plan to prevent dishonesty, and cover at a minimum the preventive measures for various acts under Article 7, Paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?"	v		(II) The Company has formulated its Ethical Corporate Management Best Practice Principles taken preventive measures against the business activities with high risk of dishonesty according to the clear specifications of the second paragraph of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies or within the scope of other business activities. The occurrence of unethical behavior.	No significant differences
(III) Does the Company specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?	v		(III) On September 17, 2020, the Board of Directors of the Company approved "Procedures for Ethical Management and Guidelines for Conduct." All unethical behavior is strictly prohibited, and it also clearly defines the disciplinary and appeal system for Company personnel involved in unethical behavior. In the future, when the Board of Directors submits its implementation report on the promotion of ethical behavior in the business every year, it shall review the Company's "Ethical Corporate Management Best Practice Principles" to determine whether corrections are required.	No significant differences
II. Implementation of ethical corporate management				
(I) Does the Company assess a trading counterpart's ethical management record and expressly state the ethical management clause in the contract to be signed with the trading counterpart?	v		(I) The Company conducts credit investigations on customers and evaluates suppliers to avoid unethical business activities, and has gradually included the ethical conduct clause in contracts signed with transaction counterparties.	No significant differences
(II) Has the Company set up a special unit under the board of directors to promote corporate ethical management, and regularly reports (at least once a year) to the board of directors on its ethical management policies and plans to prevent dishonesty and supervision and implementation?	v		(II) The Company's "Procedures for Ethical Management and Guidelines for Conduct" formulated and approved by the Board of Directors specifies that the Management Department shall be the exclusively (concurrently) responsible unit in charge of promoting corporate ethical management; the department will regularly report to the Board of Directors on the implementation of ethical corporate	No significant differences

Evaluation item	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
(III) Has the Company developed a policy to prevent conflicts of interest, provided a proper presentation channel, and put such policy in place?	v		management policy and unethical conduct prevention measures, and on its supervision of implementation. A.Regularly organized internal and external trainings on ethical corporate management, totaling 780 man-hours. A total of 144 newcomers registered for training, totaling 432 man-hours. B.Assessed the ethical record of trading counterparties. A total of 29 suppliers signed the Undertaking of Confidentiality in 2022. C.The status of operation of the the Company's whistleblowing system: There was no case filed through relevant whistleblowing channels in 2022 Zero case. (III) For conflicts of interest, in addition to reporting to the immediate departmental supervisor, employees can also report directly to the President.	No significant differences
(IV) Has the Company established an effective accounting system for the implementation of ethical management, internal control system, and the evaluation result of the risk of dishonesty by the internal audit unit, to formulate relevant audit plans, and check the compliance with the plan to prevent dishonesty, or entrusted an accountant to perform the audit?	v		(IV) The Company has established an effective accounting system and an internal control system, and the internal audit unit conducts regular audits according to the audit plan. Our CPAs also audit the internal control system on a regular basis.	No significant differences
(V) Does the Company hold education training in ethical corporate management inside and outside the Company on a regular basis?	v		(V) The Company organized internal and external education and trainings on ethical corporate management issues (including compliance with ethical corporate management regulations, anti-corruption, the accounting system, and the internal control system) in 2022, which were participated by 554 persons, totaling 780 hours.	No significant differences
3. Operation of the Company's whistleblower reporting system (I) Has the Company put in place the specific whistle-blowing and reward system, established a convenient reporting channel, and assigned appropriate personnel to deal with whistle-blowing?	v		(I) By adhering to the Company's ethical corporate management procedures and Article 21 of the Code of Ethical Conduct, the Company provides internal and external independent whistleblowing channels (mailbox, leased lines), and has set up a dedicated unit responsible for handing the case over to the corresponding units according to the identity of the accused for an investigation. The investigation results shall be reported to the Company's Reward and Discipline Committee for determination of rewards or discipline. When necessary, the case may be transferred to an external agency (e.g., the judicial branch) to maintain the Company's reputation and interests.	No significant differences
(II) Has the Company established standard operating procedures for accepting complaints, follow-up measures to be taken after the investigation is completed, and relevant confidentiality mechanisms?	v		In 2021 and 2020, there was no whistleblowing case. (II) As explained above.	No significant differences

Evaluation item	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary description	
(III) Has the Company taken measures to protect whistle-blowers from retaliation due to reporting?	v		(III) As explained above.	No significant differences
4. Strengthening information disclosure Has the company, on its website and on the Market Observation Post System of TWSE, disclosed the content and promotion effectiveness of its Ethical Corporate Management Best Practice Principles?	v		The investor area of the Company's website and the Market Observation Post System of TWSE are disclosed in the "Ethical Corporate Management Best Practice Principles."	No significant differences
5. If the Company has enacted the Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the difference between its operation and the Principles: We have formulated the Company's Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and there is no material difference between its operation and the Principles.				
VI. Other information that enables a better understanding of the Company's ethical corporate management (for example, the Company's review and revision the Ethical Corporate Management Best Practice Principles, etc.) 1. The Company complies with the Company Act, the Securities and Exchange Act, Business Entity Accounting Act, and relevant regulations of listed companies as the basis for our implementation of ethical management. 2. The Company's "Rules and Procedures of Board of Directors Meetings" establishes a system for director recusals to enable directors to view Board proceedings objectively. 3. The Company has formulated Preventative Measures for Insider Trading" that expressly stipulated that insiders and employees are not allowed to disclose material internal information they know to others. 6. The Company always pays attention to the development of relevant norms of ethical management domestically and abroad, and encourages directors, managers, and employees to make suggestions based on the review of the Company's measures to promote ethical management and in order to improve the effects of the Company's ethical management implementation.				

(VII) If the Company has established the Corporate Governance Best Practice Principles and the related regulations, it should disclose how to inquire about such principles:

On September 17, 2020, the Board of Directors of the Company formulated our "Corporate Governance Best-Practice Principles." This was also placed on a public website for employees to access at any time.

(VIII) Other important information that is sufficient to improve the understanding of corporate governance operations: None.

(IX) The implementation of the internal control system shall disclose the following matters:

(1) Statement of Internal Control:

TAI-TECH Advanced Electronics Co., Ltd.

Statement of Internal Control Systems

Date: January 12, 2023

For the Company's Internal Control Systems of 2022, based on the results of self-assessment, the following is hereby declared:

- I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managerial officers of the Company, and that such a system has been implemented within the Company. The purpose of the system is to reasonably ensure that the effectiveness and efficiency of operations (including profits, performance, and protecting the security of assets), reliability, timeliness, transparency, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and bylaws are achieved.
- II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. However, the company's internal control system has a self-supervision mechanism. Once the missing element is recognized, the company takes corrective action.
- III. The Company examined the design and effective implementation of its internal control system according to the criteria prescribed in the Regulations Governing Establishment of Internal Control Systems by Public Companies (called the Regulations below). The "Regulations" divide internal control into five constituents in line with the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Supervision. Each constituent contains several criteria. Please refer to the "Regulations" for details.
- IV. The Company has adopted the said criteria to validate the effectiveness of its internal control system design and execution.
- V. Based on the assessments described above, the Company considers the design and execution of its internal control system to be effective as at December 31, 2022. This system (including supervision and management of subsidiaries) has provided assurance with regard to the Company's business results, target accomplishments, reliability, timeliness and transparency of reported financial information, and its compliance with relevant laws.
- VI. The Statement of Declaration will be the major contents of the annual report and prospectus of the Company and to be publicly disclosed. The Company shall be held liable for misrepresentation or nondisclosure in the above content, according to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement has been approved by the Company's Board of Directors at the meeting held on January 12, 2023, at which this Statement was unanimously endorsed by all 9 attending directors without any opposing opinions.



TAI-TECH Advanced Electronics Co., Ltd.

Chairperson: Signature



President: Signature



(2) If a CPA is retained for the conduct of the internal audit system, disclose the Auditor's Report: None.

(X) In the most recent year and up to the date of publication of the annual report, if the Company and its internal personnel have been punished according to law, and the punishment has been imposed on internal personnel by the Company for violation of the internal control systems, major defects and improvements: None.

(XI) In the most recent year and as of the printing date of the annual report, important resolutions of the shareholders meeting and Board of Directors:

Meeting Name	Date	Motion	Matters enumerated in Article 14-3 of the Securities and Exchange Act	Dissenting or reserved opinion of independent directors
Board of Directors	The 18th session of the 12th term on January 18, 2022	01. Proposal on the monthly salary structure and payment amount of the Chairperson and managers of the Company and its subsidiaries	V	None
		02. Proposal on the 2021 year-end bonus and 2022 performance bonus to be distributed to the Chairman and managers of the Company and subsidiaries.	V	
		03. Transportation expenses for directors who attend a Board of Directors meeting.	V	
		04. Compensation to independent directors.	V	
		05. Proposal on the TAIPAQ Electronic Components (Si-Hong) Co., Ltd. endorsement/guarantee.	V	
		06. Approval of the Company's proposed Statement of Internal Control Systems for 2021.		
		07. Proposal on the Company's 2022 annual business plan.		
		08. Proposal to align with amended laws and regulations by amending its "C044 Corporate Governance Best Practice Principles - version 2" and "C047 Sustainable Development Best Practice Principles - version 2".	V	
		09. Proposal on renewal of credit lines.		
		10. Proposal to take out new credit lines from HSBC (Taiwan) Commercial Bank		
		11. Proposal to allow TAIPAQ to take out new credit lines from Taishin International Bank.		
		12. Proposal to authorize investment in marketable securities.		

Meeting Name	Date	Motion	Matters enumerated in Article 14-3 of the Securities and Exchange Act	Dissenting or reserved opinion of independent directors
		Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors' opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present		
Board of Directors	The 19th session of the 12th term on February 25, 2022.	01. Proposal on the 2021 employee compensation and director compensation distribution plan	V	None
		02. Establishment of the Company's "Remuneration and Reward Measures for Directors."	V	Postponed for deliberation / To be proposed for discussion next time.
		03. Proposal on the 2021 business report, financial statements, and consolidated financial statements		
		04. 2021 Earnings Distribution Proposal.		
		05. Proposal on renewal of Shanghai Commercial Savings Bank's credit line.		
		06. Proposal on general election of directors.	V	
		07. Proposal on qualifications of director nominees (independent directors)	V	
		08. To lift the non-compete restriction on directors in Article 209 of the Company Act for new directors of the Company.	V	
		09. Proposal to hold the Company's 2022 General Shareholders' Meeting on June 21, 2022.	V	
		Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Proposal 2: Establishment of the Company's "Remuneration and Reward Measures for Directors." Independent directors' opinion: This proposal was deferred for further examination at the subsequent gathering. Resolution: Upon consultation by the presiding chair of all directors present, the case is deferred and is to be discussed at the next meeting. Other proposals/Independent directors' opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results of other proposals: Approved by all directors present		
Board of Directors	The 20th session of the 12th term on April 28, 2022.	01. Proposal on establishment of the Company's "Remuneration and Reward Measures for Directors."	V	None
		02. Recognition of consolidated financial statements for the first quarter of 2022.		
		03. Proposal on evaluation of independence of the CPA and appointed remuneration for 2022.	V	
		04. Proposal on loan and agreement for Beixin	V	

Meeting Name	Date	Motion	Matters enumerated in Article 14-3 of the Securities and Exchange Act	Dissenting or reserved opinion of independent directors			
		International Co., Ltd.					
		05. Proposal on the earnings distribution plan of TAI-TECH Advanced Electronics (Kunshan).					
		06. Proposal on follow-on offering of TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	V				
		07. Proposal on capital increase via private placement of common shares.	V				
		08. Proposal on amendments to “Procedures for Acquisition or Disposal of Assets.”08. Proposal on amendments to 「 “Procedures for Acquisition or Disposal of Assets”.	V				
		09. Proposal on amendments to “Articles of Incorporation”.	V				
		10. Proposal on amendments to “Rules of Procedure for Shareholders’ Meetings”.	V				
		11. Proposal on amendments to the “Corporate Governance Best Practice Principles”.	V				
		12. Proposal on the Company's greenhouse gas inventory and verification schedule plan.					
		13. Proposal on renewal of CTBC’s annual credit line.					
		14. Proposal on the renewal of Chang Hwa Commercial Bank’s credit line.					
		15. Proposal on the renewal of commercial promissory notes issued by Taiwan Securities Finance Co., Ltd.					
		16. Proposal to add one director nominee to the director nominee list.	V				
		17. Proposal to add relevant proposals of the 2022 General Meeting of Shareholders	V				
		Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors’ opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present					
		Extraordinary Board of Directors meeting	The 1st session of the 13th term on June 21, 2022		01. Proposal on the election of the Chairperson of the Board of Directors.	V	None
					Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors’ opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present		
Board of Directors	The 2nd session of the 13th term on July 19, 2022	01. Discussion about the Company’s intention to repurchase its shares in the prescribed manner.	V	None			
		02. Proposal to set up TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.					
		03. Proposal on renewal of guaranteed issuance of commercial promissory notes issued by Mega Securities Finance Co., Ltd.					
		04. Proposal to select members of the 5th-term					

Meeting Name	Date	Motion	Matters enumerated in Article 14-3 of the Securities and Exchange Act	Dissenting or reserved opinion of independent directors
		Remuneration Committee of the Company		
		Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors’ opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present		
Board of Directors	The 3rd session of the 13th term on August 4, 2022.	01. Proposal on the Company's 2021 director's remuneration distribution plan (details)	V	None
		02. Proposal on the Company's 2021 employees’ compensation distribution plan (details)	V	
		03. Proposal on recognition of consolidated financial statements for the second quarter of 2022.		
		04. Proposal to set up the Company’s “Sustainable Development Committee/ESG Affairs Promotion Committee”.		
			Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors’ opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present	
Board of Directors	The 4th session of the 13th term on November 8, 2022.	01. Proposal on salary adjustment for some of the Company’s managers.	V	None
		02. Proposal on recognition of consolidated financial statements for the third quarter of 2022.		
		03. Proposal to sell business equipment to TAIPAQ Electronic Components (Si-Hong) Co., a related party.	V	
		04. Proposal to register the retirement of 1,100,000 shares of the Company’s treasury shares, and to set a capital reduction record date.	V	
		05. Proposal on renewal of credit lines.		
		06. Proposal on submission of the 2023 annual audit plan.		
		07. Proposal to replace the Company’s spokesperson.	V	
		08. Proposal to appoint the Company’s first Chief Governance Officer.	V	
		09. Proposal to to revise the Company’s “Procedures for Processing Material Insider Information”.		
		10. Proposal to adjust the Company’s organizational structure.	V	
		11. Proposal to formulate the Company’s “Corporate Sustainable Development Committee Charter”.	V	
		12. Proposal to set up the Company’s “Corporate Sustainable Development Committee” and appoint its members.		
			Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors’ opinion: None.	

Meeting Name	Date	Motion	Matters enumerated in Article 14-3 of the Securities and Exchange Act	Dissenting or reserved opinion of independent directors
		Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present		
Board of Directors	The 5th session of the 13th term on January 12, 2023.	01. Proposal on the monthly salary structure and payment amount of the Chairperson and managers of the Company and its subsidiaries for 2023.	V	None
		02. Proposal to distribute the 2022 year-end bonus to the Company’s Chairperson.	V	
		03. Proposal to distribute the 2022 year-end bonus to the Chairperson and managers of the Company and its subsidiaries.	V	
		04. Proposal to distribute the 2023 performance bonus to the Chairperson and managers of the Company and its subsidiaries.	V	
		05. Transportation expenses for directors who attend a Board of Directors meeting.	V	
		06. Compensation to independent directors.	V	
		07. Proposal to approve the Company’s proposed Statement of Internal Control Systems for 2022.		
		08. Proposal on the Company's 2023 annual business plan.		
		09. Proposal on the renewal of the financing facility contract between Taishin International Bank and TAIPAQ Electronic Limited, and on the endorsements and guarantees.	V	None
		10. Proposal on renewal of the credit line from Bank SinoPac.		
		Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors’ opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present		
		Board of Directors	The 6th session of the 13th term on February 24, 2023.	01. 2022 Earnings Distribution Table
02. Proposal on the evaluation of the independence and suitability of the Company’s attesting CPAs for 2023 and the appointment thereof and compensation therefor.	V			
03. Proposal on the replacement of CPAs.	V			
04. Proposal to allow attesting CPAs, the accounting firm to which they belong, and its affiliates to provide the Company and subsidiaries with non-assurance services.				
05. Proposal on amendments to the “Corporate Governance Best Practice Principles”.	V			
06. Proposal to revise the “Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises”.	V			
07. Proposal to amend the “Sustainable Development Best Practice Principles”.	V			

Meeting Name	Date	Motion	Matters enumerated in Article 14-3 of the Securities and Exchange Act	Dissenting or reserved opinion of independent directors
		08. Proposal to amend the “Rules of Procedure for Board of Directors Meetings”.	V	
		09. Proposal on renewal of credit lines.		
		10. Proposal to hold the Company's 2023 General Shareholders’ Meeting on May 31, 2023.		
		Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors’ opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present		
Board of Directors	The 7th session of the 13th term on March 15, 2023	01. Proposal to allow the Company to buy the common shares of APAQ Technology Co., Ltd. on the open market.	V	None
		Attendance of independent directors: Director Yang-Pin Shen, director Yu-Tsun Li, and director Yi-Chun Chiang were all present. Independent directors’ opinion: None. Actions taken by the Company in response to the opinion of independent directors. Resolution results: Approved by all directors present		
Am-holders Directors	June 21, 2022	The Company's 2022 General Meeting of Shareholders was held on June 21, 2022 on the first floor of No. 3, Qingnian Road, Yangmei District, Taoyuan City (conference room of China-Motor Training Center). The General Shareholders’ Meeting resolved to carry out the following matters; the implementation status is as follows: 01. Proposal on adoption of 2021 business report and financial statements. Implementation status: The Board of Directors meeting dated February 25, 2022 authorized the Chairman of the Board of Directors to set an ex-dividend record date. The ex-dividend record date was set on June 21, 2022, and cash dividends of NT\$721,938,000 were distributed in full on July 29, 2022. (Cash dividends of NT\$7 per share) 02. Discussion on capital increase via private placement of common shares. Implementation status: According to Article 43-6 of the Securities and Exchange Act, new shares offered through private placement may not exceed 10,000,000 shares. Upon expiry of the one-year time limit on June 20, 2022, it was decided to discontinue the cash capital increase in line with overall cash considerations. 03. Proposal on amendments to the “Procedures for Acquisition or Disposal of Assets”. Implementation status: The amendments were disclosed on the Company’s website and implemented accordingly. 04. Proposal on amendments to “Articles of	None	None

Meeting Name	Date	Motion	Matters enumerated in Article 14-3 of the Securities and Exchange Act	Dissenting or reserved opinion of independent directors
		Incorporation”. Implementation status: The amendments were registered and disclosed on the Company’s website on July 16, 2022. 05. Proposal on amendments to “Rules of Procedure for Shareholders’ Meetings”. Implementation status: The amendments were disclosed on the Company’s website and implemented accordingly. 06. Election of directors (including independent directors). Director-elect: 9 seats 6 seats of directors: (1) Northwest Investment Corporation Representative: Hsieh, Ming-Yen (2) Hengyang Investment Co., Ltd. Representative: Yu-Hsiang Yu Hsieh (3) Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank; Representative: CHEN CHIN SHENG (4) Chien-Jung Lin (5) Kuei-Kuang Huang (6) Chih-Cheng Hung 3 seats of independent directors (7) Yu-Tsun Li (8) Yang-Pin Shen (9) Yi-Chun Chiang Implementation status: The amendments were registered and disclosed on the Company’s website on July 26, 2022. 07. Proposal on cancellation of non-compete restriction for new directors of the Company. Implementation status: Approved through a resolution.		

(XII) In the most recent year and up to the date of publication of the annual report, the major contents of the opposition to or qualified opinions expressed by directors or supervisors about the significant resolutions passed by the Board of Directors that have been noted in the records or declared in writing: None.

(XIII) Resignation and removal of the Company's chairperson, president, chief accountant, treasurer, chief governance officer, internal audit supervisor, and R&D supervisor in the most recent year and up to the date of publication of the annual report: None

IV. Information about CPA professional fees:

Accounting firm name	Accountant name	Accountant audit period	Audit remuneration	Non-audit fees	Total	Remarks
PricewaterhouseCoopers Taiwan	Yen-na Li	Throughout 2022	3,630	3,152	6,782	
	Wei-hao Wu	Throughout 2022				

Note: If the Company changes accountants or accounting firms this year, please list the inspection period separately and explain the reason for the replacement in the remarks column, and disclose the information on audit and non-audit fees paid in sequence. Non-audit should be annotated to explain their service content.

(I) If the proportion of non-audit fees paid to the CPA, the firm to which the CPA belongs, and its affiliated enterprises is more than one-fourth of the audit fees, the amount of audit and non-audit fees and the content of non-audit services should be disclosed:

The non-audit fees are (1)fees of NT\$1,128 thousand for attestation of the ESG/Sustainability Report; (2)fees of NT\$200 thousand for the transfer pricing report; (3)fees of NT\$994 thousand for consultation; (4)fees of NT\$540 thousand for the Group's master file; (5)fees of NT\$250 thousand for taxation document attestation; (6) and fees of NT\$40 thousand for business registration.

(II) If the accounting firm has changed and the audit fee paid in the year of change is lower than the audit fee in the year before the change, the amount of audit fees and reasons before and after the replacement should be disclosed: None.

(III) If the audit fees are reduced by more than 10% compared with the previous year, the amount, proportion and reasons for the reduction of audit fees should be disclosed: None.

V. Change of CPA information: None.

VI. The chairperson, president, or the manager responsible for financing or accounting affairs, who has worked for the accounting firm to which CPAs belong or the affiliated enterprises in the past year: None

VII. Information about the shares transferred by and changes to the shares pledged by the directors, supervisors, managers and the shareholders holding more than 10% of shares in the most recent year and up to the date of publication of the annual report:

(I) Changes to the shares held by directors, supervisors, managers, and majority shareholders

Title	Name	2022		Year-to-date through April 2, 2023	
		Number of shares held Increase/decrease in	Number of shares pledged Increase/decrease in	Number of shares held Increase/decrease in	Number of shares pledged Increase/decrease in
Chairman	Northwest Investment Corporation	—	—	—	—
	Representative: Hsieh, Ming-Yen	(484,779)	—	—	—
Director	Heng Yang Investment Corporation	73,000	—	—	—
	Representative: Yu-Hsiang Yu Hsieh	(675,221)	—	—	—

Title	Name	2022		Year-to-date through April 2, 2023	
		Number of shares held Increase/decrease in	Number of shares pledged Increase/decrease in	Number of shares held Increase/decrease in	Number of shares pledged Increase/decrease in
Director	Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank	—	—	—	—
	Representative: Chin-Sheng Chen			—	
Director	Chien-Jung Lin	—	—	—	—
Director	Chih-Cheng Hung	—	—	—	—
Director	Kuei-Kuang Huang	—	—	—	—
Independent Director	Yu-Tsun Li	—	—	—	—
Independent Director	Yang-Pin Shen	—	—	—	—
Independent Director	Yi-Chun Chiang	—	—	—	—
President	Ming-Liang Hsieh	—	—	—	—
Vice President, Network Communication Business Department	Pao-Lin Shen	(106,120)	—	—	—
Vice President, Marketing and Operating Department	Yung-Tzu Li	(28,570)	—	—	—
Vice President, TAIPAQ Plant	Lung-Wang Chang	(21,217)	—	—	—
Director's Office Chief Engineer	Shao-Hsiung Huang (Note)	—	—	—	—
Audit Supervisor	Ching-Chi Hsieh	3,000	—	—	—
Director, Product Planning Management Office	Yi-Ju Lin	—	—	—	—

Title	Name	2022		Year-to-date through April 2, 2023	
		Number of shares held Increase/decrease in	Number of shares pledged Increase/decrease in	Number of shares held Increase/decrease in	Number of shares pledged Increase/decrease in
Associate Manager, Product Planning Management Office	Chi-Ming Tseng	—	—	—	—
Director, Marketing and Operating Department	Ming-Chi Hsieh	—	—	—	—
Quality Assurance Division	Pai-Hsuan Chung	—	—	—	—
Deputy Director, Marketing and Operating Department	Tze-Chun Chan	—	—	—	—
Director, Production Division	Chia-Hung Chang	—	—	—	—
Director, R&D Center	Hsiang-Chung Yang	(28,000)	—	—	—
Deputy Director, R&D Center	Chun-Te Tsou			—	—
Manager, Finance and Accounting Department; Chief Governance Officer	Hui-Yu Ho	(10,000)		—	—
Manager, Quality Assurance Division	Jung-Chuan Chang	—	—	—	—
Management Department	Chiang Yu Lin Fan	—	—	—	—
Manager, IT Department	Kai-Lun Fan	(17,000)	—	—	—
Manager, Marketing and Operating Department	Chin-Yuan Chen	(2,000)	—	—	—
Vice President, TAIPAQ Plant	Chun-Chih Liu	—	—	—	—
Manager, Production Division	Yi-Ting Huang	—	—	—	—

Title	Name	2022		Year-to-date through April 2, 2023	
		Number of shares held Increase/decrease in	Number of shares pledged Increase/decrease in	Number of shares held Increase/decrease in	Number of shares pledged Increase/decrease in
Major shareholder of more than 10%	Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank	—	—	—	—

Note: Chief Engineer Shao-Hsiung Huang retired on February 1, 2022.

(II) Share transfer information

Name	Reasons for equity transfer (Note)	Transaction date	Trade counterparty	The relationship between the counterparty of the transaction and the Company, directors, supervisors and shareholders holding more than 10% of the shares	Number of Shares (Shares)	Trading price (NT\$)
Pao-Lin Shen	Disposal	March 9, 2022	Hsiang-Chuan Huang	Spouse	106,120	119
Lung-Wang Chang	Disposal	April 12, 2022	Yi-Jou Chang	Father and daughter	21,217	115
Yung-Tzu Li	Disposal	December 6, 2022	Chia-Shuo Li	Father and son	28,570	85.40

(III) Equity pledge information: None

VIII. Information about the relationships of the ten largest shareholders

Date of Suspension of Transfer: April 2, 2023

Name	Number of shares personally held		Spouse and minor children holding shares		Total shares held by proxy		Name of related parties, spouse, or relative within the second degree of kinship, and relationships among top ten shareholders		Remarks
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Name (or designation)	Relationship	
Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank	10,207,649	10%	—	—	—	—	—	—	
Corporate representative : Chin-Sheng Chen	—	—	—	—	—	—	—	—	
Heng Yang Investment Corporation	6,540,995	6.41%	—	—	—	—	Yu-Hsiang Yu Hsieh Ming-Liang	Chairperson and Director of the	

							Hsieh Ming-Chi Hsieh	Company Supervisor of the Company Director of the Company	
Representative: Yu-Hsiang Yu Hsieh	1,449,902	1.42%	—	—	—	—	Heng Yang Investment Corporation Hsieh, Ming-Yen Ming-Liang Hsieh Ming-Chi Hsieh	Chairperson and Director of the Company Mother/Son Mother/Son Mother/Son	
Northwest Investment Corporation	6,121,718	6.00%	—	—	—	—	Hsieh, Ming-Yen Chien-Jung Lin	Chairperson and Director of the Company Supervisor of the Company	
Representative: Hsieh, Ming-Yen	2,464,829	2.42%	463,371	0.45%	—	—	Northwest Investment Corporation Yu-Hsiang Yu Hsieh Ming-Liang Hsieh Ming-Chi Hsieh	Chairperson and Director of the Company Mother/Son Brother Brother	
All Ring Tech Co., Ltd.	2,710,436	2.66%	—	—	—	—	—	—	
Representative: Ching-Lai Lu	—	—	—	—	—	—	—	—	
Kuei-Kuang Huang	2,564,591	2.51%	1,109,612	1.09%	—	—	—	—	
Hsieh, Ming-Yen	2,464,829	2.42%	463,371	0.45%	—	—	Northwest Investment Corporation Yu-Hsiang Yu Hsieh Ming-Liang Hsieh Ming-Chi Hsieh	Chairperson and Director of the Company Mother/Son Brother Brother	
Pinchen Investment Co., Ltd.	—	—	—	—	2,000,000	1.96%	Ming-Chi Hsieh Yu-Hsiang Yu Hsieh	Chairperson and Director of the Company Supervisor of the Company	
Corporate director representative: Ming-Chi Hsieh	750,481	0.74%	611,731	0.60%	—	—	Heng Yang Investment Corporation Yu-Hsiang Yu Hsieh Hsieh, Ming-Yen Ming-Liang Hsieh	Director of the Company Mother/Son Brother Brother	

Jiayu Investment Co., Ltd.	—	—	—	—	2,000,000	1.96%	Ming-Liang Hsieh Ling-Hsia Chou	Chairperson and Director of the Company Supervisor of the Company	
Ming-Liang Hsieh	746,868	0.73%	135,027	0.13%	—	—	Heng Yang Investment Corporation Yu-Hsiang Yu Hsieh Hsieh, Ming-Yen Ming-Chi Hsieh	Supervisor of the Company Mother/Son Brother Brother	
Chien-Jung Lin	1,836,610	1.80%	629,810	0.62%	—	—	Northwest Investment Corporation	Supervisor of the Company	
Yuqin Investment Co., Ltd.	1,775,000	1.74%	—	—	—	—	—	—	
Corporate director representative : Wen-Chin Yuan	—	—	—	—	—	—	—	—	

IX. The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company:

December 31, 2022; Unit: Thousand shares

Re-invested business	The Company's investment		Director, supervisor, and manager investments and directly or indirectly controlled enterprises		Comprehensive investment	
	Number of Shares	Shareholding Proportion (%)	Number of Shares	Shareholding Proportion	Number of Shares	Shareholding Proportion (%)
Best Bliss Investments Limited	34,250	100.00	—	—	34,250	100.00
North Star International Limited	100	100.00	—	—	100	100.00
TAI-TECH Advanced Electronics (Kunshan)	—	100.00	—	—	—	100.00
Fixed Rock Holding Ltd.	26,450	100.00	—	—	26,450	100.00
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	—	100.00	—	—	—	100.00
TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	—	100.00	—	—	—	100.00

Four. Fundraising Status

I. Capital and Shares

(I) Sources of equity

1. Sources of share capital

April 2, 2023; unit: thousand shares

Year / Month	Issuance Price (NT\$)	Approved share capital		Paid-up share capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Share capital Source	Property other than cash contributed as equity capital	Other
November 1992	10	2,650	26,500	2,650	26,500	Starting capital	—	Approved by Letter Jing (082) Shang No. 390865 on November 02, 1992
September 1993	10	2,750	27,500	2,750	27,500	Cash capital increase of NT\$1,000 thousand	—	Approved by Letter Jing (082) Shang No. 450582 on September 8, 1993
July 1995	10	5,500	55,000	5,500	55,000	Cash capital increase of NT\$27,500 thousand	—	Approved by Letter Jing (084) Shang No. 501016 on July 08, 1995
September 1999	10	9,350	93,500	9,350	93,500	Cash capital increase of NT\$38,500 thousand	—	Approved by Letter Jing (088) Shang No. 684064 on September 17, 1999
August 2000	10	11,000	110,000	11,000	110,000	Capital increase of NT\$16,500 thousand from capitalization of retained earnings	—	Approved by Letter Jing (089) Shang No. 124051 on August 10, 2000
November 2000	10	19,813	198,127	19,813	198,127	Consolidated capital increase of NT\$88,127 thousand	—	Approved by Letter Jing (089) Shang No. 144108 on November 27, 2000
July 2001	10	35,600	356,000	26,433	264,330	Capitalization of capital reserves of NT\$66,203 thousand	—	Approved by Letter Jing (090) Shang No. 09001382310 on September 26, 2001
July 2001	10	35,600	356,000	29,500	295,000	Capital increase of NT\$30,670 thousand from capitalization of retained earnings	—	Approved by Letter Jing (090) Shang No. 09001382310 on September 26, 2001
July 2001	10	35,600	356,000	35,600	356,000	Cash capital increase of NT\$61,000 thousand	—	Approved by Letter Jing (090) Shang No. 09001382310 on September 26, 2001
December 2001	10	45,600	456,000	45,600	456,000	Cash capital increase of NT\$100,000 thousand	—	Approved by letter Jing Shou Shang Zi No. 09101001420 on January 7, 2002
July 2002	10	54,878	548,776	53,853	538,536	Capital increase of NT\$82,536 thousand from capitalization of retained earnings	—	Approved by letter Jing Shou Shang Zi No. 09101371960 on September 18, 2002

July 2002	10	54,878	548,776	54,878	548,776	Consolidated capital increase of NT\$10,240 thousand	—	Approved by letter Jing Shou Shang Zi No. 09101371960 on September 18, 2002
May 2003	10	65,000	650,000	58,445	584,446	Capital increase of NT\$35,670 thousand from capitalization of retained earnings	—	Approved by letter Jing Shou Shang Zi No. 09201180690 on June 24, 2003
May 2003	10	65,000	650,000	61,000	610,000	Cash capital increase of NT\$25,554 thousand	—	Approved by letter Jing Shou Shang Zi No. 09201180690 on June 24, 2003
June 2005	10	75,000	750,000	67,100	671,000	Capital increase of NT\$61,000 thousand from capitalization of retained earnings	—	Approved by letter Jing Shou Shang Zi No. 09401160490 on August 17, 2005
November 2006	12	75,000	750,000	69,975	699,748	Cash capital increase of NT\$28,748 thousand	—	Approved by letter Jing Shou Shang Zi No. 09601290900 on January 3, 2007
November 2006	12	75,000	750,000	70,000	700,000	Consolidated capital increase of NT\$252 thousand	—	Approved by letter Jing Shou Shang Zi No. 09601290900 on January 3, 2007
December 2009	16.9	75,000	750,000	70,055	700,550	Cash capital increase of NT\$550 thousand	—	Approved by letter Jing Shou Shang Zi No. 09801288710 on December 15, 2009
January 2011	23	80,000	800,000	78,000	780,000	Cash capital increase of NT\$79,450 thousand	—	Approved by Letter Jing Shou Shang Zi No. 10001018760 on January 31, 2011
September 2012	10	150,000	1,500,000	79,560	795,600	Capital increase of NT\$15,600 thousand from capitalization of retained earnings	—	Approved by Letter Jing Shou Shang Zi No. 10101193770 on September 18, 2012
August 2014	30	150,000	1,500,000	91,000	910,000	Cash capital increase of NT\$114,400 thousand	—	Approved by Letter Jing Shou Shang Zi No. 10301160060 on August 4, 2014
March 2021	151.88	300,000	3,000,000	103,134	1,031,340	Follow-on offering of NT\$12,134 thousand	—	Approved by Letter Jing Shou Shang Zi No. 11001141040 on August 23, 2021
November 2022	10	300,000	3,000,000	102,034	1,020,340	Capital reduction by retiring treasury shares of NT\$11,000 thousand.	—	Approved by the official letter titled Jing Shou Shang Zi No. 11101222620 dated November 23, 2022.

2. Classes of shares

April 2, 2023; Units: Shares

Shares Class	Approved share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	102,034,000	197,966,000	300,000,000	TPEX-listed shares

3. Information concerning the collective reporting system: Not applicable

(II) Shareholder structure

April 2, 2023; Units: Persons; Shares

Shareholder structure Quantity	Government agencies	Financial institution	Other legal persons	Individuals	Foreign institutions and individuals	Total
Number of people	—	—	39	8,871	59	8,969
Number of shares held (shares)	—	—	25,299,169	64,825,258	11,909,573	102,034,000
Shareholding percentage (%)	—	—	24.80	63.53	11.67	100

(III) Distribution of Equity

1. Common stock

April 2, 2023

Shareholding grading	Number of shareholders (individuals)	Number of shares held (shares)	Shareholding percentage (%)
1–999	2,362	351,800	0.34
1,000–5,000	5,529	10,030,149	9.83
5,001–10,000	476	3,731,423	3.66
10,001–15,000	162	2,110,383	2.07
15,001–20,000	92	1,665,430	1.63
20,001–30,000	96	2,434,736	2.39
30,001–40,000	54	1,906,604	1.87
40,001–50,000	39	1,811,827	1.78
50,001–100,000	63	4,361,413	4.27
100,001–200,000	29	4,089,538	4.01
200,001–400,000	28	8,048,568	7.89
400,001–600,000	8	4,177,484	4.09
600,001–800,000	11	7,761,919	7.61
800,001–1,000,000	5	4,285,769	4.20
1,000,001–1,200,000	1	1,109,612	1.09
1,200,001–1,400,000	2	2,568,615	2.51
1,400,001–1,600,000	1	1,449,902	1.42
1,600,001–1,800,000	2	3,457,000	3.39
1,800,001–2,000,000	3	5,836,610	5.72
2,000,001–999,999,999,999	5	30,845,218	30.23

Total	8,968	102,034,000	100.00
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2. Preferred shares: None

(IV) List of major shareholders

April 2, 2023; Units: Shares; %		
Major shareholders	Shares	Number of shares held (shares)
Superworld Holdings (S) Pte. Ltd. investment account under custody of First Commercial Bank		10,207,649
Hengyang Investment Co., Ltd.		6,540,995
Northwest Investment Co., Ltd.		6,121,718
All Ring Tech Co., Ltd.		2,945,436
Kuei-Kuang Huang		2,564,591
Hsieh, Ming-Yen		2,464,829
Pinchen Investment Co., Ltd.		2,000,000
Jiayu Investment Co., Ltd.		2,000,000
Chien-Jung Lin		1,836,610
Yuin Investment Co., Ltd.		1,777,000
		1.74

(V) Information about market price, net value, earnings, and dividends per share in the most recent two years

Unit: NT\$ thousand; Thousand shares				
Year				
Item			2021	2022
Per share Market price	Highest		184.50	142.00
	Lowest		108.00	71.30
	Average		151.72	98.41
Net value per share	Before distribution		62.80	63.53
	After distribution		55.51	Not yet distributed
Earnings per share (EPS)	Weighted average number of shares		99,089	102,704
	Earnings per share		12.08	10.11
Per share Dividends	Cash dividends		7.00	Not yet distributed
	Stock dividend s	Stock dividends from capitalization of retained earnings	—	—
		Additional paid in capital	—	—
		Accumulated unpaid dividends	—	—
Return on investment analysis	P/E ratio		12.56	9.73
	Price to dividend ratio		21.67	Not yet distributed
	Cash dividend yield		4.61%	Not yet distributed

(VI) Company dividend policy and implementation status

1. Dividend policy as set out in the Articles of Incorporation

The Company's dividend policy shall be determined based on the factors of the environment of its industry, Company's growth stage, future fund demand, financial structure and capital budget, etc., along with the benefits of shareholders, balance of dividends and the long-term planning of the Company. Within the distributable range, the distribution proposal is to be established by the Board of Directors according to law, and the proposal is to be reported 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.

2. Proposed (completed) dividend distribution to shareholders for the current year

The Company will distribute a cash dividend of NT\$6.0 per share for 2022. The resolution was submitted to the Board of Directors on February 24, 2022 and will be reported to the shareholders meeting on May 31, 2023.

(VII) The impact of proposed stock dividends this year on the Company's operating performance and earnings per share: There will be no stock dividend.

(VIII) Remuneration of employees, directors, and supervisors

Item	Explanation
The percentage or scope of remuneration for employees, directors, and supervisors as set out in the Articles of Incorporation	Where the Company has a profit for a fiscal year, it shall appropriate not less than 6% as the remuneration of employees, and the board of directors shall reach resolution of the distribution in stock or cash. The distribution subject may include employees of subordinate companies satisfying certain criteria. The Company may appropriate an amount not higher than 2% of the aforementioned profit as the remuneration of directors and supervisors through resolution of board of directors' meeting. The proposal for distribution of the remuneration of employees and the remuneration of directors and supervisors shall be reported to the shareholders' meeting.
The estimated basis for the estimated compensation of employees, directors and supervisors in the current period, the basis for calculating the number of shares for employee compensation distributed by shares, and the accounting treatment if the actual distribution amount is different from the estimated amount:	According to the Company's Articles of Incorporation, not less than 6% of pre-tax profit is to be allocated to employee compensation and not more than 2% is to be allocated to directors' compensation. The corresponding amounts in 2022 were NT\$76,144 thousand and NT\$19,036 thousand, respectively, which were not different from the amounts estimated in the accounts. If there is a difference between the actual distribution amount and the estimated amount, it will be treated as a change in accounting estimates and included in profit or loss for the following year.

Item	Explanation
Approval of the Board of Directors of the distribution of remuneration: (1) Compensation of employees and directors and supervisors distributed in cash or stock. If there is a difference from the estimated amount in the year of recognition of expenses, the number of discrepancies, reasons, and handling should be disclosed:	On February 24, 2023, a resolution of the Board of Directors was passed such that for 2022, employees will be paid NT\$76,144 thousand and directors' compensation will be NT\$19,036 thousand. This does not differ from the estimated amount in the accounts, and all of the above will be paid in cash.
(2) The amount of employee compensation distributed in stock and its proportion to the net profit after tax and total employee compensation in the current period's parent company only or individual financial statements:	No such situation
Shareholders' meeting reports on the situation and results of the distribution of remuneration	The Company's 2022 distribution plan calls for employee compensation of NT\$76,144 thousand and directors' compensation of NT\$19,036 thousand; this proposal should be reported to the shareholders' meeting on May 31, 2023.
Actual distribution of remuneration for employees, directors, and supervisors in the previous year (including the number of shares allotted, amounts, and share prices). If there is a difference with the recognized amount of remuneration for employees, directors, and supervisors, the number of differences, the reasons and the handling circumstances should be stated:	Following a report to the annual General Meeting of Shareholders on July 21, 2022, the Company allocated NT\$85,823 thousand in employee compensation and NT\$21,456 thousand in directors' compensation for 2021. There was no difference from the amount of employee compensation and directors' compensation recognized in the 2021 financial statements.

(IX) Repurchase of shares by the Company:

March XX, 2023

Repurchase no. (Note)	1st	2nd	3rd
Purpose of repurchase	Transfer to employees	Transfer to employees	Maintenance of the Company's creditworthiness and shareholders' interests
Repurchase period	2015/5/20-2015/7/19	2017/8/10-2017/10/9	2022/07/20-2022/09/19
Repurchase price range	NT\$21~40 per share	NT\$21~40 per share	NT\$68~128 per share
Types and numbers of shares bought back	690,000 common shares	810,000 common shares	1,100,000 common shares

Amount of shares bought back	NT\$20,494,189	NT\$21,986,618	NT\$99,410,230
The number of repurchased shares that have been cancelled or transferred	0	1,500,000 shares	1,100,000 shares
Accumulated number of the Company's shares held by the Company	690,000 shares	0	0
Ratio of the accumulated number of the Company's shares held by the Company to the total number of issued shares (%)	0.76%	0	0

- II. Issuances of corporate bonds (including overseas corporate bonds): No such situation.
- III. Handling of preferred shares: No such situation.
- IV. Participation in the issuance of overseas depositary receipts: No such situation.
- V. Employee stock options and new restricted employee shares: No such situation.
- VI. M&A or transfer of shares of other companies to issue new shares: No such situation.
- VII. Implementation status of fund utilization plan: none.

Five. Overview of Operations

I. Business content

(I) Business scope

1. The Company's principal business activities

The Company is a professional supplier of magnetic materials and inductive components. The main business items are the development, design, manufacture, and sale of different types of magnetic components and inductive components.

2. Revenue Distribution of the Company's current Major Products

Unit: NT\$ thousand

Major products	2021		2022	
	Operating revenue	Proportion	Operating revenue	Proportion
Wire-wound	3,937,194	63.86%	3,465,007	65.48%
Multilayer products	1,051,952	17.06%	811,890	15.34%
LAN transformers	1,143,122	18.54%	959,902	18.14%
Others	33,013	0.54%	54,534	1.03%
Total	6,165,281	100.00%	5,291,333	100.00%

3. The Company's current product items and applications

The magnetic components and inductance components manufactured and sold by the Company are used to suppress electromagnetic interference (EMI) between electronic circuits and various interfaces, and are also widely used in circuits such as those for signal screening, noise filtering, and stabilizing current. Furthermore, inductance is also an indispensable component in every type of power management circuit and system. Their scope of application covers almost the entirety of electronic products, such as personal computers and peripheral products, wired or wireless communication system products, automotive grade electronics, industrial products, digital audio and video products, televisions, game consoles and other consumer products, security products and other electronic products. After years of hard work, the Company has become one of the few companies in the industry today that has the ability to manufacture and sell various types of inductors and provide customized products to clients. Major product categories and items manufactured and sold by the Company are organized in the following table:

Type	Wire-wound			Multilayer products	LAN transformers	Others
	Precision wire-wound inductors	Molded power inductor	Common mode filter			
Item	1. Wire-wound ferrite inductors 2. High frequency wire-wound ceramic inductors 3. Wire-wound	1. Integrally molded power inductors 2. Miniature integrally molded power inductors	1. Two-wire common mode filters 2. Three-wire common mode filters 3. Automotive	1. Laminated chip magnetic beads 2. Multilayer chip inductors	4. Capacitive type LAN transformer modules 5. Inductive type LAN transformer	Nickel-zinc ferrite cores

Type	Wire-wound			Multilayer products	LAN transformers	Others
	Precision wire-wound inductors	Molded power inductor	Common mode filter			
	ferrite low frequency antenna 4. Sealed wire-wound low profile power inductors 5. Wire-wound SMD beads	3. High-current-resistant flat wire molded power inductors 4. Integrated electric field shielding molded power inductors	common mode filters 4. Balanced to unbalanced converters (also known as balun filters) 5. SMD high current common mode filters	3. Multilayer high frequency ceramic chip inductors 4. Laminated array magnetic beads 5. Multilayer chip power inductors 6. Multilayer chip common mode filters	modules 6. Automatic winding type LAN transformers 7. Self-coupling type LAN transformers 8. LAN transformer common mode inductors	

3. New product items to be developed

The Company produces a complete range of inductor products and has more than 40 kinds of magnetic material formula technologies, ferrite core design capabilities, high vertical integration, and diversified process options and other core competitiveness, giving us a high degree of independent development capabilities. In addition to continuously improving the electrical characteristics, reliability, and miniaturization of existing products, in terms of new product development, we focus on the application needs of recent growth markets such as high-speed digital computing, AI, 5G mobile communication, high-speed networking, cloud applications, servers, Internet of Things, power management, automotive grade electronics, and other applications. In 2023, we expect to develop new product items listed as follows:

1. HFZ 321611PF-500T120 series, multilayer chip beads with high current resistance and low DC impedance for automotive use.
2. multilayer chip beads of dimensions 1608 series for suppression of auto grade soft-electrode power line noise
3. multilayer chip beads of dimensions 1608 series with a heat resistance of up to 175 degrees Celsius for auto grade use.
4. PASU3225 series, low-frequency UV-resin-covered induction antennas for auto grade use
5. TLVR series products, dual wire-wound inductors used in high-end servers.
6. The WCM4015/WCM4520 common mode filters series
7. The metal injection molded inductor MMIM4030 series

8. The TMPC05~07HC series, Carbonyl iron powder high current molded power inductors.
9. The TMHC04~06 series, hot-pressed Carbonyl iron powder molded power inductors
10. The TMHA04~05 series, hot-pressed alloy molded power inductors
11. The TMAF04~06 series, ultra-thin flat wire alloy molded power inductors
12. Innovative LAN transformer modules

(II) Industry overview

1. Industry status and development

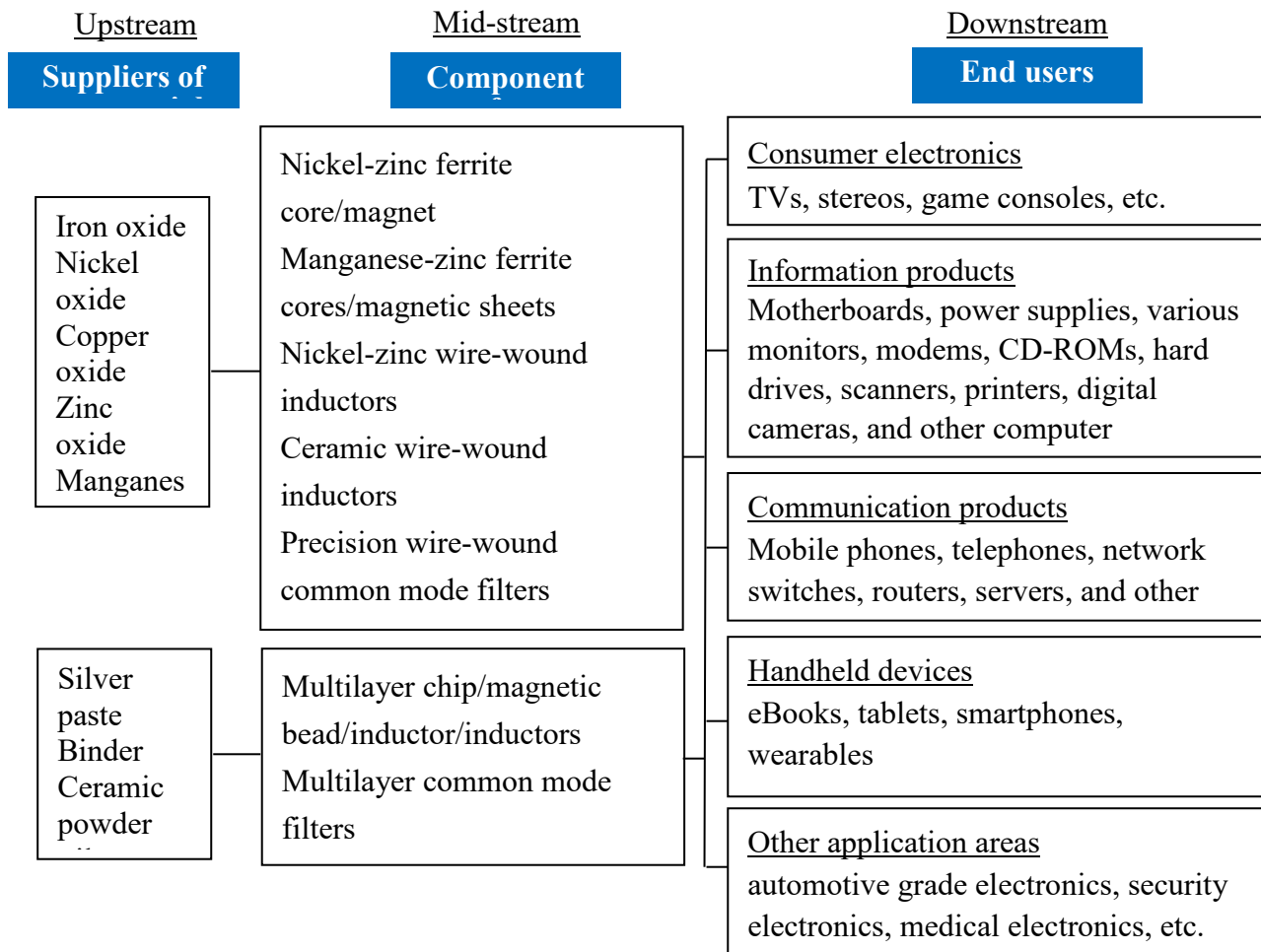
The Company's main products are magnetic and inductive components. Classified by industry, we fall within the passive component industry. According to the manufacturing process and product structure, inductance components can be divided into laminated chip type, wire-wound type, integral molding, and manual assembly. In respect to materials used to manufacture inductors, they can be divided into ferrite type, ceramic material type, metal alloy type, and so on. The Company is one of the few professional domestic inductor manufacturers that can provide the above-mentioned different types, different materials, and different application fields at the same time.

Inductors have the function of filtering and removing noise, suppressing transient current, reducing electromagnetic interference (EMI), and power conversion. They are widely used, especially in consumer electronics and 3C electronic products such as smartphones, tablet computers, notebook computers, desktop computers, servers, digital set-top boxes, handheld game consoles, wearable devices, and many others. Due to the above end products, products are widely used by consumers and are constantly innovating with their functions changing with each passing day; this also indirectly drives the demand for inductor components. In recent years, innovative technologies have been continuously applied to the automotive industry, electric cars, communications industry, IoT, AI, high-speed computing, and other industrial uses, increasing the demand for the relevant key components including inductive components, driving the development of the industry.

For instance, an electric car need a large quantity of inductor components for power conversion and control. Inductor components are most commonly used in the DC/AC converter of an electric car for conversion and regulation of electricity. In addition, an electric car's battery management system also needs inductor components to identify and control battery current, to ensure the safety and reliability of battery. Inductors are also used in AI-powered and high-speed computing equipment; they are used in high-speed computing equipment mainly as an EMI filter and power line filter. The CPU and memory in high-speed computing equipment require immense power supply and data transmission. High quality power line filters and EMI filters can ensure the stability of power line and the correctness of data transmission. That is to say, high-quality inductors can ensure the stability and reliability of high-speed computing equipment.

Therefore, passive components (including inductor components) are classified as mature segments in the electronics industry; demand for components has grown because the functions of end-application products have been upgraded and become more complex, and this in turn drives the development of the entire industry chain.

2. Relationships between the industry's upstream, mid-stream, and downstream



3. Various product development trends

The functions of electronic system products are continually evolving, which in turn advances continuous improvements in product specifications among inductance components. With the increasing trend of electronic products to be faster, lighter, thinner, shorter, and smaller, development leans toward high frequency, miniaturization/thinning, low loss, high power, and high resistance. This is the case no matter whether the product is a magnetic core, a laminated chip magnetic bead/laminated chip inductor, a wire-wound coil, or a power inductor. Separately, in response to the trend of automated production, related material technology, ferrite core design, mold design and production, etc., each product's early-stage development design is based on the consideration of whether production can be automated. Environmental awareness has risen in recent years, and the requirements for environmental protection and greening of electronic parts are getting higher and higher. The above development trends will dominate the future development of the Company's inductor products.

4. Industry competition

The world's major inductor manufacturers currently are listed as follows:

Japan manufacturers	TDK, Murata, Taiyo Yuden, Panasonic
US manufacturers	Vishay, Coilcraft
South Korean manufacturers	Samsung Electro-Mechanics, Samwha
Taiwan manufacturers	Yageo (stock code 2327); Delta (stock code 2308); TAI-TECH Advanced Electronics (stock code 3357); ABC Taiwan Electronics (stock code 3236); King Core Electronics (stock code 6155); Arlitech Electronic (stock code 6432); Inpaq Technology (stock code 6284)
Mainland China-based manufacturers	Sunlord Electronics, Fenghua Hi-Tech

The top global inductor suppliers are still dominated by Japanese manufacturers. YAGEO Corporation remained the largest one among Taiwanese manufacturers. Meanwhile, mainland China-based manufacturers have experienced substantial growth in the domestic market in recent years; and with the support of the capital market and local governments, and abundant capital injections, the scale of major manufacturers has grown rapidly. In recent years, due to the rise of a consolidation trend, the inductor industry ecology has trended toward ever-larger players; and the living spaces of small and medium-sized manufacturers have become increasingly compressed. Developing unique business strategies is inevitable in order to avoid being eliminated.

In addition to expanding production capacities of our original products, the Company continues to develop various components to meet the needs of the market. In recent years, a number of new products have successively been introduced in terms of sales content, such that downstream customers are distributed in high-tech electronic industries such as consumer electronic products, information products, communication products, and automotive grade electronics. With diversified products and diversified customer groups, we will diversify our operations, diversify the risk of selling in a single industry, enhance our competitiveness, and respond to the rapidly changing market trends.

(III) Technology and R&D overview

1. Technology level and research development

In response to the continuous development of electronic system products towards characteristics of being light, thin, short, and small, and having high functionality and automated production, coupled with the increasing demand for automotive grade electronics applications in recent years, required specifications of automotive components are more stringent than those of general commercial components. Therefore, the Company's inductor manufacturing technology is matched

with core material engineering technology that has been developed for many years, developing new products that are also light, thin, short, small and high performance, having rated current, that are suitable for high frequency working ranges, and featuring vibration resistance (required for handheld devices and automotive grade electronics), wider operating temperature ranges (required for automotive grade electronics), high reliability (required for automotive grade electronics and servers), environmentally friendliness, and the concept of automatable production as the basis for the development of new products.

1. Research and development expenses invested in the most recent year

Unit: NT\$ thousand

	2021	2022
Research and development expenses	142,012	157,741
As a percentage of revenues (%)	2.30	2.98

Source: Consolidated financial statements audited and certified by an accountant

2. Technologies or products that have been successfully developed in the last five years

Year	Technology or product successfully developed
2017	1. On-board (discrete) solution of LAN transformer. 2. TXF3532/4532 auto-winded LAN Transformer for POE+ application. 3. Developed Ui28~30 material, a new alloy material with high magnetic permeability. 4. Mass production of AWP series of miniature alloy molded power inductors. 5. For the BPH series of high-current automatic threading magnetic beads, development of a full series of automated processes was completed and mass production undertaken.
2018	1. For Lan mod project, self-design of module specifications, promotion and trial production of ON BOARD product specifications, and promotion. POE+/POE++, 2. 5G/5G, 10G product specification; promotion and trial production; assisting customers to design test products. 2. WCM7060 and other series developed and mass-produced; development completed. 3. Completed development of common mode filter products of HDMI2.1 specification. 4. AHP product line miniaturized development of power inductors. 5. 5. Vehicle-scale common mode filter products; developed ACM series products.
2019	1. Released multilayer chip high current power inductors, including the development and mass production of products with distinct high, medium, and low specifications. (1) CPI 1608/2012/2016/2520 UF Series. (2) MPI 1608/2012/2016/2520 SF Series. (3) MPI 1608/2012/2016/2520 MF Series. 2. Developed inductors for use in true wireless earphones (TWS). (1) SWF1608RF series. (2) SWF2012RF series. (3) HPC201212MF series. 3. Development and mass production of low profile sealed wire-wound inductor products (including ferrites and alloys) with smaller and thinner dimensions. (1) Miniaturization: AHP121008 / 121010, 160808 / 160810, 201208 / 201210 (2) Thinning: 0.8 mm height, AHP201608, 252008, 303008, 322508, 404008.

Year	Technology or product successfully developed
	4. Automotive common mode filter ACM4532/ACM3225, suitable for general specifications of CAN FD (Controller Area Network Flexible Data-Rate). 5. LAN transformer TXF5365/TXF4532/TXF3532 series suitable for Power over Ethernet (PoE) specifications of Ethernet power supply. 6. Development and certification work applied to the next-generation memory module DDR5 one-piece power inductor TMPF series.
2020	1. Developed inductors for use in true wireless earphones (TWS). (1) HPC160809TF series, mid-range headphone applications. (2) UHP160808TF series, mid/high end headphone applications. (3) UHP201208TF series, mid/high end headphone applications. (4) UHP201210RF series, mid/high end headphone applications. (5) FCH160808SF series, low-end headphone applications. 2. Released medium size BPH853025F8E-101T high resistance automatic wire-wound magnetic beads. 3. Released three-wire balun transformer BCM3225 series. 4. Released Common mode filter APO322523/30 series (POC, Power Over Coaxial) used in vehicle coaxial power supply network systems. 5. Applied to the Internet of Vehicles, CAN FD (Controller Area Network Flexible Data-Rate) Class 1, 2, 3 common mode filter ACM4532/3225. 6. Released TMIM3225/2520 series of miniaturized and thin molded power inductors. 7. Released high temperature resistance (125 °C) DCM3216/3225/4532 series for LAN transformers. 8. Released LAN transformer TXF536540 compatible with 5GbE Power over Ethernet PoE/60W specification.
2021	1. Completion of the development of the HFZ1005/1608/2012/3216 series, compact multilayer ferrite beads for high current use. 2. The HCB5750 series, large multilayer ferrite chip beads for high current use. 3. The WCM1513/1211/9070/5555 series, common mode filters for high current use. 4. The HSF1210-U4 series, common mode filters of USB4.0 specifications. 5. The ACM3225/4532 series, common mode filters for use in OA1000/OA100, high vehicle-communications standards. 6. The AMIM3225/4020 series, high-efficient loss-loss alloy molded power inductors of the DDR5 standard. 7. 7. Microminiaturization LAN transformer modules.
2022 up to the date of publication of the Annual Report	1. HFZ 321611PF-500T120 series, multilayer chip beads with high current and low DC impedance for automotive use. 2. PASU3225 series, low-frequency UV-resin-covered induction antennas for auto grade use 3. TLVR series products, dual wire-wound inductors used in high-end servers. 4. The metal injection molded inductor MMIM4030 series 5. The TMPC05~07HC series, Carbonyl iron powder high current molded power inductors. 6. Innovative LAN transformer modules

(IV) Long- and short-term business development plans

The Company will establish a business method that can adapt to changes, be flexible and strong, and meet the needs of the market. Furthermore, we will establish a short delivery, low-cost, high-quality production system while simultaneously cultivating creative and action-oriented talent as our policy in planning for the Company's future.

1.Short term development plans

(1) Marketing strategy:

- A. Continue to build a diversified and professional brand image; increase international visibility.
- B. Adjust product mix; increase the sales of high value-added product lines.
- C. Strengthen the development of new products and markets; disperse the impact of single product and industry fluctuations or seasonal cycles.

(2) Production policies:

- A. Improve processes; improve product yield, and improve quality.
- B. Increase capacity utilization; improve efficiency and reduce costs.
- C. Strengthen the information system to shorten delivery times and increase order responsiveness.

(3) Product development direction:

- A. Utilize material technologies and the development capability of various types of inductor products owned by the Company; develop products that meet market needs.
- B. Undertake technical cooperation with downstream customers to develop and design products that meet customer needs.

- (4) Focus on operating scale and financial coordination, strengthening the Company's financial management functions and enhancing risk controls.

2.Long term development plans

(1) Marketing strategy:

- A. Maintain an image of high-quality, high-functioning, and diversified products.
- B. Complete the deployment of global marketing bases, providing perfect supply and service to increase market share.

(2) Production policies:

- A. Continue to expand production capacity, meeting the needs of downstream customers.
- B. Maximize the product capacity utilization of each business unit.

(3) Product development direction:

- A. Continue to develop new products that meet market demand based on core technologies.
- B. Actively develop key materials and technologies, mastering autonomy.
- C. Cultivate outstanding R&D talent and enhance R&D capabilities.
- D. Foster the development direction of the Company's medium and long-term research and development work.

Product category	Technology category		
	Material	Process	Design
Chips: Laminated chip magnetic beads (high frequency application)	1. Ultra low permeability (–1) ferrite powder 2. High permeability ferrite capable of operating under high temperature, up to 175 degree. 3. Soft starter		
Chips: Multilayer chip inductors		1. Metal powder multilayer products 2. Membrane inductor	
Wire-wound: Molded power inductors		1. Automatic production throughout all processes 2. Metal injection molded. 3. Hot-press process	1. New metal surface insulation treatment technology 2. Amorphous metal powder 3. Micro metal powder
Coil: Miniaturized high frequency wire-wound inductors (single wire)		1. UV-resin-shielded 2. Magnetic powder resin-shield coil	1005 (metric) / 0603 (metric) size
Wire-wound: Common mode filter (two-wire and multi-wire winding type)	155 degree operating temperature high permeability ferrite	1. Special winding technology 2. Membrane technology	
Wire-wound: network filter (capacitive)	105 degree and 125 degree working temperature material	Capacitive design Cp<5pF winding	10G/25G/40G Ethernet applications and smaller sizes
Transformers: LAN transformers (inductors)	105 degree and 125 degree working temperature material		25G/40G Ethernet application corresponding specifications

(4) .Operating scale and financial cooperation:

A. Open new locations overseas to meet operational needs.

B. Utilize diversified financial management tools in the capital market; access more funding channels to enrich working capital; expand the scale of operations.

II. Market and production and sales overview

III. Market analysis

1. Main product sales areas:

Unit: NT\$ thousand; %

Year		2021		2022	
		Sales amount	Proportion	Sales amount	Proportion
Domestic sales		1,384,299	22.46%	1,373,265	25.95%
Exports	Mainland China	3,461,744	56.15%	2,661,398	50.30%
	Hong Kong	709,812	11.51%	679,816	12.85%
	Singapore	193,096	3.13%	79,482	1.50%
	Others	416,330	6.75%	497,372	9.40%
Total		6,165,281	100.00%	5,291,333	100.00%

4. Market share

The Company and subsidiaries are mainly engaged in the development, design, manufacture, and sale of magnetic components and inductors. The main competitors around the world are some ten manufacturers, including TDK, Murata, Taiyo Yuden, Vishay, Coilcraft, YAGEO, Delta, and Sunlord Electronics Co.,Ltd. Given so, relevant data is not easily accessible. In addition, the sampling method and companies sampled for a survey conducted by the various market survey institutions vary, so does the data they published. So far, a creditworthy survey or report from which the accurate market share of each manufacturer can be inferred is still absent. According to a report published by Research and Markets on Globe Newswire in March 2022 titled “Global Inductor Market (2021-2026) by Application Type, Inductance Type, Type, Core Type, Shield Type, Mounting Technique Type, Vertical Type, Geography, Competitive Analysis and the Impact of Covid-19 with Ansoff Analysis,” the global inductor industry was estimated to witness total sales of US\$3.9 billion in 2021. The Company's sales value for 2021 was NT\$6,665,281 thousand, accounting for an estimated 5.0%-5.5% share of the global inductor component market. The Company is gradually scaling up its production capacity and market share, and has gained a leading position in the market for products like multilayer ferrite chip beads, multilayer ferrite chip inductors, and wire-wound common mode filters.

5. Future market supply and demand, and future growth

1. Future growth of the market

The pandemic in the past few years has substantially changed the pattern of the industry supply chain. The end market for products like PCs, consumer electronics, and network communication products, after having enjoyed the bonus brought about by the pandemic, we faced challenges of declining demand and inventory adjustment, plunging down the demand for passive components in 2022. However, the growth in the demand for passive components in the future is expected to be quite notable, given that the impact of the pandemic has lessened, and that end application products are featuring ever updated, complicated functions. According to the data in the report released by GLOBE NEWSWIRE as mentioned before, the compound annual growth rate (CAGR) of the global market for inductors between 2021 and 2026 will reach 4.6%. A report published by Mordor Intelligence titled “Inductors Market - Growth, Trends and Forecast (2021 - 2026)” predicts that

global inductor market sales will see a compound annual growth rate of 3.6% from 2021 to 2026. The two research institutions agree in their views that applications of consumer electronics, 3C products, smartphones, and the Internet of Things still accounts for the largest share of the inductor sales market. automotive grade electronics, and especially the electric vehicle application market, will be the inductor component application market with the highest compound annual growth rate (CAGR). In respect to sales regions, the Asia-Pacific region still exhibits the highest compounded annual growth rate (CAGR).

2. Analysis of market supply and demand

a. Supply side:

At present, all downstream manufacturers require good quality and low price, and major domestic and foreign manufacturers expect component manufacturers to fully cooperate in terms of delivery time and service. As for the domestic inductor industry, although the biggest competitors are still Japanese manufacturers at present, the technological development of the domestic electronic material information industry is becoming increasingly mature and its process capability and production cost reductions indicate strong competitiveness. In recent years, peers in mainland China have enjoyed the backing of abundant capital for their development. Coupled with their convenient access to the booming mainland market, their competitiveness is also increasing day by day. Therefore, from the perspective of market supply, although the situation of big companies has remained unchanged, the living space of small factories has been reduced. However, in Japan, Taiwan, South Korea and China, major manufacturers are actively seeking growth opportunities and the market supply is sufficient and competitive. As such, major peers must cautiously confront the impact of unbalanced supply and demand caused by the over-expansion of popular products and markets, while at the same time actively satisfying the market supply side.

b. Demand side:

In the inductor industry, downstream customer manufacturers basically cover all electronics related industries. As the functions of electronic products have become increasingly powerful in recent years, as well as ever more automated and intelligent, this has not only gradually boosted sales volumes of end-use electronic products; the number of inductor components used in a single unit of an electronic product has also grown significantly due to diversification of functions. As a result, demand for inductor components has grown year by year. From the leadership of PC-related applications in the early years, smartphone market applications have gradually transformed into the main driving force for growth in recent years. Moreover, new and diversified application fields are booming, such as automotive grade electronics, the Internet of Things, 5G applications, cloud applications, AI, and high-speed computing; and the growth momentum of this new electronics industry has already taken shape. Therefore, future demand growth for inductor components should be optimistic.

6. Estimated sales volume and its basis

Regarding the Company's estimated sales volumes in 2023, multi-layer inductors and magnetic beads are re-planned in the order and product mixes and monthly production capacity will be more than 2 billion pieces per month. The monthly production capacity of common mode filters and transformers will reach a monthly production capacity of 440 million units after the expansion in 2022. The total monthly production capacity of molded power inductors will exceed 100 million; and the remaining wire wound inductors and thin inductors are expected to exceed 185 million in monthly sales.

The main growth markets for downstream customer needs and applications are automotive grade electronics, network communications markets, cloud storage, and server markets. In terms of regional markets, we will continue to build market share in China and keep increasing the number of existing European and American OEM orders.

7. Competitive niche

(1) High degree of vertically integration

a. Mastering the ability to develop magnetic materials

We have over 40 years of experience in material technology, with more than 40 material formulations such as ferrites, alloys, ceramics, etc., to produce products with the best characteristics and cost-competitiveness for customers to choose from.

b. Product design ability

With ferrite core and mold design capabilities, we can take into account the best characteristics of the product and the best mass production conditions when developing new products.

c. Diverse process capabilities

We have diversified process methods (such as multilayer, wire-wound, molding, sealing, assembly, etc.) that can provide customers with the best production solutions in terms of product customization.

To sum up, the Company's related products start from the preparation and production of raw material powder, to the multilayered, wire-wound, molded and assembled finished products. The whole process is completed in the factory, which will effectively ensure the quality of the Company's products and reduce costs.

2. Highly automated production

From the outset, design of the Company's products is aimed at whether they can be introduced into automated production. In addition to ensuring high output, high quality and high yield of mass-produced products, this can also reduce the dependence on direct labor, reduce the impact of rising labor costs year by year, and make the Company's products more competitive.

3. Diversified operations mitigate the risk of selling in a single industry

The Company continues to develop various components to meet the needs of the market. a number of new products have successively been introduced in terms of sales content (e.g., ultra-small high-frequency inductors, ultra-high-frequency magnetic beads, low profile power inductors, chip-type power inductors, chip-type common mode filters, etc.) such that downstream customers are distributed in high-tech electronic industries such as consumer products, information products, and communication products. This is done with the view of diversifying the risk of selling in a single industry via diversified operations, and in order to respond to rapidly changing market trends.

4. Core technologies

A. Material technology

(A) Nickel-zinc ferrite material formulation technology: Mainly high temperature materials for ferrite cores, low temperature (with silver) co-fired materials for laminated wafer processes, and high frequency and low temperature co-fired ceramic materials.

(B) Iron alloy formula technology: Special low temperature glass system insulation technology, high magnetic permeability materials, low loss materials, extremely high temperature resistant 180 degree resin formula, etc.

B. Multilayer technology, where the best process for cost-effectiveness can be chosen for products as follows: Fully wet process, semi-dry and semi-wet process, and fully dry process.

C. Winding technology: Winding machines with various winding technologies.

D. Production technology for various power inductors: Multi-layer chip type, winding type (single winding type, sealing type) and integral molding type, etc.

8. Advantages, disadvantages, and countermeasures of future development prospects

1. Advantageous factors

a. The inductor market is moving towards new application fields, driving the growth of overall industry demand

In addition to traditional PC/NB and 3C products, inductors applied in non-3C products in recent years include new applications for automotive grade electronics, the Internet of Things (IoT), 5G network communications, AI, and high-speed computing. Meanwhile, the design of electronic parts must be lighter, thinner, shorter, capable of operating under higher frequency, low-power, and highly reliable. Demand for high-end passive components will continue to grow, indicating that the Company's future growth space is relatively promising.

b. Complete and diverse customer base to expand the Company's marketing footprint

The Company obtains customer orders from different markets, diverse customer groups, and future application trends through diverse and balanced sales models and sales mixes such as those involving regional channels, OEM sales, and direct services. Furthermore, we can accurately promote the Company's advantageous processes and products to achieve a sales mix that optimizes associated profitability.

- c. Market share among Taiwan manufacturers is still low, and there is considerable room for future growth

In terms of global inductor market share, Japan and the United States remain as the countries with the largest production scales. However, the current global market share of Taiwanese manufacturers is still relatively low and the country imports large volumes of specialized materials and high-precision ferrite cores as well as inductance products from the United States and Japan every year. Therefore, against a backdrop of a vigorously developing global electronics industry, Taiwanese inductor manufacturers will have ample room for growth if they can improve their manufacturing technology and product quality to meet the massive demand of downstream customers. And we have considerable advantages because the Company has a solid material foundation and has a number of key material technology and product patents. Therefore, we can still anticipate future space for growth.

2. Disadvantageous factors, and countermeasures:

- a. There is no sign of subsided inflation in the short term.

The inflation as a result of war and the pandemic inevitably impacted the passive component industry in which the Company operates. Inflation-driven negative factors include the following:

1. Commodity price hike: Inflation might push up the cost of raw materials and production, thereby adversely impacting product price and market competitiveness.
2. Declining consumer demand: Soaring commodity price reduces consumers' purchase power and thus their consumption willingness, thereby impacting industry development and market performance; one paradigm in this respect is the PC and consumer electronics industry.
3. Volatile market: A volatile market caused by inflation might undermine the business community's confidence in the prospects of the industry, thereby impacting industry investment and development.

Countermeasures:

1. Cost control: The Company will take effective measures to reduce production costs, e.g., optimizing the production process, lowering energy consumption, and mitigating the effect of rising commodity prices on product prices.
 2. Increase of product added value: The Company will intensify its development and innovation of products to add more value to products, to offset the effect of rising commodity price on product price.
 3. Market expansion: The Company will develop more markets, increase sales, and gain market share to cushion the effect of inflation on product sales.
- b. Mounting geopolitical tension has give rise to a negative factor, that is, the demands from end customers to change the production base.

Rising China-US tension and increasing geopolitical risks around the world in recent years have come with a negative factor that the electronics supply chain has been forced to establish a production base outside mainland China.

Countermeasures:

The Company has started to allocate the production capacity among the three plants in Taiwan and China. In the short-term, the Company will make the Taiwan-based head plant capable of producing all series of products, and will enable the plants in both Taiwan and China to produce the four major series of products. A customer-oriented strategy will be adopted. The plants in China will serve domestic customers while the Taiwan plant will take care of customers in Europe, the US, Southeast Asia, and Northeast Asia. Meanwhile, the Company plans to set up a production line dedicated to the production of automotive grade in the new plant in Taiwan. In the mid- to long-term, the Company will set up a new production base in a more suitable country or region featuring a stable policy, abundant human capital, and convenient logistics.

c. Industry giants will become even gigantic.

Confronted by Chinese manufacturers, Taiwanese manufacturers are actively investing in the development of the passive component industry. To further expand their leading edge versus Chinese manufacturers while narrowing the gap with their Japanese counterparts, manufacturers including Chilisin, Yageo, Kaimei, Teapo, and others successively launched consolidation strategies in 2017 for the sake of implementing horizontal and vertical integration. Beyond this, Yageo also strengthened its deployment in industrial control, electric vehicles, 5G, and other application fields, starting from 2018, through its acquisition of Brightking, Pulse Electronics of the US, and KEMET of the US. Thus, Taiwanese manufacturers have strengthened their mastery of upstream material development and further expanded customers and product lines to enhance market competitiveness, achieving these advances by means of M&A, shareholdings, and so on. This has made the giants in the passive component industry even notably gigantic.

Countermeasures:

The Company continues to refine process improvements and launch cost-competitive products (such as magnetic beads and common mode filters) to deepen our product competitiveness and raise competition barriers. In addition, we continue to strengthen cooperation and complementary relationships with friendly peers (including counterparts in Taiwan, mainland China, Japan, and Korea) so as to actively strive to develop new product designs with end customers. This in turn should strengthen the competitiveness of our own products.

d. International manufacturers have competitive advantages

The industry has long been dominated by Japanese manufacturers based on their advantages of advanced processes and excellent quality. Competitors thus are mainly international manufacturers such as Murata, Taiyo Yuden, TDK, and so on. Limited by differences in resources and financial capabilities, direct competition therefore is not feasible in respect to some aspects of market expansion and overseas brand promotions. As a result, we are relatively weak in terms of winning well-known foreign brand system customers.

Countermeasures:

After years of hard work, the Company's products have been recognized in the market. The Company is improving our processes and launching cost-competitive products. Separately, we are strengthening cooperation with agents, enhancing market visibility, and attracting well-known foreign brands to recognize our Company's products. We are also actively striving to develop new product designs with end customers while increasing customization and differentiation.

- e. With the gradual rise of the supply chain in China, the growth space of Taiwan's manufacturers may be squeezed.

The rise of brands of end electronic products in China has boosted the demand for parts and components. Aside from grabbing market share in China, they also simultaneously wield substantial influence over the global market for electronics. However, it has also recently been reported that the red supply chain in mainland China has gradually become a trend, and the proportion of Chinese end brands using local passive components may increase in the mainland; this would virtually reduce the growth space of Taiwanese manufacturers.

Countermeasures:

The Company continues to introduce cost-competitive products through process improvements, and we are strengthening collaboration with regional businesses in mainland China. In doing so, we aim to facilitate the Company's introduction of its products to end customers in the new product development and design stages. In addition, the Company also insists on providing high-quality products and services in order to confront the competition of low-price orders from other manufacturers. The Company thus will have greater advantages in securing orders as we diversify business risks or increase the added value of our products in the future.

(II) Important applications and production processes of products:

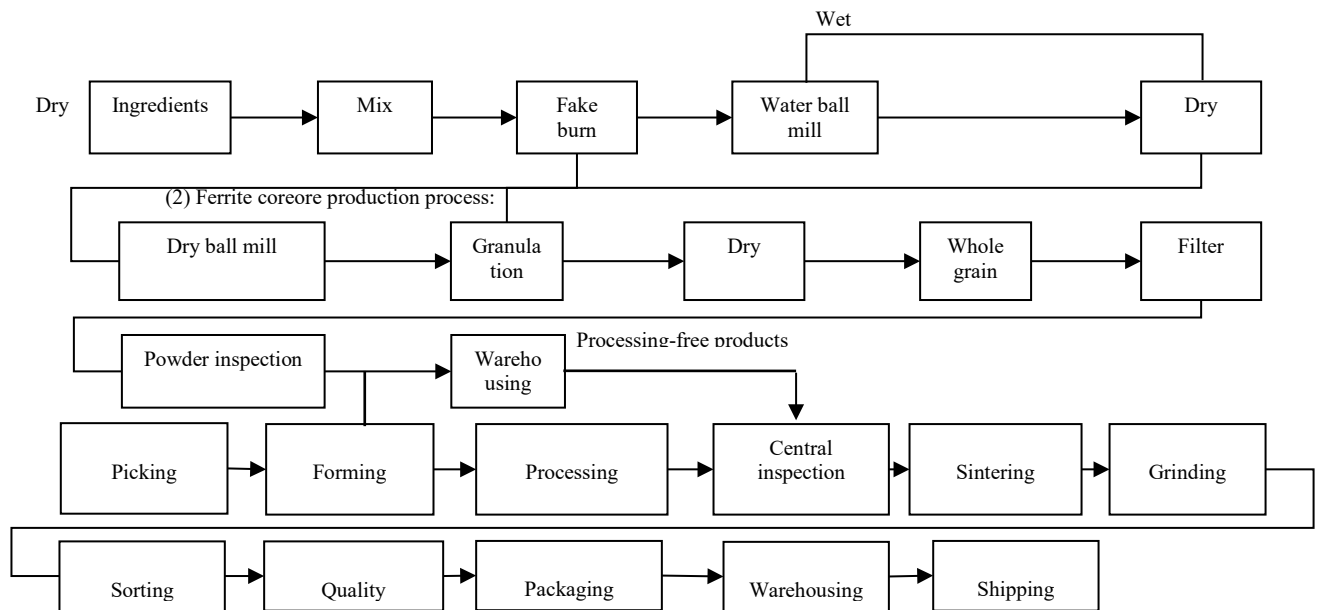
1. Important applications of major products

Product category	Important applications
Multilayer chip inductors/beads	Motherboards, graphics cards, notebooks, tablets, LCD tvs/monitors, wireless networks, smart phones, printers, network cards, projectors, digital STBS, automotive grade electronics, data center servers, and edge computing servers.
molded power inductors	Motherboards, graphics cards, desktop computers, notebook computers, smart phones, tablet computers, LCD TVs/screens, game consoles, automotive grade electronics, new energy vehicle battery management systems, data center servers, and edge computing servers.
Common mode filters and LAN transformers	High-speed connection interface, desktop computer, notebook computer, digital TV, network router, network switch, data center servers, and edge computing servers.

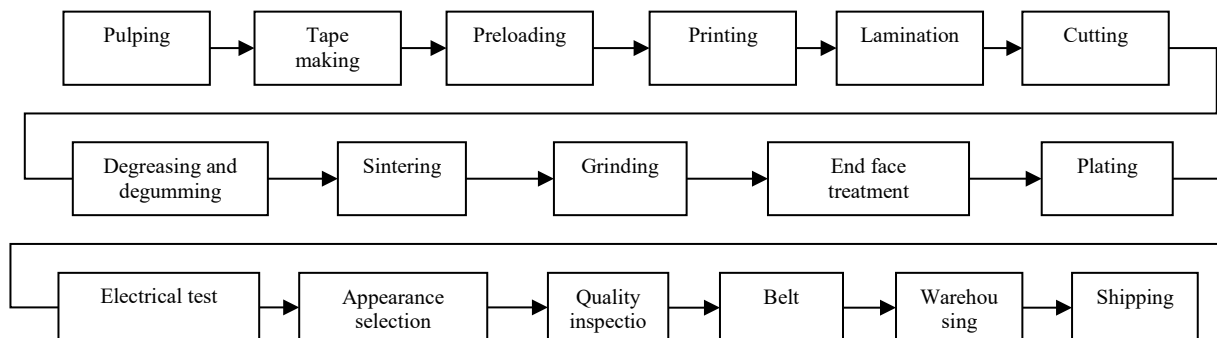
Wire-wound inductors	Motherboards, graphics cards, notebooks, tablets, LCD tvs/monitors, wireless networks, printers, network cards, projectors, digital STBS, smartphones, automotive grade electronics.
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2. Production process of major products

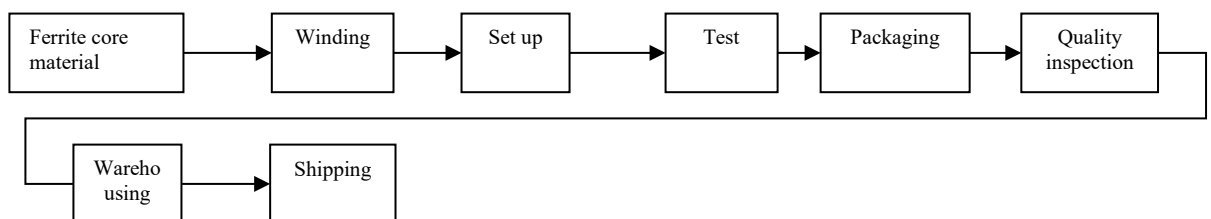
(1) The main production process of magnetic materials:



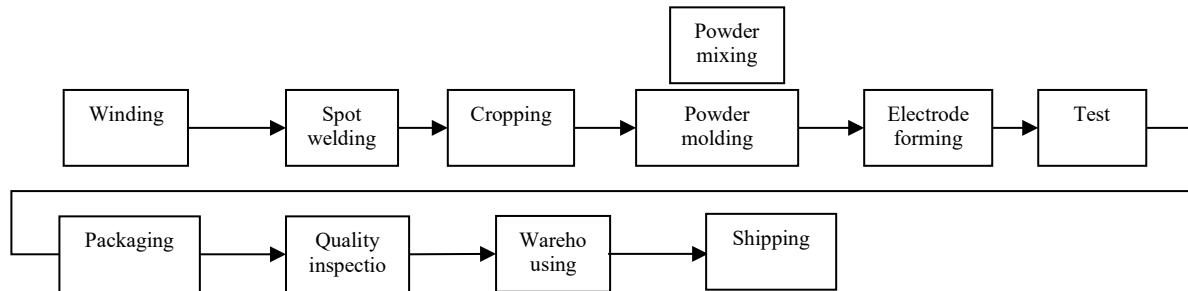
(3) Magnetic beads/inductor production process:



(4) Wire-wound inductance production process:



(5) Molded power inductor production process:



(III) Availability of major raw materials

Regardless of whether the Company is manufacturing ferrite core powder or multilayer used ferrite tape, the raw materials are mixed with powders such as iron oxide, nickel oxide, copper oxide, magnesium oxide and zinc oxide in different proportions, and then obtained according to individual subsequent different processes. Under the principle of maintaining more than two suppliers for a single raw material, the Company has long maintained close and favorable cooperative relationships with suppliers, a practice that should ensure smooth delivery.

(IV) List of major purchase and sale customers

1. Information on major purchasers in the last two years

Unit: NT\$ thousand; %

Year	2021				2022			
Item	Name	Amount	% of net purchases in the whole year	Relationship with the Company	Name	Amount	% of net purchases in the whole year	Relationship with the Company
1	Company J	243,852	10.96	None	Company J	162,548	9.77	None
	Other	1,980,615	89.04		Other	1,501,345	90.23	
		2,224,467	100.00			1,663,893	100.00	

Explanation of change: Since the revenue from products using Company A's products decreased in 2022, the purchase from Company A also decreased.

2. Information on major sales customers in the last two years

Unit: NT\$ thousand

Item	2021				2022			
	company name	Net sales	As a percentage of net sales for the year (%)	Relationship with the issuer	company name	Net sales	As a percentage of net sales for the year (%)	Relationship with the issuer
1	Company A	782,986	12.70	None	Company A	934,204	17.66	None

	Others	5,382,295	87.30	-	Others	4,357,129	82.34	-
	Total	6,165,281	100.00	-	Total	5,291,333	100.00	-

Explanation of change: In 2022, the increase in market demand for automotive products increased the revenue from the sale to Company A.

(V) Production value table for the last two years

Unit: KPCS/NT\$ thousand

Year	2021			2022		
Production value	Capacity	Yield	Output value	Capacity	Yield	Output value
Major products						
Wire-wound	3,592,986	3,552,505	2,236,468	4,109,984	2,743,057	1,917,208
Multilayer products	21,322,912	21,137,081	747,562	21,650,370	13,848,857	581,207
LAN transformers	2,886,448	2,885,126	705,199	3,757,841	2,988,518	730,624
Others	0	246	3,956	0	22	4,407
Total	27,802,346	27,574,958	3,693,185	29,503,195	19,580,454	3,233,446

(VI) Sales value table for the last two years

Unit: KPCS/NT\$ thousand

Year	2021				2022			
Sales value	Domestic sales		Exports		Domestic sales		Exports	
Major products	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Wire-wound	914,124	1,201,539	2,975,144	2,735,655	781,395	1,223,020	2,255,359	2,241,987
Multilayer products	2,401,272	167,645	17,902,959	884,307	1,853,102	139,959	12,324,447	671,931
LAN transformers	8,101	10,503	2,842,266	1,132,619	5,252	7,385	2,742,385	952,517
Others	26,195	4,612	117,584	28,401	13,816	2,901	306,723	51,633
Total	3,349,692	1,384,299	23,837,953	4,780,982	2,653,565	1,373,265	17,628,914	3,918,068

III. Number of employees in the last two years

		2021	2022	2023 through March 31
Number of employees	Management administrative staff	117	114	98
	Salespeople	120	121	126
	R&D and technical personnel	40	117	110
	Manufacturing indirect personnel	136	141	146
	Operators	1920	1561	1693
	Total	2333	2054	2173

		2021	2022	2023 through March 31
Average age		36.35	37.19	36.38
Average years of service		4.29	4.99	4.96
Educational distribution ratio	Master's degree	0.04%	0.05%	0.05%
	Bachelor's	0.39%	0.39%	0.41%
	Junior college	13.24%	15.24%	15.05%
	High school	33.43%	32.72%	34.74%
	Below high school	52.89%	51.61%	49.75%

IV. Environmental spending information

- (I) Required description of the application for, payment of, or establishment of pollution facility permits or pollution discharge permits, or pollution prevention costs or environmental protection unit by companies in accordance with the law:

1. A polluting facility permit or a polluting discharge permit has been obtained

company name	Category	Permit number
TAI-TECH Advanced Electronics Co., Ltd.	Water pollution prevention and control permit	Fuhuan Shui Zi No. 1080278469, Tao Shi Huan Pai Xu Zi No. H2072-06
TAI-TECH Advanced Electronics Co., Ltd.	User connection certificate	Tao You Zi No. 1115120681
TAI-TECH Advanced Electronics Co., Ltd.	Fixed pollution source operation license	Fu Huan Kong Zi No. 1060313932, Cao Zheng Zi No. H4513-04
TAI-TECH Advanced Electronics Co., Ltd.	Waste cleanup plan	H09206090005
TAI-TECH Advanced Electronics Co., Ltd.	Dedicated Wastewater And Sewage Treatment Specialists (Class B)	Fu Huan Shui Zi No. 105017778
TAI-TECH Advanced Electronics Co., Ltd.	Appointment of a Dedicated Wastewater And Sewage Treatment Specialists (Class A)	(100) EPD Xunzheng Zi No. GA450214
TAI-TECH Advanced Electronics Co., Ltd.	Dedicated Air Pollution Control Specialist (Class A)	Fu Huan Kong Zi No. 1050149357

company name	Category	Permit number
TAI-TECH Advanced Electronics Co., Ltd.	Appointment of a Dedicated Air Pollution Control Specialist (Class A)	(104) Environmental Protection Agency Xunzheng Zi No. FA080371
TAI-TECH Advanced Electronics Co., Ltd.	Industrial Waste Disposal Specialists (Class B)	Fu Huan Shi Zi No. 1040327361
TAI-TECH Advanced Electronics Co., Ltd.	Appointment of an Industrial Waste Disposal Technician (Class A)	(102) EPD Xunzheng Zi No. HA060101
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	National sewage permit	91321300683504514N001C
TAI-TECH Advanced Electronics (Kunshan)	Sewage permit	91320583730691675U001X
TAI-TECH Advanced Electronics (Kunshan)	General security officer certificate	19032051475978
TAI-TECH Advanced Electronics (Kunshan)	Plating security officer certificate	20032051486316
TAI-TECH Advanced Electronics (Kunshan)	Pollution source automatic monitoring certificate	KSWRYZDJK20171226302
TAI-TECH Advanced Electronics (Kunshan)	Chemical warehouse safety officer certificate	2020-1689
TAI-TECH Advanced Electronics (Kunshan)	Safety standardization certificate	Jiangsu AQB320583QCIII202000035

2. Payment of pollution prevention and control fees

company name	Category	2021	2022
TAI-TECH Advanced Electronics Co., Ltd.	Hazardous business waste disposal fee	NT\$5,143 thousand	NT\$3,484 thousand
TAI-TECH Advanced Electronics Co., Ltd.	General business waste disposal fee	NT\$1,802 thousand	NT\$1,348 thousand

company name	Category	2021	2022
TAI-TECH Advanced Electronic s Co., Ltd.	Air pollution control fee	NT\$14 thousand	NT\$0 thousand
TAI-TECH Advanced Electronic s Co., Ltd.	Soil and groundwater pollution remediation fees	NT\$88 thousand	NT\$61 thousand
TAI-TECH Advanced Electronic s Co., Ltd.	Industrial area sewage charges	NT\$1,957 thousand	NT\$1,695 thousand
TAIPAQ Electronic Compone nts (Si- Hong) Co., Ltd.	Waste activated carbon disposal fee	RMB 68 thousand	RMB 56.56 thousand
TAIPAQ Electronic Compone nts (Si- Hong) Co., Ltd.	Waste filter disposal fee	RMB 18 thousand	RMB 18.4 thousand
TAIPAQ Electronic Compone nts (Si- Hong) Co., Ltd.	Waste oil disposal fee	RMB 6 thousand	0
TAIPAQ Electronic Compone nts (Si- Hong) Co., Ltd.	Fees for disposal of waste liquid	0	RMB1.01 thousand
TAIPAQ Electronic Compone nts (Si- Hong) Co., Ltd.	Waste glue	0	RMB 4.04 thousand
TAIPAQ Electronic Compone nts (Si-	Waste anode bags	0	RMB 3.57 thousand

company name	Category	2021	2022
Hong) Co., Ltd.			
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Waste rag disposal fee	RMB 10 thousand	RMB7.72 thousand
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Waste packaging container disposal fee	RMB 19 thousand	RMB 15.67 thousand
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Sludge disposal fee	RMB 293 thousand	RMB 200.67 thousand
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Waste gas treatment environmental protection tax	RMB 3,458 thousand	RMB 4.03 thousand
TAI-TECH Advanced Electronics (Kunshan) Co., Ltd.	Environmental protection quarterly sewage charges (wastewater, waste)	RMB 8,543	RMB 6973.60
TAI-TECH Advanced Electronics (Kunshan) Co., Ltd.	Surface treatment waste	RMB 45 thousand	RMB 46 thousand
TAI-TECH Advanced Electronics (Kunshan) Co., Ltd.	Waste filter, waste rag	RMB 63 thousand	RMB 32 thousand
TAI-TECH	Nickel-containing sludge	RMB 84 thousand	RMB 75 thousand

company name	Category	2021	2022
Advanced Electronic s (Kunshan) Co., Ltd.			
TAI-TECH Advanced Electronic s (Kunshan) Co., Ltd.	Waste packaging drum	RMB 21 thousand	RMB 8 thousand
TAI-TECH Advanced Electronic s (Kunshan) Co., Ltd.	Industrial waste disposal fee	RMB 56 thousand	RMB 60 thousand
TAI-TECH Advanced Electronic s (Kunshan) Co., Ltd.	Domestic waste disposal fee	RMB 10,400	RMB 13 thousand

(II) Investment in major equipment for the prevention and control of environmental pollution, its use and possible benefits:

Unit: NT\$ thousand / RMB thousand

Device designation	Quantity	Date of acquisition	Cost of investment	Undiscounted balance (Note)	Use and expected benefits
(Tai-Tech Advanced Electronics) Maintenance and repair work related to wastewater facilities in the factory	Type 1	2021	464 thousand	0	Maintain wastewater facility operations, reduce environmental impact; comply with statutory emission standards
(Tai-Tech Advanced Electronics) Maintenance and repair work related to exhaust gas facilities in the factory	Type 1	2021	1,167 thousand	0	Maintain the operation of exhaust gas facilities, reduce environmental impact; comply with statutory emission standards.
(Tai-Tech Advanced Electronics) Newly added project for in-plant process exhaust gas ducts	Type 1	2021	366 thousand	0	For new process exhaust gas collection; reduce environmental impact; comply with statutory emission standards.
(Tai-Tech Advanced Electronics) Maintenance and repair work related to wastewater facilities in the factory	Type 1	2022	142 thousand	0	Maintain wastewater facility operations, reduce environmental impact; comply with statutory emission standards
(Tai-Tech Advanced Electronics) Newly added project for in-plant process exhaust gas ducts	Type 1	2022	189 thousand	0	Capture exhaust gas in newly installed processes or re-arranged premises; reduce environmental impact; comply with statutory emission standards.
(TAIPAQ) Replacement of dosing machine and mixer in sewage station	6 units	2021	RMB 24.5 thousand	0	The wastewater station has been in operation for nearly four years, and some of the dosing machines in the dosing process have been used for a long time. They are worn out and have been repaired frequently, and they can no longer be used for maintenance. Includes 5 dosing machines and 1 mixer needing to be replaced to ensure operations
(TAIPAQ) Exhaust gas treatment facility fan replacement in surface treatment station	1 set	2021	RMB 42 thousand	RMB 31.9 thousand	The fan of the surface treatment waste gas collection device vibrates abnormally, the wind wheel is seriously worn, and the safety hazard is great. It needs to be

Device designation	Quantity	Date of acquisition	Cost of investment	Undiscounted balance (Note)	Use and expected benefits
					replaced to ensure the normal operation of the waste gas treatment facility
(TAIPAQ) Hazardous waste management terminal	1 set	2021	RMB 30 thousand	RMB 17.7 thousand	Because the environmental protection department of the provincial department notified all waste-related enterprises in the province to activate the hazardous waste full life cycle system, the hazardous waste management is required to be refined to the daily real-time declaration, and just paste the QR code label generated by the system. Real-time automatic declaration and automatic label printing through the standardized terminal of hazardous waste
(TAIPAQ) Wastewater online monitoring equipment (COD one unit, total nickel one unit)	2 units	2021	RMB 82 thousand	RMB 63.49 thousand	The new regulations on the operation and acceptance technical specifications of the online monitoring system for water pollution sources were implemented from March 2020. Corresponding to the existing equipment, the COD and total nickel online monitoring equipment installed in May 2017 cannot meet the technical requirements of the new standard: there are no functions of automatic examination and automatic inspection, and a new version of equipment needs to be installed to meet regulatory requirements

Device designation	Quantity	Date of acquisition	Cost of investment	Undiscounted balance (Note)	Use and expected benefits
(TAIPAQ) Wastewater online monitoring automatic sampler equipment	1 set	2021	RMB 35 thousand	RMB 28.39 thousand	According to regulations, the technical specification for the operation of the dye source online monitoring system requires the configuration of an automatic sampling unit
(TAIPAQ) VOCs online monitoring equipment replacement of data acquisition instrument	1 set	2021	RMB 185 thousand	RMB 150 thousand	The chromatograph (the core component of the original equipment) is damaged, and cannot be repaired. It must be replaced to meet environmental monitoring requirements
Replacement of the flow meter of outfall of processed wastewater (TAIPAQ)	1 set	2022	RMB 4.3 thousand	0	The original flow meter was damaged and gave no data from time to time. therefore, a new flow meter was bought as back-up.
(TAIPAQ) Project on remodeling of exhaust collection equipment of dispensing exhaust processing facility.	Type 1	2022	RMB 220 thousand	RMB 175 thousand	New environmental impact assessment requirements stipulated that the No.1 exhaust processing facility be remodeled from level 1 spray + level 1 activated carbon to level 2 spray + level 2 activated carbon.
(TAIPAQ) Purchased portable COD, ammonia nitrogen detector	1 set	2022	RMB 25.8 thousand	RMB 21.3 thousand	To effectively grasp the quality of domestic waste water and the water at the outfall, portable detectors were purchased to regularly monitor the water quality.
(TAIPAQ) Replacement of activated charcoal and carbon filter for No.5 exhaust processing facility.	Type 1	2022	RMB 100 thousand	0	Regular replacement of activated charcoal and cotton filter for the exhaust processing facility of the Materials Section.
(TAIPAQ) Septic tank duct dredging	Type 1	2022	RMB 3.7 thousand	0	Part of the domestic sewage pipes were cleaned in order to improve the sewage concentration and reduce and control pollutants.

Device designation	Quantity	Date of acquisition	Cost of investment	Undiscounted balance (Note)	Use and expected benefits
(TAIPAQ) Soil monitoring	Type 1	2022	RMB 43 thousand	0	Since the Environment and Ecology Bureau of Suqian City has put TAIPAQ on its soil monitoring watchlist and demanded plant-wide soil monitoring and potential hazards resolution, an independent third party needs to be commissioned.
(TAIPAQ) Replacement of electrical control system for No.1 exhaust processing facility.	1 set	2022	RMB 15 thousand	0	The original electrical control system in No.1 exhaust processing facility failed to meet the requirements of current equipment, and were therefore replaced for the purpose of safe operation.
(TAIPAQ) Replacement of PH electrodes of the exhaust processing equipment of the surface treatment station	1 set	2022	RMB 1.8 thousand	0	The PH electrodes of the automatic alkaline sprinkler of No.3 exhaust processing facility was damaged and therefore replaced.
(TAIPAQ) Replacement of activated charcoal and filler for the exhaust processing facility of Plant No.1.	3 sets	2022	RMB 130 thousand	0	Replacement of activated charcoal and filler for the exhaust processing facility No.1, No.2, and No.4.
(TAIPAQ) Installation of an automatic sampler at the nickel outfall.	1 set	2022	RMB 26 thousand	RMB 23 thousand	The provincial cross-examination team demanded that the Company install an automatic sampler at each individual nickel outfall according to the online monitoring regulations.
(TAIPAQ) Installation of a data gathering and transmission instrument at the outfall.	1 set	2022	RMB 8.6 thousand	RMB 7.7 thousand	The environmental platform demanded that each individual outfall be equipped with a data gathering and transmission instrument so as to ensure the disclosure of information on pollutant discharge.
(Kunshan) New scrubber replacement activated carbon project	Type 1	2021	RMB 17 thousand	RMB 12 thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards

Device designation	Quantity	Date of acquisition	Cost of investment	Undiscounted balance (Note)	Use and expected benefits
(Kunshan) Adding cables and installing air ducts at the printing station	Type 1	2021	RMB 25 thousand	RMB 18 thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards
(Kunshan) Garbage station cutting trench and excavation of ditch and downhole project	Type 1	2021	RMB 29 thousand	RMB 23 thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards
(Kunshan) On the first floor, the waste water pipe of the wafer workshop and the sporadic project of the water pipe material in the workshop	Type 1	2021	RMB 19 thousand	RMB 16 thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards
(Kunshan) Wastewater, reuse water aging renovation project	Type 1	2021	RMB 261 thousand	RMB 232 thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards
(Kunshan) Front explosion-proof blower replacement project	Type 1	2021	RMB 44 thousand	RMB 39thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards
(Kunshan) New VOCs scrubber replacement activated carbon project	Type 1	2021	RMB 25 thousand	RMB 22 thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards
(Kunshan) Blast furnace fresh air addition project	Type 1	2021	RMB 75 thousand	RMB 68 thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards
(Kunshan) Air compressor room freeze dryer installation project	Type 1	2021	RMB 27 thousand	RMB 24 thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards
(Kunshan) Washing tower enclosure anti-corrosion epoxy floor project	Type 1	2021	RMB 31 thousand	RMB 29 thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards
(Kunshan) New VOCs washing tower cable trunking installation and power distribution project	Type 1	2021	RMB 76 thousand	RMB 71 thousand	Waste collection; reduce environmental impact; compliance with statutory emission standards
(Kunshan) Project on the replacement of activated charcoal for the scrubber.	Type 1	2022	RMB 29 thousand	RMB 25 thousand	After long years of use, the activated charcoal case was severely eroded and

Device designation	Quantity	Date of acquisition	Cost of investment	Undiscounted balance (Note)	Use and expected benefits
					needed to be replaced with stainless steel-cased activated charcoal.
(Kunshan) Project on installation of explosion vents in the activated charcoal case in the scrubber.	Type 1	2022	RMB 17 thousand.	RMB 15 thousand	The required explosion vents were already installed.
(Kunshan) Re-engineering of the fire safety system in a logistics warehouse	Type 1	2022	RMB 154 thousand	RMB 137 thousand	Kunshan Fire Brigade demanded re-engineering of the fire safety structure of the logistics and quality assurance premises, and logistics office to an extent meeting the fire safety requirements.
(Kunshan) Installation of a new stainless steel-cased activated charcoal device.	Type 1	2022	RMB 160 thousand.	RMB 147 thousand	After long years of use, the activated charcoal case was severely eroded and needed to be replaced with stainless steel-cased activated charcoal.
(Kunshan) Replacement of a cooling tower.	Type 1	2022	RMB 64 thousand	RMB 60 thousand	An administrative direction demanding remodeling to an extent meeting the requirements.
(Kunshan) Relocation of the equipment in the supplementary building of the wastewater station.	Type 1	2022	RMB 38 thousand	RMB 37 thousand	The original nickel-containing wastewater tank in the wastewater station was old and obsolete and therefore needed to be replaced with a new one.
(Kunshan) Project on inspection and repair of the water reclaiming station.	Type 1	2022	RMB 165 thousand	RMB 160 thousand	The original nickel-containing wastewater tank in the wastewater station was old and obsolete and therefore needed to be replaced with a new one.
(Kunshan) Project on the water reclaiming and reuse room, rain awnings of the air compressor room, and outdoor restroom.	Type 1	2022	RMB 926 thousand	RMB 900 thousand	The water reclaiming and reuse room, rain awnings of the air compressor room, and outdoor restroom were renovated to meet the requirements.
(Kunshan) Project on the nickel-containing wastewater tank of the sewage station.	Type 1	2022	RMB 194 thousand	RMB 189 thousand	The original nickel-containing wastewater tank in the wastewater station was old and obsolete and therefore needed to be replaced with a new one.

Note: In the data on environmental protection, small expenditures are not included in the above content but are included in the expenses of NT\$50,000 and RMB10,000 or more

- (III) The improvement of environmental pollution made by the Company, disputes over pollution events, and how the Company dealt with such disputes in the most recent two years, and up to the date of publication of the annual report: None.
- (IV) In the most recent two years and as of the date of publication of the annual report, losses due to environmental pollution (specifying compensation and environmental protection audit results that violate environmental protection regulations, sanction date, sanction code, regulatory provisions that were violated, details of the regulatory violation, and sanction details) and disclosure of current and future estimated amounts and possible measures. When reasonable estimation cannot be provided, explanation for the such cases should be offered:

1. 2021:

The Company's Yangmei Plant received the Taoyuan City Government Environmental Protection Bureau's letter 1100098325 regarding the Taohuan incident on November 11, 2021

In accordance with the project of the Environmental Protection Administration of the Executive Yuan (EP1100706), the Company's C-0110 was inspected

Scrap copper liquid violates Article 36 of the Waste Disposal Act and Article 7 of the Industrial Waste Storage, Removal and Disposal Methods and Facilities Standards

Article 2 states: "Stored for more than one year without cleaning up waste according to regulations or applying for an extension of waste storage."

A fine of NT\$60,000 and a 2-hour environmental lecture was imposed. The case has been cleared, handled, and closed as of January 7, 2022,

and there should be no significant impact on the Company's operations.

Improvements: Strengthen management measures in ISO14001 waste management procedures. The application form waste disposal

checklist is added to this control point, and similar situations are effectively eliminated through monthly self-checks and the Company's internal audit.

Monthly department meetings report relevant inspection information and follow-up disposal status.

2. 2022: No related matters.

3. 2023 so far: No related matters.

- (V) The current impact of pollution and corresponding improvements on the Company's earnings, competitive position and capital expenditures, and the estimated major environmental capital expenditures for the next two years: None.

V. Labor/management relations

- (I) List each item of the Company's employee welfare measures, advanced education, training, retirement systems and their implementation status, as well as the agreements between labor and management and various employee rights protection measures.

4. Measures for employee benefits:

(1) Group insurance

The Company purchases group accident and medical insurance for all employees. Due to the position and work relationship of specific employees, we give higher group accident medical insurance to protect employees.

(2) Year-end bonus and employee compensation

We distribute employee compensation at a fixed percentage of the year's pre-tax earnings (paid in the middle of the following year) as per the Company Act and the Articles of Incorporation. We also distribute year-end bonuses at a fixed percentage of the year's earnings after tax. Business performance and results are reflected in employee compensation appropriately.

(3) Employee Welfare Committee

The Company has established an employee welfare committee in accordance with the law and it is responsible for the planning and implementation of employee benefits. The Company also allocates welfare funds in accordance with regulations, and regularly handles various activities and welfare matters such as annual travel, annual festival gifts, and unit dinners.

(4) We offer gift certificates on the three traditional holidays (Spring Festival, Dragon Boat Festival, Mid-Autumn Festival) and on birthdays twice a year, applications for employee and child scholarships and employee maternity allowances are processed.

(5) Regular employee health check-ups -- the Company regularly organizes employee health check-ups and cares about the health of employees.

(6) Employee remuneration - We actively cooperate with regulations to disclose the salaries of full-time employees who are not in supervisory positions. The average salary in 2022 was NT\$798,000, and the median salary was NT\$663,000.

5. Employee education and training

The Company is attentive toward employee career planning and is committed to talent cultivation. We actively encourage employees to participate in various training courses that are based on the functional needs of the Company's employees as they participate in courses or seminars sponsored by external or internal organizations.

6. Retirement system and implementation

In accordance with the provisions and management methods of labor retirement reserves, the Company deposits labor retirement reserves in the dedicated employee retirement reserve accounts in the Bank of Taiwan for use. As of March 31, 2022, the Company already settled the pension payment with all employees who had been with the Company before July 1, 2005 and to whom the old pension scheme is applicable. In addition, starting from July 1, 2005 and after all employees elected to have the new labor retirement scheme applied to them, the Company has contributed 6% of monthly salaries to retirement funds and deposited them into employees' individual retirement accounts.

4. Agreement circumstances between labor and management

Harmonious labor-management relations have always been one of the areas to which the Company is committed. We adopt a two-way and open approach to communication, and wish that

the relationship between labor and management always maintains harmony.

5. Various employee rights protection measures

The Company has established comprehensive management measures that clearly define the rights and obligations of employees and of welfare items, and regularly reviews and revises welfare content to protect the rights and interests of all employees.

(II) In the most recent year and up to the date of publication of the annual report, list any losses suffered due to labor disputes (including labor inspection results that violate the Labor Standards Act, sanction date, sanction code, regulatory provisions that were violated, details of the regulatory violation, and sanction details) and disclose current and future estimated amounts and possible measures. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated:

1. 2021:

The Labor Inspection Office of Taoyuan City Government conducted a labor inspection at the Company on April 29, 2021. After checking, it found that the Company's employee

Tseng ○○ incurred actual working time of 13 hours and 27 minutes, in excess of 12 hours in a single day. This was found to be a violation

according to Article 32, paragraph 2 of the Labor Standards Act and a fine of NT\$20,000 was imposed.

2. 2022: No related matters.

3. 2023 As of the date of publication of this report: No related matters.

VI. Cyber security management

(I) Cyber security management framework

The IT Department is in charge of the Company's information security management; it has one officer and several professional engineers, and is mainly responsible for formulating the Company's information security policy, planning information security measures, and implementing information-related work, so as to maintain the system, protect data, make equipment operate stably, and ensure network security.

The IT Department is directly under the supervision of the President on the organizational structure, and is audited by the internal auditing unit from time to time. In addition, an external accounting firm also audits information-related procedures every year; if any deficiency is found, improvement goals will be set and tracked until the deficiency is fully remedied, so as to ensure a well-functioning system.

Since the Company attaches great importance to information security, the Company's information security unit is also required to report to the Company and officers at each level on the progress of the implementation of information security and governance and related information systems at internal meetings.

(II) Cyber security management policy

All employees of the Company are obliged to protect the Company's commercial information, secretes, patents, manufacturing process, formula, and intellectual properties, and may not use private computers within the Company to copy or access any media or file without authorization. Any data or information received via any internal equipment is deemed to be the property of Tai-Tech Advanced Electronics. These rules shall apply to all direct, indirect, and contract workers. In the case of violation, the Company retains the right to claim any compensation.

The information security management policy is also incorporated into the "internal control system" and "internal regulations", which specify the control requirements and matters involved. Below is a summary:

1. Internal control system

"Chapter 10: Digital Information System Processing Operation" of the internal control system specifies the "Cyber Security Checklist", which enumerates the control points with respect to information-related duties, network security, file back-up, documentation, host protection, equipment management, personal data protection, public information filing, and so on.

2. Internal regulations and corresponding forms

Internal regulations include those for information security, which are implemented by using corresponding forms. Below is a summary in this regard:

Name of internal regulations	Corresponding forms
Cyber security management regulations	(Day-to-day and annual information audit)
Regulations for Information System Development and Maintenance	Digital System Operation Proxy
Regulations for System Recovery	Host Checklist; Back-up Checklist; Disaster Recovery Record Form.
Regulations Governing the Management of Computer Rooms	Engine Room Access Control Form

Regulations for Information Asset Management	Equipment Retirement Record Form
Regulations for Purchase of Hardware and Software	Computer Purchase Assessment Form

(III) Cyber security management project

To tighten overall information security, and Company continues the following management projects and measures:

a. Computer and Equipment Security Management

- (1) The Company's engine room is equipped with access control equipment; all personnel going in or out of the engine room must register in advance and be accompanied by personnel from the IT unit throughout the visit. The operation carried out therein must also be recorded.
- (2) The engine room is equipped with an independent air conditioning system to ensure that the hosts can operate under a normal ambience temperature. An uninterruptible power supply (UPS) system and an automatic power switch (APS) system are also in place to ensure operating safety.
- (3) Fire safety equipment and several chemical fire extinguishers are also made available inside and outside the engine room, so as to reduce the threat from fire.

b. Enhance Network Security Management

- (1) The portals interfacing with external network are all installed with a corporate-grade fire wall to prevent illegal intrusion.
- (2) Employees wishing to use the internet must log in first, and their use trajectory must be recorded.
- (3) Regularly review network service logs and track abnormalities, and adjust network policies at the Company's leisure.

c. Virus protection management

- (1) Servers and employees' computers are installed with renowned anti-virus software, and are required to be regularly updated.
- (2) The email server is equipped with an anti-virus mechanism and spam filtering mechanism, to prevent the intrusion of virus via e-mail.

d. System access control

- (1) Colleagues wishing to use the internal system must have completed the process for application of access permission and gained the permission from an authorized officer in the first place; when using the system, they must use the username created by the IT unit, within the scope of permission granted to them.

- (2) When colleagues must suspend their work due to retirement, resignation, leave without pay, the personnel unit will give a notice to request the revocation of permission to access any mail or information.
 - (3) The system will mandatorily require employees to change their passwords from time to time.
- e. Sustainable operation and disaster response plan.
 - (1) Differential backup and complete remote backup are carried out daily and weekly for each information system and the network public area, and an audit is conducted regularly.
 - (2) The information unit commissions an external IT-company to carry out a disaster recovery drill for the Company's major systems (e.g., ERP, electronic approval, personnel and salary) every year.
 - (3) Relevant drill plans, process, and result reports are retained as contingency references, and for audit purpose.
- f. Information security advocacy
 - (1) Give a keynote speech on information security at the Company's new employee orientation session to raise their awareness of the security rules and matters requiring attention when they use the Internet or email, or access system information.
 - (2) Issue information security reminders from time to time, or conduct social engineering drills (phishing, blind tests).

(IV) Resources invested in information security

To implement cyber security management programs, the Company has invested the following resources:

1. Hardware: Access control system, firewall, uninterruptible power supply system and APS system, backup host, and a virtualized host.
2. Software protection: Antivirus software, email server, backup software.
3. Network lines: multiple network lines, enterprise-level leased lines, VPN.
4. Daily checks: Daily and weekly backups and device checks.
5. Disaster recovery drill: Sign a contract to commission an external IT company to conduct regular recovery drills.

(V) Description and effect of material information security incidents in the past

Tai-Tech Advanced Electronics carries out internal and external audits of all information procedures and equipment every year, and did not suffer any material information security incident in the past few years nor any material operational loss.

In addition, according to the report on the disaster recovery drill, if the Company's systems are attacked, major systems, e.g., ERP, HRM (personnel and salary), and electrical approval can be resumed within 24 hours. Therefore, the Company should be able to be in control of such a situation.

VII. Important contracts

Contract nature	Parties	Contract start and end date	Main content	Restrictions
Long-term borrowings contract	Chang Hwa Commercial Bank	2021/08/27-2036/08/27 (2021/08/27~2036/08/27)	The Company signed a loan contract with Chang Hwa Commercial Bank and obtained a long-term secured financing line of NT\$515,689,000, which would be repaid over 15 years.	None
Confidentiality agreement and technical service contract	Multiple companies	2022/04/01~ 2025/10/23 ~ The two parties agreed to jointly sign a contract	The Company and many other companies signed a product manufacturing confidentiality agreement and a technical service contract.	Confidential
Product change notice (PCN) control agreement	Multiple companies	2022/03/14~ The contract is automatically renewed after the term of one year if no party proposes to terminate it, and will continue to be so until a new version of contract is signed.	Signed a PCN control agreement with multiple companies.	Confidential
Private Label Agreement	Company A	July 4, 2007 – Either party may terminate the contract with prior written notice	Long-term OEM contract signed by Company A and the Company	Confidential
Purchase contract	Company I	July 17, 2019 - Either party may terminate the contract with prior written notice	Long-term purchase contract signed between Company I and the Company	Confidential
Purchase contract	Company E	November 12, 2007 - Either party may terminate the contract with prior written notice	Long-term purchase contract signed between Company E and the Company	Confidential
Purchase contract	Company C	May 1, 2013 – Either party may terminate the contract with prior written notice	Long-term purchase contract signed between Company C and the Company	Confidential
Purchase contract	Company Y	May 1, 2019 – Either party may terminate the contract with prior written notice	Long-term purchase contract signed between Company Y and the Company	Confidential
Agency authorization agreement	Multiple companies	2022.01.01~2022.12.31	Signed a one-year agency authorization agreement with a number of agents, renewing every year	Confidential

Contract nature	Parties	Contract start and end date	Main content	Restrictions
Client confidentiality agreement	Company A	June 1, 2017 – Either party may terminate the contract with prior written notice	The long-term confidentiality agreement signed by Company A and the Company	Confidential
Client confidentiality agreement	Company U	January 11, 2019 – Either party may terminate the contract with prior written notice	The long-term confidentiality agreement signed by Company U and the Company	Confidential
Client confidentiality agreement	Company I	July 17, 2019 – Either party may terminate the contract with prior written notice	The long-term confidentiality agreement signed by Company I and the Company	Confidential
Client confidentiality agreement	Company E	November 5, 2007 – Either party may terminate the contract with prior written notice	The long-term confidentiality agreement signed by Company E and the Company	Confidential
Client confidentiality agreement	Company C	May 1, 2013 – Either party may terminate the contract with prior written notice	The long-term confidentiality agreement signed by Company C and the Company	Confidential
Client confidentiality agreement	Company Y	April 25, 2019 – Either party may terminate the contract with prior written notice	The long-term confidentiality agreement signed by Company Y and the Company	Confidential
Client confidentiality agreement	Superworld Holdings (Singapore) Pte. Ltd.	June 26, 2013 – Either party may terminate the contract with prior written notice	Confidentiality contract signed between related entity Superworld Holdings (Singapore) Pte. Ltd. and the Company	Confidential
Client confidentiality agreement	Taiqing Precise Electronic Co., Ltd.	June 26, 2013 – Either party may terminate the contract with prior written notice	Confidentiality contract signed between related entity Taiqing Precise Electronic Co., Ltd. and the Company	Confidential
Supplier Confidentiality Agreement	Company J	December 25, 2019 – Either party may terminate the contract with prior written notice	Long-term confidentiality contract signed by Supplier Company J and the Company's subsidiary TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Confidential
Supplier Confidentiality Agreement	Company K	July 23, 2019 – Either party may terminate the contract with prior written notice	Long-term confidentiality contract signed by Supplier Company B and the Company's subsidiary TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Confidential
Supplier Confidentiality Agreement	Company P	July 15, 2019 – Either party may terminate the contract with prior written notice	Long-term confidentiality contract signed by Supplier Company P and the Company's subsidiary TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Confidential
Supplier Confidentiality Agreement	Company M	July 12, 2019 – Either party may terminate the contract with prior written notice	Long-term confidentiality contract signed by Supplier Company M and the Company's subsidiary TAIPAQ Electronic	Confidential

Contract nature	Parties	Contract start and end date	Main content	Restrictions
			Components (Si-Hong) Co., Ltd.	
Supplier Confidentiality Agreement	Company N	Five years beginning March 26, 2020	The long-term confidentiality agreement signed by supplier Company N and the Company	Confidential
Supplier Confidentiality Agreement	Company Q	April 7, 2012 – Either party may terminate the contract with prior written notice	Long-term confidentiality contract signed by Supplier Company Q and the Company's subsidiary TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Confidential
Supplier Confidentiality Agreement	Company R	April 1, 2013 – Either party may terminate the contract with prior written notice	Long-term confidentiality contract signed by Supplier Company R and the Company's subsidiary TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Confidential
Supplier Confidentiality Agreement	Company D	September 6, 2019 – Either party may terminate the contract with prior written notice	Long-term confidentiality contract signed by Supplier Company D and the Company's subsidiary TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Confidential

Six. Financial Overview

I. Financial data for the most recent five years

(I) Condensed balance sheet and comprehensive income statement

1.1 Condensed balance sheet - International Financial Reporting Standards (consolidated)

Unit: NT\$ thousand

Year		2018	2019	2020	2021	2022
Item						
Current assets		2,540,945	2,550,462	3,340,936	4,718,034	4,317,702
Property, plant and equipment		2,411,665	2,444,207	2,539,871	4,503,865	4,401,609
Intangible assets		13,719	13,304	17,530	46,296	43,403
Other assets		216,663	236,762	277,508	337,297	489,205
Total assets		5,182,992	5,244,735	6,175,845	9,605,492	9,251,919
Current liabilities	Before distribution	2,000,043	1,811,912	2,167,761	2,568,840	1,371,552
	After distribution	2,291,243	2,057,612	2,590,610	3,290,778	Not yet distributed
Non-current liabilities		258,947	425,231	442,200	814,061	1,355,430
Total liabilities	Before distribution	2,258,990	2,237,143	2,609,961	3,382,901	2,726,982
	After distribution	2,550,190	2,482,843	3,032,810	4,104,839	Not yet distributed

Equity attributable to shareholders of the parent		2,924,002	3,007,592	3,565,884	6,222,591	6,524,937
Share capital		910,000	910,000	910,000	1,031,340	1,020,340
Capital surplus		369,223	214,523	123,523	1,886,687	1,798,320
Retained	Before distribution	1,666,814	1,973,060	2,546,626	3,321,011	3,642,529
Earnings	After distribution	1,375,614	1,727,360	2,123,777	2,599,073	Not yet distributed
Other equity		(22,035)	(89,991)	(14,265)	(16,447)	63,748
Treasury shares		0	0	0	0	0
Non-controlling interests		-	-	-	-	-
Equity	Before distribution	2,924,002	3,007,592	3,565,884	6,222,591	6,524,937
Total	After distribution	2,632,802	2,761,892	3,143,035	5,500,653	Not yet distributed

Note 1: The above financial information for each year has been verified by an accountant.

7.2 Condensed balance sheet - International Financial Reporting Standards (parent company only)
Unit: NT\$ thousand

Year		2018	2019	2020	2021	2022
Item						
Current assets		1,624,734	1,529,686	1,958,771	3,262,733	2,791,795
Property, plant and equipment		989,074	973,370	1,015,991	2,497,404	2,267,447
Intangible assets		11,128	10,776	15,127	43,961	40,273
Other assets		2,088,363	2,383,828	2,881,590	3,372,974	3,909,685
Total assets		4,713,299	4,897,660	5,871,479	9,177,072	9,009,200
Current liabilities	Before distribution	1,612,714	1,570,970	1,988,431	2,336,563	1,362,714
	After distribution	1,903,914	1,816,670	2,411,280	3,058,501	Not yet distributed
Non-current liabilities		176,583	319,098	317,164	617,918	1,121,549
Total liabilities	Before distribution	1,789,297	1,890,068	2,305,595	2,954,481	2,484,263
	After distribution	2,080,497	2,135,768	2,728,444	3,676,419	Not yet distributed
Share capital		910,000	910,000	910,000	1,031,340	1,020,340
Capital surplus		369,223	214,523	123,523	1,886,687	1,798,320
Retained Earnings	Before distribution	1,666,814	1,973,060	2,546,626	3,321,011	3,642,529
	After distribution	1,375,614	1,727,360	2,123,777	2,599,073	Not yet distributed
Other equity		(22,035)	(89,991)	(14,265)	(16,447)	63,748
Treasury shares		0	0	0	0	0
Equity	Before distribution	2,924,002	3,007,592	3,565,884	6,222,591	6,524,937
	After distribution	2,632,802	2,761,892	3,143,035	5,500,653	Not yet distributed

Note 1: The above financial information for each year has been verified by an accountant.

2.1 Condensed comprehensive income statement - International Financial Reporting Standards
(consolidated)

Unit: NT\$ thousand

Year Item	2018	2019	2020	2021	2022
Operating revenue	3,548,251	3,351,915	4,478,004	6,165,281	5,291,333
Gross profit	1,117,076	993,058	1,459,493	2,135,564	1,779,525
Operating profit and loss	595,959	502,115	889,534	1,330,196	1,019,017
Non-operating income and expenses	34,872	19,522	(20,116)	61,117	217,943
Income before income tax	630,831	521,637	869,418	1,391,313	1,236,960
Profit from continuing operations	500,270	439,416	734,671	1,197,065	1,038,537
Profit or loss from discontinued operations	—	—	—	—	—
NET PROFIT (LOSS) FOR THE YEAR	500,270	439,416	734,671	1,197,065	1,038,537
Other comprehensive profit or loss for the year (net of income tax)	(68,809)	(64,626)	69,321	(2,013)	85,114
Total comprehensive income (loss) for the current period	431,461	374,790	803,992	1,195,052	1,123,651
Net profit attributable to owner of the parent company	500,270	439,416	734,671	1,197,065	1,038,537
Net profit attributable to non-controlling interest	0	0	0	0	0
Total comprehensive income attributable to owners of the parent company	431,461	374,790	803,992	1,195,052	1,123,651
Total comprehensive income attributable to non-controlling interest	0	0	0	0	0
Earnings per share (EPS)	5.50	4.83	8.07	12.08	10.11

Note 1: The above financial information for each year has been verified by an accountant

2.2 Condensed comprehensive income statement - International Financial Reporting Standards
(parent company only)

Unit: NT\$ thousand

Year Item	2018	2019	2020	2021	2022
Operating revenue	2,866,690	2,550,205	3,314,401	4,810,030	4,179,085
Gross profit	614,732	541,027	762,723	1,355,812	1,142,049
Operating profit and loss	295,879	236,450	410,401	826,723	672,909
Non-operating income and expenses	280,720	249,801	391,934	496,385	500,308
Income (loss) before income tax	576,599	486,251	802,335	1,323,108	1,173,217
Profit or loss from continuing operations	500,270	439,416	734,671	1,197,065	1,173,217
Profit or loss from discontinued operations	—	—	—	—	—

NET PROFIT (LOSS) FOR THE YEAR	500,270	439,416	734,671	1,197,065	1,038,537
Other comprehensive income for the year	(68,809)	(64,626)	69,321	(2,013)	85,114
Total comprehensive income (loss) for the current period	431,461	374,790	803,992	1,195,052	1,123,651

Note 1: The above financial information for each year has been verified by an accountant.

(II) Names and audited opinions of the certified public accountants for the most recent five years

Year	Accounting firm	CPA name	Audit opinion
2018	PricewaterhouseCoopers Taiwan	Yen-na Li, Shou-hung Hsueh	Unqualified opinion
2019	PricewaterhouseCoopers Taiwan	Wei-hao Wu, Yen-na Li	Unqualified opinion
2020	PricewaterhouseCoopers Taiwan	Yen-na Li, Wei-hao Wu	Unqualified opinion
2021	PricewaterhouseCoopers Taiwan	Yen-na Li, Wei-hao Wu	Unqualified opinion
2022	PricewaterhouseCoopers Taiwan	Yen-na Li, Wei-hao Wu	Unqualified opinion

II. Financial analysis for the last five years - Taiwan financial accounting standards

1.1 Financial analysis for the last five years - International Financial Reporting Standards (consolidated)

Year (Note 1)						
Analysis item (Note 3)		2018	2019	2020	2021	2022
Financial structure (%)	Debt to asset ratio	43.58	42.66	42.26	35.22	29.47
	Ratio of long-term funds to property, plant, and equipment	131.98	140.45	157.81	156.24	179.03
Solvency %	Current ratio	127.04	140.76	154.12	183.66	314.80
	Quick ratio	97.96	110.54	125.94	149.29	243.57
	Interest coverage ratio	43.34	30.79	83.21	198.13	103.98
Operating ability	Accounts receivable turnover (times)	2.70	2.42	2.81	2.91	2.49
	Average cash collection days	135	151	130	125	147
	Inventory turnover (times)	4.82	4.56	5.50	5.61	3.92
	Payables turnover (times)	4.61	4.45	5.13	4.79	4.30
	Average sales days	76	80	66	65	93
	Property, plant, and equipment turnover rate (times)	1.65	1.38	1.80	1.75	1.19
	Total asset turnover (times)	0.73	0.64	0.78	0.78	0.56
Profitability	Return on assets (%)	10.59	8.70	13.01	15.24	11.12
	Return on equity (%)	18.32	14.82	22.35	24.46	16.29
	Net profit before tax to paid-in capital ratio (%)	69.32	57.32	95.54	134.90	121.23
	Net profit rate (%)	14.10	13.11	16.41	19.42	19.63
	Earnings per share (NT\$)	5.50	4.83	8.07	12.08	10.11
Cash flows	Cash flow adequacy ratio (%)	34.67	36.86	38.85	46.42	122.11
	Cash flow ratio (%)	92.15	87.12	90.62	65.65	78.50

	Cash reinvestment ratio (%)	10.81	7.08	9.50	7.99	8.74
Leverage	Operational leverage	2.18	2.42	1.92	1.83	2.14
	Financial leverage	1.03	1.04	1.01	1.01	1.01

Please explain the reasons for changes in financial ratios in the last two years. (If the increase or decrease is less than 20%, the analysis can be exempted)

1. Current ratio: Mainly due to the decrease in current liabilities
2. Quick ratio: Mainly due to the decrease in current liabilities
3. Interest coverage ratio: Mainly due to the increase in interest
4. Inventory turnover (times): Mainly due to increase in inventory and decrease in cost of goods sold
5. Average sales days: Mainly due to increase in inventory and decrease in cost of goods sold.
6. Property, plant and equipment turnover (times): Mainly due to the increase in equipment and the decrease in revenue in the current period.
7. Total asset turnover (times): Mainly due to the increase in equipment and the decrease in revenue in the current period.
8. Return on assets (%): Mainly due to the increase in average assets and the decrease in net profit after tax in the current period
9. Return on equity (%): Mainly due to the increase in equity and the decrease in net profit after tax in the current period
10. Cash flow adequacy ratio (%): Mainly due to the increase in net cash flow from operating activities in the current period

Note 1: The above financial information for each year has been verified by an accountant

1.2 Financial analysis for the last five years - International Financial Reporting Standards (parent company only)

Year		Financial analysis for the last five years (Note 1)				
Analysis item (Note 3)		2018	2019	2020	2021	2022
Financial structure (%)	Debt to asset ratio	37.96	38.59	39.27	32.19	27.57
	Ratio of long-term funds to property, plant, and equipment	313.48	341.77	382.19	273.90	337.23
Solvency %	Current ratio	100.75	97.37	98.51	139.64	204.87
	Quick ratio	86.49	84.51	86.66	126.25	178.80
	Interest coverage ratio	77.54	61.74	96.26	224.42	117.63
Operating ability	Accounts receivable turnover (times)	3.02	2.59	2.84	2.95	2.52
	Average cash collection days	121	141	128	124	145
	Inventory turnover (times)	10.86	9.74	11.95	12.78	9.38
	Payables turnover (times)	3.15	2.63	3.05	2.95	2.63
	Average sales days	34	37	31	29	39
	Property, plant, and equipment turnover rate (times)	3.44	2.60	3.33	2.74	1.75
	Total asset turnover (times)	0.65	0.53	0.62	0.64	0.46
Profitability	Return on assets (%)	11.50	9.28	13.77	15.97	11.51
	Return on equity (%)	18.32	14.82	22.35	24.46	16.29
	Ratio of operating profit to paid-in capital (%)	32.51	25.98	45.10	80.16	65.95
	Net profit before tax to paid-in capital ratio (%)	63.36	53.43	88.17	128.29	114.98
	Net profit rate (%)	17.45	17.23	22.17	24.89	24.85
	Earnings per share (NT\$)	5.50	4.83	8.07	12.08	10.11

Cash flows	Cash flow adequacy ratio (%)	31.25	12.09	17.27	32.24	64.39
	Cash flow ratio (%)	90.31	74.81	69.20	47.45	56.42
	Cash reinvestment ratio (%)	9.02	(2.52)	2.09	4.25	1.78
Leverage	Operational leverage	1.99	2.08	1.72	1.48	1.66
	Financial leverage	1.03	1.04	1.02	1.01	1.02

Please explain the reasons for changes in financial ratios in the last two years. (If the increase or decrease is less than 20%, the analysis can be exempted)

1. Long-term capital as a percentage of property, plant and equipment: Mainly due to the increase in long-term liabilities.
2. Current ratio: Mainly due to the decrease in current liabilities
3. Quick ratio: Mainly due to the decrease in current liabilities
4. Interest coverage ratio: Mainly due to the increase in interest
5. Inventory turnover (times): Mainly due to increase in inventory and decrease in cost of goods sold
6. Average sales days: Mainly due to increase in inventory and decrease in cost of goods sold.
7. Property, plant and equipment turnover (times): Mainly due to the increase in equipment and the decrease in revenue in the current period.
8. Total asset turnover (times): Mainly due to the increase in equipment and the decrease in revenue in the current period.
9. Return on assets (%): Mainly due to the increase in average assets and the decrease in net profit after tax in the current period
10. Return on equity (%): Mainly due to the increase in equity and the decrease in net profit after tax in the current period
11. Cash flow adequacy ratio (%): Mainly due to the increase in net cash flow from operating activities in the current period
12. Cash reinvestment ratio (%) : Mainly due to the increase in cash dividends in the current period

Note 1: The above financial information for each year has been verified by an accountant

Calculation formulas:

1. Financial structure

- (1) Debt to asset ratio = total liabilities/total assets.
- (2) Long-term funding as a percentage of property, plant and equipment = (Total equity + non-current liabilities) / Property, plant and equipment, net.

2. Solvency

- (1) Current ratio = current assets/current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses) /Current liabilities.
- (3) Interest coverage ratio = net profit before income tax and interest expense / interest expense for the current period.

3. Operating ability

- (1) Receivables turnover (including accounts receivable and notes receivable arising from business) = Net sales / Average receivables balance for each period (including accounts receivable and notes receivable arising from business).
- (2) Average collection days = 365/receivables turnover ratio.
- (3) Inventory turnover = cost of goods sold / average inventory.
- (4) Payables turnover (including accounts payable and notes payable arising from business operations) = cost of goods sold / average payables balance for each period (including accounts payable and notes payable arising from business operations).
- (5) Average days of sales = 365/inventory turnover.
- (6) Property, plant and equipment turnover = net sales/average net property, plant and equipment.
- (7) Total asset turnover = net sales / average total assets.

4. Profitability

- (1) Return on assets = [After-tax profit and loss + interest expense × (1-Tax rate)]/Total average assets.
- (2) Return on Equity = profit and loss after tax / total average equity.
- (3) Net profit ratio = after-tax profit and loss / net sales.
- (4) Earnings per share = (Profits and losses attributable to owners of the parent company - special dividends) / Weighted average number of shares outstanding. (Note 4)

5. Cash flows

- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Net cash flow ratio = net cash flow from operating activities in the last five years / last five years (capital expenditures + inventory increase + cash dividends).
- (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (gross real estate, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)

6. Leverage:

- (1) Operating leverage = (Net operating revenue - variable operating costs and expenses) / business interests (Note 6).
- (2) Financial leverage = operating profit / (operating interest - interest expense).

Note 2: When calculating the aforementioned earnings per share formula, special attention should be paid to the following matters:

1. It is based on the weighted average number of ordinary shares, not the number of shares outstanding at the end of the year.
2. Where there is a cash capital increase or treasury stock trading, the weighted average number of shares shall be calculated taking into account its circulation period.
3. Where there is a capital increase from surplus or capital reserve, when calculating the earnings per share in previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the current year (whether issued or not) should be deducted from the after-tax net profit or increased by the after-tax net loss. If the preferred shares are of a non-cumulative nature, if there is a net profit after tax, the preferred share dividend shall be deducted from the net profit after tax; if it is a loss, there is no need to adjust it.

Note 3: Cash flow analysis should pay special attention to the following matters when measuring:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflows for capital investment.
3. An increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory at the end of the year decreases, it will be calculated as zero.
4. Cash dividends include cash dividends on ordinary shares and preferred shares.
5. Gross property, plant and equipment is the total property, plant and equipment before accumulated depreciation.

Note 4: Issuers should classify various operating costs and operating expenses into fixed and variable ones according to their nature. If there is an estimate or subjective judgment involved, they should pay attention to their rationality and maintain consistency.

Note 5: If the shares of the company have no par value or the denomination per share is not NT\$10, the ratio of the paid-in capital previously stated shall be calculated as the ratio of equity attributable to the owners of the parent company on the balance sheet.

III. The Audit Committee's report on the most recent annual financial statements

Tai-Tech Advanced Electronics Co., Ltd.
2022 Audit Committee Review Report

The Board of Directors has submitted the Company's 2022 business report and financial statements, including consolidated financial statements and the statement of earnings distribution. The financial statements have been audited by CPAs Yen-Na Li and Wei-Hao Wu of PricewaterhouseCoopers Taiwan, and an audit report has been issued.

The business report, financial statements (including consolidated financial statements) and statement of earnings distribution stated above have been audited by the Audit Committee and found to be in compliance with the Company Act and other applicable laws and regulations. We have presented you the reports based on the provisions stipulated in Article 219 of the Company Act.

Please review.

Submitted to

Tai-Tech Advanced Electronics Co., Ltd.

Tai-Tech Advanced Electronics Co., Ltd.

Audit Committee Convener Yang-Pin Shen

February 24, 2023

IV. Annual financial statements for the most recent year:

2022 Annual Financial Statements: Please refer to Appendix I.

V. The Company's parent company only financial statements that have been audited and certified by an accountant in the most recent year:

2022 Annual Parent Company Only Financial Statements: Please refer to Appendix I.

VI. In the most recent year and as of the publication date of the annual report, if any financial difficulties occur among the Company and its affiliated companies, their effect on the Company's financial position should be stated: None.

Seven. Financial position and financial performance review analysis and risk matters

I. Financial position

Unit: NT\$ thousand; %

Year Item	2021	2022	Difference	
			Amount	%
Current assets	4,718,034	4,317,702	(400,332)	(8.49)
Property, plant and equipment	4,503,865	4,401,609	(102,256)	(2.27)
Intangible assets	46,296	43,403	(2,893)	(6.25)
Other non-current assets	337,297	489,205	151,908	45.04
Total assets	9,605,492	9,251,919	(353,573)	(3.68)
Current liabilities	2,568,840	1,371,552	(1,197,288)	(46.61)
Non-current liabilities	814,061	1,355,430	541,369	66.50
Total liabilities	3,382,901	2,726,982	(655,919)	(19.39)
Equity attributable to shareholders of the parent	6,222,591	6,524,937	302,346	4.86
Share capital	1,031,340	1,020,340	(11,000)	(1.07)
Capital surplus	1,886,687	1,798,320	(88,367)	(4.68)
Retained earnings	3,321,011	3,642,529	321,518	9.68
Other equity	(16,447)	63,748	80,195	(487.60)
Total equity	6,222,591	6,524,937	302,346	4.86
Description of major changes: (Where the ratio of increase or decrease is more than 20%, and the amount of change is more than NT\$10 million)				
(1) Other non-current assets: Mainly due to the increase in non-current financial assets at fair value through other comprehensive income for the current period				
(2). Current liabilities: Mainly due to the decrease in short-term borrowings and accounts payable in the current period.				
(3) .Non-current liabilities: Mainly due to the increase in long-term borrowings in the current period.				
(4). Other equity: Mainly due to the increase in the exchange difference in the translation of the financial statements of foreign operations in the current period.				

II. Financial performance

Unit: NT\$ thousand; %

Year Item	2021	2022	Difference	
			Amount	%
Operating revenue	6,165,281	5,291,333	(873,948)	(14.18)
Gross profit	2,135,564	1,779,525	(356,039)	(16.67)
Operating profit and loss	1,330,196	1,019,017	(311,179)	(23.39)
Non-operating income and expenses	61,117	217,943	156,826	256.60

Income before income tax	1,391,313	1,236,960	(154,353)	(11.09)
Net profit (loss) for current period	1,197,065	1,038,537	(158,528)	(13.24)
Net profit attributable to owner of the parent company	1,197,065	1,038,537	(158,528)	(13.24)
Description of major changes: (Where the ratio of increase or decrease is more than 20%, and the amount of change is more than NT\$10 million)				
(1). Operating profit and loss: Mainly due to the decrease in sales revenue in the current period and thus the decrease in gross profit from sales.				
(2). Non-operating income and expenses: Mainly due to the increase in net foreign currency exchange gains in the current period.				

III. Cash flows

(I) Analysis and explanation of cash flow changes in the most recent year

Unit: NT\$ thousand

Item \ Year	2021	2022	Difference	
			Amount	%
Operating activities	1,192,411	1,674,801	482,390	40.46
Investing activities	(1,893,897)	(774,298)	1,119,599	59.12
Financing activities	1,291,352	(742,237)	(2,033,589)	(157.48)
Exchange rate effects	(16,481)	29,607	46,088	(279.64)
Net cash inflows	573,385	187,873	(385,512)	(67.23)
Description of major changes:				
(1) Increase in cash inflows from operating activities: Mainly due to the increase in accounts receivable for the current period. .				
(2) Decrease in cash outflows from investing activities: This was mainly due to the decrease in the outflow from property, plant and equipment in the current period.				
(3) Increased cash outflows from financing activities: Mainly to the inflow of the capital raised in the follow-on offering in the previous period.				

(II) Improvement plan for insufficient liquidity: not applicable.

(three) Analysis of cash flows in the coming year:

Unit: NT\$ thousand

Beginning cash balance (December 31, 2022)	Expected net cash flows from operating activities for the full year (2023)	Expected net cash flows from investing activities for the full year (2023)	Expected net cash flows from financing activities for the full year (2023)	Estimated cash remaining amount (December 31, 2023)	Remedial measures for projected cash shortfalls	
					Investing plan	Financing plan
1,528,877	1,122,374	-2,174,298	866,864	1,343,817	None	None

Analysis of cash flows in 2023

- (1) Operating activities: In 2023, the Company will continue to control costs and optimize product portfolio. It is estimated that the net cash flow from operating activities for the whole year will be a net cash inflow.

- (2) Investment activities: May receive cash dividends from investees; continue to make domestic and foreign investments and capital expenditures.
- (3) Financing activities: mainly loan repayment and dividend payment.

IV. The impact of major capital expenditures in the most recent year on the financial business: None.

V. Reinvestment policy in the most recent year, the main reasons for its profit or loss, improvement plan, and investment plan for the following year:

December 31, 2022; Units: NT\$ thousand

Affiliated company name	Investment gains and losses recognized in 2022	Reinvestment policies	Main reason for profit or loss	Improvement plan	Investment plan for the coming year
Best Bliss	374,783	Investment holding company	Recognize investment income	—	—
North Star	978	Investment holding company	Recognize interest income	—	—
TAI-TECH Advanced Electronics (Kunshan)	40,243	Production, processing, and sale of electronic components	Economies of scale and production management performance	—	—
Fixed Rock	266,057	Investment holding company	Recognize investment income	—	—
TAIPAQ	307,096	Production, processing, and sale of electronic components	Economies of scale and production management performance	—	—

VI. Risk events shall be analyzed and evaluated for the following events in the most recent year and up to the date of publication of the annual report:

(I) The impact of interest rates, exchange rate changes, and inflation on the Company's profit and loss, and future countermeasures:

1. Impact of interest rate changes and countermeasures:

(1) Impact on the Company's profit and loss

The financial costs of the Company and its subsidiaries in 2021 and 2022 were NT\$7,058 thousand and NT\$12,012, respectively, accounting for 0.11% and 0.23%, respectively, of operating revenue. Overall, interest expense accounts for a small percentage of operating revenue. The impact on the Company is not significant.

(2) Specific measures

The Company and its subsidiaries actively pay attention to changes in interest rates in the financial market, and adjust fixed or floating borrowings to reduce the risk of rising capital costs caused by changes in interest rates.

2. Impact of exchange rate changes and countermeasures:

(1) Impact on the Company's profit and loss

Unit: NT\$ thousand

Year	2021	2022
Exchange gains and losses	(6,025)	136,022
Operating revenue	6,165,281	5,291,333
Operating gains	1,330,196	1,019,017
Proportion of consolidated operating revenue (%)	0.10%	2.57%
Proportion of consolidated operating profit (%)	0.45%	13.35%

(2) Specific measures

In response to the impact of exchange rate fluctuations, when a business unit makes quotations to customers, it regularly considers the exchange rate impact into quotation decisions. The main strategy of exchange rate risk control is still to aim at natural hedging. When necessary, we conduct relevant foreign exchange hedging operations in accordance with the "Procedures for Acquisition or Disposal of Assets" to reduce the impact of exchange rate changes on profit and loss.

3. The impact of inflation most recent year on the Company's profit and loss, and future countermeasures:

The Company and its subsidiaries are not significantly affected by inflation. However, we still pay close attention to the market trends of raw materials and adjust sales strategies to avoid major impacts on the Company due to inflation.

(II) Policies for engaging in high-risk, high-leverage investments, lending of funds to others, endorsements/guarantees, and derivatives trading, and the main reasons for profit or loss and future countermeasures:

Item	Policy	Reason for profit and loss	Future countermeasures
High-risk, high-leverage investments	Do not engage in high-risk and highly leveraged investments	Not applicable, no such matters	Adhering to the principle of conservative and stable operations
Loans of funds to others	In accordance with "Operational Procedures for Loans of Funds to Others "	None; we provide loans to subsidiaries only	Conservative and prudent principles to be handled in accordance with procedures
Endorsements/guarantees	In accordance with "Endorsement/Guarantee Operational Procedures"	None; endorsements/guarantees are made for subsidiaries only	Conservative and prudent principles to be handled in accordance with procedures

Derivatives trading	in accordance with the “Procedure for Acquisition or Disposal of Assets.”	Not applicable; not engaged in such transactions	Conservative and prudent operating principles.
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(III) Future R&D plans and estimated R&D expenses:

1. Future R&D plans

The main products of the Company and its subsidiaries encompass various types of inductors. In response to market demand, we develop new products and technologies for more diverse applications and meet customer and market demands. We continue to research and develop products with high quality and competitive cost. The main development direction at present is in automotive grade electronics, electric vehicle-related products, high-standard network communication-related products, and next-generation personal computer-related products.

2. Estimated R&D expenses

The Company's research and development expenses in 2022 accounted for 3% of revenue. The amount increased by 11.08% over the previous year. Future investments will be gradually rolled out according to the development progress of new technologies and new materials. With the growth of turnover, annual R&D expenses can be gradually increased to support future R&D projects and increase the Company's market competitiveness.

(IV) The impact of important domestic and foreign policy and legal changes on the Company's financial business, and countermeasures:

The Company's operations are handled in accordance with relevant domestic and foreign laws and regulations. Furthermore, we always pay attention to domestic and foreign policy trends and changes in regulations, and consult relevant professionals, taking appropriate measures in a timely manner. As of the date of publication of this report, the Company and its subsidiaries had not been affected by any major changes in domestic and foreign policies and laws that would affect its financial business.

(V) The impact of technological changes (including information security risks) as well as industrial changes on the Company's financial business, and countermeasures:

Demand continues to be driven by a range of applications such as 5G and intelligent IoT, the automotive grade electronics market, and so on. Meanwhile, the Company continues to invest in new products, new technologies, and the use of intelligent machinery to assist in manufacturing, and we maintain stable and flexible financial operations. Technological changes and industrial changes thus have not yet had a significant impact on the Company's financial business.

In addition, in 5G and mobile phone related applications, the use of low-temperature co-fired ceramics (LTCC) has increased significantly. The LTCC process is the same as that of the

Company's laminated magnetic beads, but its use of dielectric materials differs from the magnetic materials that are the core of the Company's technology. Therefore, the Company has not invested in the development of related production with the exception of multilayer ceramic high-frequency inductors. Moreover, investment in LTCC related production lines would require establishment of a competitive scale, but considering the huge investment amount and given the Company's existing resources, our main investments will still focus on magnetic material related products. Therefore, although the Company has the basic production capacity of LTCC products, there is no comparatively positive and clear plan for the production of LTCC products in the short term.

The era of convenient information is both an opportunity and a relative source of risk for companies. The importance of information security has become an important issue that businesses cannot avoid. In addition to building firewall defenses for the network and computer room as well as configuring and using internationally certified antivirus software for each endpoint computer, Tai-Tech Advanced Electronics also conducts local and remote cross-backup procedures for each data item. Furthermore, since 2016, disaster recovery plan drills have been carried out for major systems every year, and many improvements have been made to computer room power facilities. These include a UPS uninterruptible power supply system, an ATS power switching system, construction of a special backup generator for the computer room, and so on, all of which have been put in place. All of the above measures are expected to achieve the goal of recovering the risks caused by information security in the shortest time while minimizing the corresponding damage. In the future, the Company will also actively prepare and plan to evaluate the EDR endpoint detection and protection system to target many unknown and potential man-made attacks, and also invest in information security education and training for internal personnel. In addition to giving reminders on relevant daily network operations to avoid risks, social engineering drills are also carried out on a regular basis to enhance information security awareness among internal employees. In view of the scope of information security, which is large, wide, and constantly changing, Tai-Tech Advanced Electronics is continuously seeking various resources to enhance the aspect and depth of information security risk management. Beyond this, we will simultaneously comply with government regulations, strengthen the organizational structure of information security, protect the rights and interests of investors, and advance towards the goal of sustainable business operations.

(VI) The impact of corporate image changes on corporate crisis management, and countermeasures:

Since our establishment in 1992, the Company has complied with relevant laws and regulations, actively improves management quality and performance, and continues to operate the business and care for society in the spirit of solidarity, cooperation, mutual assistance, and mutual trust. In the most recent year and through the date of publication of the report, there has been no incident affecting our corporate image.

(IV) Expected benefits, possible risks, and countermeasures of M&A:

For the most recent year and up to the date of publication of the annual report, the Company has no ongoing merger and acquisition plans.

(VIII) Expected benefits, possible risks and countermeasures of plant expansion:

In response to the needs of new product expansion and production integration, in 2021, we will purchase industrial land and factories in the Youth Industrial Park of Yangmei District, Taoyuan City. We expect to expand production scale and see increased revenue. The relative probable risk is the interest rate risk of the loan cost. Balance interest expense with integration benefits.

(IX) Risks and countermeasures confronted through purchase or sales concentration:

1. The risks and countermeasures faced by the concentration of purchases:

In 2021 and 2022, the proportion of purchases made by the Company and its subsidiaries from the largest supplier was 10.96% and 9.77%, respectively. There was no issue with excessive concentration. For the main raw material of silver paste, we maintain more than two suppliers to diversify risks. The silver paste suppliers are well-known domestic manufacturers, and the quality of the silver paste they supplies is stable. The Company has maintained a long-term and good cooperative relationship with them, and there has been no shortage or interruption of supply in the last three years.

2. Risks faced through sales concentration, and countermeasures

The Company and its subsidiaries saw contributions of 12.70% and 17.66% of sales from the largest customer in 2021 and 2022, respectively, and there was no sales concentration. In addition to maintaining good and long-term cooperative relationships with our original customers, the Company and its subsidiaries continue to develop new customers and regularly assess the financial business conditions of customers to reduce the risk of diversifying operations. Overall, the Company has no significant risk of sales concentration.

(X) For directors, supervisors or major shareholders holding more than 10% of the shares, the impact, risks and countermeasures of a large-scale transfer or replacement of shares on the Company: No such situation.

(XI) The impact, risks and countermeasures of a change of management rights on the Company:

For the most recent year and up to the date of publication of the annual report, the Company has not had any changes in its management rights.

(XII) Litigation or non-litigation events:

In 2022 as of the publication date of the report: None.

(XIII) Other important risks and countermeasures: None

VII. Other important matters: None.

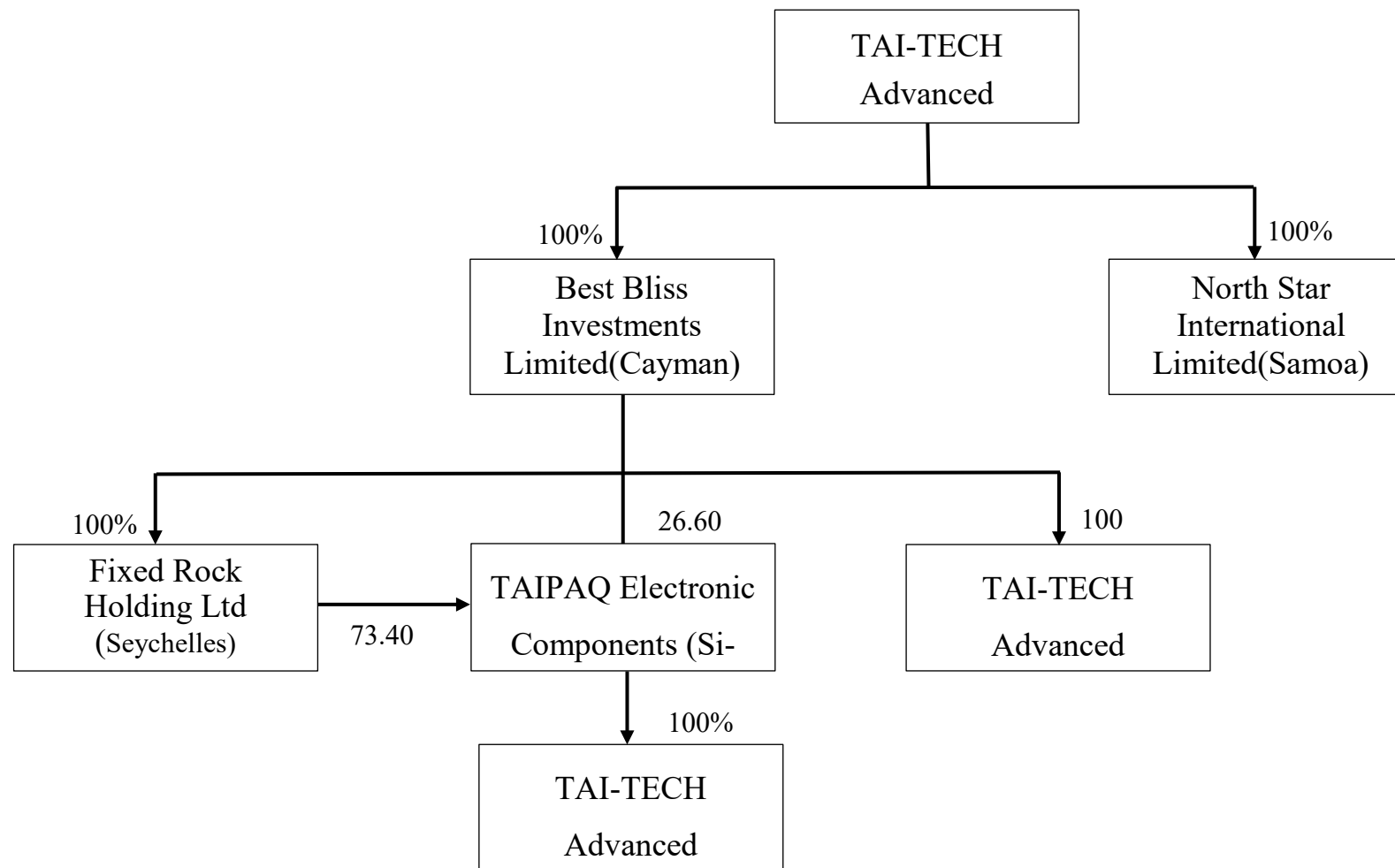
Eight. Special Notes

I. Related company information:

(I) Consolidated Financial Statements of Affiliated Enterprises: Please refer to Appendix I.

1. Organizational chart of affiliated enterprises:

April 30, 2023



Note 1: TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd. 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 April 30, 2023.

2. Basic information of each affiliated company

Units: NT\$ thousand and US\$ / April 30, 2023

Company name	Date of establishment	Address	Paid-in capital (NT\$)	Main business or production items
Best Bliss Investments Limited	February 2001	P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.	US\$34,250,452	International investments
North Star International Limited	April 2003	OCRA Chambers, Suite 5, Global Travel House, Saleufi Street, Apia, Samoa	US\$100,000	International investments
TAI-TECH Advanced Electronics (Kunshan)	August 2001	No. 925, Guoshi Road, Hi-Tech Development Zone, Kunshan City, Jiangsu Province	US\$11,935,063	Production, processing, and sale of electronic components
Fixed Rock Holding Limited	May 2008	Vistra Corporate Services Centre, Suite 23, 1st Floor, Eden Plaza, Eden Island, Mahe, Republic of Seychelles.	US\$26,450,345	International investments
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	December 2008	South side of Hangzhou Road and east side of Jianshe North Road, Sihong Economic Development Zone, Suqian City, Jiangsu Province	US\$43,049,221	Production, processing, and sale of electronic components
TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	September 2022	14C, Caiyun Pavilion, Rainbow New City, No. 3002, Caitian South Road, Gangxia Community, Futian Street, Futian District, Shenzhen	Pending capital injection	Sale of electronic products and power electronic components

3. Those who are presumed to have control and affiliation: None

4. Industries covered by the business of the overall affiliated companies:

(1) Best Bliss Investments Limited: It is a holding company established by the Company as a control transfer investment. No business other than investment.

- (2) North Star International Limited: Reinvestment business.
- (3) TAI-TECH Advanced Electronics (Kunshan): Production, processing and sales of related products.
- (4) Fixed Rock Holding Limited: Reinvestment business.
- (5) TAIPAQ Electronic Components (Si-Hong) Co., Ltd.: Production, processing and sales of related products.
- (6) TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.: Sale of electronic products and power electronic components

5. Information on directors, supervisors and general managers of related companies

Unit: Shares; %

Company name	Title	Name or representative	Number of shares	Shareholding percentage (%)
Best Bliss Investments Limited	Chairman	Hsieh, Ming-Yen	34,250,452	100
North Star International Limited	Chairman	Hsieh, Ming-Yen	100,000	100
TAI-TECH Advanced Electronics (Kunshan)	Chairman	Hsieh, Ming-Yen	--	100
Fixed Rock Holding Ltd.	Chairman	Hsieh, Ming-Yen	26,450,345	100
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Chairman	Hsieh, Ming-Yen	--	100
TAI-TECH Advanced Electronics (Shenzhen) Co., Ltd.	Chairman	Hsieh, Ming-Yen	--	100

6. Operational overview of affiliated enterprises

2022

Units: NT\$, US\$, RMB thousand

Company name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Profit and loss for the period after tax	Earnings per share after tax
Best Bliss	1,075,284 (US\$34,250)	3,784,578 (US\$123,236)	—	3,784,578 (US\$123,236)	348,056 (US\$11,678)	347,847 (US\$11,671)	382,624 (US\$12,838)	0.37

Investments Limited								
North Star International Limited	3,459 (US\$100)	88,168 (US\$2,871)	—	88,168 (US\$2,871)	—	-30 (US\$ -1)	978 (US\$33)	0.33
TAI-TECH Advanced Electronics (Kunshan)	384,904 (US\$11,935)	1,048,366 (RMB 237,755)	440,331 (RMB 99,861)	608,035 (RMB 137,894)	1,280,425 (RMB 288,732)	44,457 (RMB 10,025)	40,243 (RMB 9,075)	—
Fixed Rock Holding Ltd.	812,280 (US\$26,450)	2,272,264 (US\$73,991)	87,892 (US\$2,862)	2,184,372 (US\$71,129)	265,349 (US\$8,903)	265,259 (US\$8,900)	266,057 (US\$8,927)	0.34
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1,343,832 (US\$43,049)	4,304,121 (RMB 976,115)	1,388,533 (RMB 314,900)	2,915,588 (RMB 661,215)	3,493,444 (RMB 787,761)	300,328 (RMB67,723)	307,096 (RMB 69,249)	—

Note 1: Conversion exchange rate as of the end of 2022: BS exchange rate US\$1=NT\$30.71; RMB 1=NT\$4.40944. IS exchange rate US\$1=NT\$29.8044; RMB 1=NT\$4.43465.

II. Handling of privately placed securities in the most recent year and as of the date of publication of the annual report: None.

III. Status of holding or disposing of the Company's stocks by subsidiaries in the most recent year and as of the date of publication of the annual report: None.

IV. Other necessary supplementary explanations: None.

Nine. In the most recent year and as of the printing date of the annual report, the occurrence of the matters that have a significant impact on shareholders' equity or securities prices as specified in Article 36 Paragraph 2, Item 2 of the Securities and Exchange Act: None.

Appendix I :

2022 Annual Financial Statements

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

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

Telephone: (03) 464-1148

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
2022 and 2021 Consolidated Financial Statements and CPA's Audit Report
Table of Contents

Item	Page No.
I. Cover Page	1
II. Table of Contents	2 ~ 3
III. Declaration	4
IV. CPA Audit Report	5 ~ 8
V. Consolidated Asset Balance Sheet	9 ~ 10
VI. Consolidated Comprehensive Income Statement	11
VII. Consolidated Statement of Changes in Equity	12
VIII. Consolidated Cash Flow Statement	13 ~ 14
IX. Consolidated Financial Statement Notes	15 ~ 57
(I) Company History and Business Scope	15
(II) Approval Date and Procedure of Financial Statements	15
(III) Application of New and Amended Standards and Interpretations	15 ~ 16
(IV) Summary of Significant Accounting Policies	16 ~ 25
(V) Significant Account Judgments and Assumptions and Primary Sources of Estimation Uncertainty	25
(VI) Description of Significant Accounts	26 ~ 44
(VII) Related Party Transactions	44 ~ 46
(VIII) Pledged Assets	47
(IX) Significant Commitments or Contingencies	47

Item	Page No.
(X) Significant Disaster Losses	47
(XI) Significant Subsequent Events	47
(XII) Others	47 ~ 55
(XIII) Additional Disclosures	55 ~ 56
(XIV) Segment Information	56 ~ 57

Tai-Tech Advanced Electronics Co., Ltd.
Consolidated Financial Statements of Affiliated Enterprises

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

Represented by

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

Responsible person: Ming-Yen Hsieh

February 24, 2023

CPA's Audit Report

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

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

Audit Opinions

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

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

Basis of Audit Opinion

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

Key Audit Matters

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

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

Evaluation of Loss Allowance due to Inventory Impairment

Description

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

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

Responsive Audit Procedures

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

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

Other Matters– Individual Financial Report

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

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

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

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

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

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

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

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

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

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

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

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

PricewaterhouseCoopers Taiwan

CPA

Yen-na Li
Wei-hao Wu

Former Financial Supervisory Commission and Securities and
Futures Bureau of the Executive Yuan

Official Approval Letter No.: Jin-Guan-Zheng-Liu-Zi No.
0950122728

Financial Supervisory Commission

Official Approval Letter No.: Jin-Guan-Zheng-Shen-Zi No.
1080323093

February 24, 2023

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

Unit: NT\$ thousand

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

(Continued)

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

Unit: NT\$ thousand

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

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

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

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

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

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

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

Consolidated Statement of Changes in Equity

January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand

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

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

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

Unit: NT\$ thousand

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

(Continued)

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

Unit: NT\$ thousand

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

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

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

Unit: NT\$ thousand
(unless otherwise specified)

I. Company History and Business Scope

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

II. Approval Date and Procedure of the Financial Statements

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

III. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

<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 Group has assessed the aforementioned standards and interpretations and concluded that

they do not have significant effects on the Group's financial position and financial performance.

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

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

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

IV. Summary of Significant Accounting Policies

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

(I) Statement of Compliance

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

(II) Basis of Preparation

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

(III) Basis of Consolidation

1. Principles for preparing the consolidated financial statements

- (1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries in the financial statements begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (2) Inter-company transactions, balances, and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

2. Subsidiaries included in the consolidated financial statements:

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

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

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

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

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

3. Subsidiaries not included in the consolidated financial statements

None.

4. Adjustments for subsidiaries with different accounting periods

None.

5. Major restrictions

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

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

None.

(IV) Foreign currency translation

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

1. Foreign currency transactions and balance

- (1) Foreign currency derived from transactions was translated into the functional currency using the spot exchange rate prevailing on the measurement date or the trade date, with the resulting exchange difference recognized as gain or loss.
- (2) The balance of monetary assets or liabilities denominated in foreign currency is adjusted by the exchange rate prevailing at the balance sheet date, with the resulting differences recognized as gain or loss.
- (3) Non-monetary assets or liabilities denominated in foreign currency are adjusted by the spot exchange rate on the balance sheet date, with the resulting difference recognized in profit or loss if they are measured at fair value through profit or loss, or in other comprehensive income if they are measured at fair value through other comprehensive income. If they are not measured at fair value, they are measured by applying the historical exchange rate on the transaction date.

2. Translation of foreign operations financial statements

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

- (1) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (2) Income and expenses for each statement of comprehensive income (including comparatives) are translated at the average exchange rates for the period; and
- (3) All resulting exchange differences are recognized in other comprehensive income.

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

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

- (1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (2) They are held primarily for trading.
- (3) Assets that are expected to be realized within 12 months after the balance sheet date.
- (4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

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

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

- (1) Liabilities that are expected to be settled within the normal operating cycle.
- (2) They are held primarily for trading.
- (3) Liabilities that are expected to be settled within 12 months after the balance sheet date.
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its transactions by the issue of equity instruments do not affect its classification.

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

(VI) Cash equivalents

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

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

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

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

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

(IX) Financial assets at amortized cost

1. Financial assets that simultaneously satisfy the following criteria are classified in this category:
 - (1) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
 - (2) The contractual terms of the financial assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.

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

(X) Accounts Receivables and Notes Receivables

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

(XI) Impairment of Financial Assets

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

(XII) Derecognition of Financial Assets

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

(XIII) Inventory

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

(XIV) Property, plant and equipment

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

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

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

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

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

Fixed payments, less any lease incentives receivable

that are measured in subsequent periods using the effective interest rate method and amortized over the lease term. When a change in lease payments occurs not due to contract modification, lease liability will be remeasured, with such remeasurements adjusted to right-of-use assets.

3. Right-of-use assets are recognized at costs at the inception of the lease. Cost includes:
 - (1) The initial lease liability measured;
 - (2) Lease payments made before or at the inception of the lease;
 - (3) Any original direct costs incurred.

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

(XVI) Intangible assets

1. Computer software

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

2. Goodwill

Goodwill results from mergers or acquisition.

3. Patent rights

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

(XVII) Impairment of Financial Assets

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

(XVIII) Borrowings

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

(XIX) Accounts Receivables and Notes Receivables

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

(XX) Derecognition of Financial Liabilities

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

(XXI) Employee benefits

1. Short-term employee benefits

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

2. Pension

(1) Defined contribution plans

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

(2) Defined benefit plans

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

yields on government bonds.

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

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

3. Employee compensation and directors' and supervisors' remuneration

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

(XXII) Employees share-based payments

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

(XXIII) Income tax

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

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

(XXIV) Share capital

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

(XXV) Dividends appropriation

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

(XXVI) Recognition of revenue

Sale of goods

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

(XXVII) Government grants

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

(XXVIII) Operating segments

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

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

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

(I) Significant Judgments in Applying Accounting Policies

None.

(II) Significant Accounting Estimates and Assumptions

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

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

VI. Description of Significant Accounts

(I) Cash and cash equivalents

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

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

(II) Notes and Accounts Receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	<u>\$ 60, 385</u>	<u>\$ 64, 858</u>
Accounts Receivable	\$ 1, 628, 873	\$ 2, 206, 234
Less: Allowance for bad debt	(2, 353)	(21, 866)
Allowance for sales returns and discounts	(1, 480)	(1, 802)
	<u>\$ 1, 625, 040</u>	<u>\$ 2, 182, 566</u>
Accounts receivable due from related parties	\$ 112, 634	\$ 207, 284
Less: Allowance for bad debt	(89)	(89)
	<u>\$ 112, 545</u>	<u>\$ 207, 195</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, 733, 778	\$ 60, 385	\$ 2, 367, 154	\$ 64, 858
Within 30 days	6, 825	-	42, 292	-
31~90 days	882	-	4, 054	-
91~180 days	22	-	18	-
	<u>\$ 1, 741, 507</u>	<u>\$ 60, 385</u>	<u>\$ 2, 413, 518</u>	<u>\$ 64, 858</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, were all due to client contracts, and the balance of receivables from client contracts as of January 1, 2021, was \$1,784,768.
3. Without considering the collateral held or other credit enhancements, the maximum exposure amounts for credit risks that can best represent the Group's bills receivable in 2022 and as of December 31, 2021, were NT\$60,385 and NT\$64,858, respectively. The maximum credit risk amounts that best represent the Group's accounts receivable in 2022 and December 31, 2021, were NT\$1,737,585 and NT\$2,389,761, respectively.

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

(III) Inventory

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

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

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

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

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

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

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

	<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>129,255</u>	<u>18,272</u>
	182,679	51,467
Adjustments for change in value	<u>198,390</u>	<u>182,350</u>
Total	<u>\$ 381,069</u>	<u>\$ 233,817</u>

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

	<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 income	<u>\$ 16,040</u>	<u>\$ 16,459</u>
Dividend income recognized in profit or loss held at end of year	<u>\$ 44,097</u>	<u>\$ 18,352</u>

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

(V) Property, plant and equipment

2022

	<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	\$ 565,912	\$ 5,283,887	\$ 24,369	\$ 12,050	\$ 51,323	\$ 301,219	\$ 109,666	\$ 7,125,986
Accumulated depreciation and impairment	–	(228,762)	(2,161,835)	(16,091)	(8,050)	(32,384)	(174,999)	–	(2,622,121)
	<u>\$ 777,560</u>	<u>\$ 337,150</u>	<u>\$ 3,122,052</u>	<u>\$ 8,278</u>	<u>\$ 4,000</u>	<u>\$ 18,939</u>	<u>\$ 126,220</u>	<u>\$ 109,666</u>	<u>\$ 4,503,865</u>
January 1	\$ 777,560	\$ 337,150	\$ 3,122,052	\$ 8,278	\$ 4,000	\$ 18,939	\$ 126,220	\$ 109,666	\$ 4,503,865
Addition	–	–	52,183	650	–	1,504	35,480	300,790	390,607
Disposal	–	–	(47,376)	–	–	–	(199)	–	(47,575)
Reclassification	–	–	352,289	–	–	1,022	14,088	(367,399)	–
Depreciation expenses	–	(26,021)	(406,711)	(1,058)	(967)	(4,898)	(46,148)	–	(485,803)
Net exchange differences	–	4,087	33,596	1	12	133	968	1,718	40,515
December 31	<u>\$ 777,560</u>	<u>\$ 315,216</u>	<u>\$ 3,106,033</u>	<u>\$ 7,871</u>	<u>\$ 3,045</u>	<u>\$ 16,700</u>	<u>\$ 130,409</u>	<u>\$ 44,775</u>	<u>\$ 4,401,609</u>
December 31									
Cost	\$ 777,560	\$ 572,031	\$ 5,629,094	\$ 25,030	\$ 11,668	\$ 52,523	\$ 352,990	\$ 44,775	\$ 7,465,671
Accumulated depreciation and impairment	–	(256,815)	(2,523,061)	(17,159)	(8,623)	(35,823)	(222,581)	–	(3,064,062)
	<u>\$ 777,560</u>	<u>\$ 315,216</u>	<u>\$ 3,106,033</u>	<u>\$ 7,871</u>	<u>\$ 3,045</u>	<u>\$ 16,700</u>	<u>\$ 130,409</u>	<u>\$ 44,775</u>	<u>\$ 4,401,609</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	\$ 507,421	\$ 3,853,572	\$ 19,443	\$ 9,544	\$ 40,702	\$ 211,387	\$ 72,486	\$ 4,811,050
Accumulated depreciation and impairment	<u>–</u>	<u>(205,217)</u>	<u>(1,873,639)</u>	<u>(15,069)</u>	<u>(7,113)</u>	<u>(28,919)</u>	<u>(141,222)</u>	<u>–</u>	<u>(2,271,179)</u>
	<u>\$ 96,495</u>	<u>\$ 302,204</u>	<u>\$ 1,979,933</u>	<u>\$ 4,374</u>	<u>\$ 2,431</u>	<u>\$ 11,783</u>	<u>\$ 70,165</u>	<u>\$ 72,486</u>	<u>\$ 2,539,871</u>
January 1	\$ 96,495	\$ 302,204	\$ 1,979,933	\$ 4,374	\$ 2,431	\$ 11,783	\$ 70,165	\$ 72,486	\$ 2,539,871
Addition	681,065	56,494	142,260	–	574	5,013	63,614	1,406,864	2,355,884
Disposal	–	–	(17)	–	–	–	–	–	(17)
Reclassification	–	4,076	1,323,995	4,930	2,380	6,278	27,824	(1,369,483)	–
Depreciation expenses	–	(24,179)	(319,621)	(1,025)	(1,382)	(4,101)	(35,148)	–	(385,456)
Net exchange differences	<u>–</u>	<u>(1,445)</u>	<u>(4,498)</u>	<u>(1)</u>	<u>(3)</u>	<u>(34)</u>	<u>(235)</u>	<u>(201)</u>	<u>(6,417)</u>
December 31	<u>\$ 777,560</u>	<u>\$ 337,150</u>	<u>\$ 3,122,052</u>	<u>\$ 8,278</u>	<u>\$ 4,000</u>	<u>\$ 18,939</u>	<u>\$ 126,220</u>	<u>\$ 109,666</u>	<u>\$ 4,503,865</u>
December 31									
Cost	\$ 777,560	\$ 565,912	\$ 5,283,887	\$ 24,369	\$ 12,050	\$ 51,323	\$ 301,219	\$ 109,666	\$ 7,125,986
Accumulated depreciation and impairment	<u>–</u>	<u>(228,762)</u>	<u>(2,161,835)</u>	<u>(16,091)</u>	<u>(8,050)</u>	<u>(32,384)</u>	<u>(174,999)</u>	<u>–</u>	<u>(2,622,121)</u>
	<u>\$ 777,560</u>	<u>\$ 337,150</u>	<u>\$ 3,122,052</u>	<u>\$ 8,278</u>	<u>\$ 4,000</u>	<u>\$ 18,939</u>	<u>\$ 126,220</u>	<u>\$ 109,666</u>	<u>\$ 4,503,865</u>

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

(VI) Lease transactions - lessee

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

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

	<u>2022</u>	<u>2021</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Right-of-use land	\$ 707	\$ 693
Parking space	-	508
Buildings	4,390	4,148
Transportation equipment	1,720	1,396
Machinery and equipment	364	385
	<u>\$ 7,181</u>	<u>\$ 7,130</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	\$ 14,172	\$ 13,845
Expenses attributable to low-value assets	62	66

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

(VII) Other non-current assets

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

(VIII) Short-term borrowings

Nature of borrowings	December 31, 2022	Interest rate range	Collaterals
Bank loan			
Credit loan	<u>\$ -</u>	-	-
Nature of borrowings	December 31, 2021	Interest rate range	Collaterals
Bank loan			
Secured loan	\$ 50, 000	0. 85%	Land and plant
Credit loan	365, 794	0. 71%~0. 85%	-
	<u>\$ 415, 794</u>		

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

(IX) Short-term notes and bills payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Commercial paper	<u>\$ -</u>	<u>\$ 20, 000</u>
Loan period	<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.

(X) Other payables

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

(XI) 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 from April 2025 to March 2029.	1.03%	-	130, 490
Secured loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2029.	0.98%~1.03%	Machinery	368, 000
Credit loan	The period from April 2022 to March 2025 is the grace period, and interest is paid monthly. Principal and interest are paid from April 2025 to March 2027.	0.98%	-	<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%	-	<u>50, 000</u>
				603, 422
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.

(XII) 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	(8,441)	(40,569)
Net defined benefit (asset) liabilities	<u>(\$ 7,663)</u>	<u>\$ 14,762</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>\$ 778</u>	<u>(\$ 8,441)</u>	<u>(\$ 7,663)</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>

- (6) The Company settled severances for some employees under the old seniority system according to the Labor Standards Act and Labor Pension Act, and the settlement benefits of 2022 were NT\$6,638.
- (7) The Company's Confirmed welfare retirement plan fund assets shall be entrusted within the transportation and amount of entrusted business projects determined by the Bank of Taiwan according to the annual investment and application plan of the fund pursuant to items provided by Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., deposit in financial institutions at home and abroad; investing in domestic and foreign listed, OTC, or privately placed equity securities; and investment in securitized goods for real estate at home and abroad). The relevant application status shall be supervised by the Supervision Committee of the Labor Retirement Fund. The utilization of the retirement fund shall have a yield no less than the interest for two-year time deposits provide by local banks. In case there is any shortfall, it shall be made up by the treasury of the government after an approval is obtained from the competent authority. Having no right to the operation and management of the retirement fund, the Group is unable to disclose the classification of plan assets as required by section 142 of the International Accounting Standards 19. Please refer to the report on the use of labor retirement funds for each announced by the government for the fair value that constitutes the fund's total assets for 2022 and as of December 31, 2021.
- (8) The actuarial assumptions regarding pensions are summarized as follows:

	<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</u>	<u>Decrease by</u>	<u>Increase by</u>	<u>Decrease by</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
December 31, 2022				
Effects on the present value of defined benefit obligations	<u>(\$ 19)</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2021				
Effects on the present value of defined benefit obligations	<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.

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

- (9) The Company is expected to pay a contribution of \$0 to the retirement plan for 2023.
- (10) As of December 31, 2022, the weighted average duration of the retirement plan was 10 years. Maturity analysis of pension payment obligation is as follows:

Less than 1 year	\$	-
1-2 years		-
2-5 years		-
Over 5 years		889
	<u>\$</u>	<u>889</u>

2. (1) On July 1, 2005, the Company established its own pension regulations applicable to Taiwanese nationals in accordance with the "Labor Pension Act." For employees of the Company or domestic subsidiaries who elected to apply the "Labor Pension Act," the Company makes a contribution equal to 6% of the monthly salary to their individual retirement account with the Bureau of Labor Insurance. Employee pensions may be paid in monthly installments or in lump-sum payment based the accumulated amount in the employee's individual retirement account.
- (2) TAI-TECH Advanced Electronics (Kunshan) and TAIPAQ Electronic Components (Si-Hong) Co., Ltd. have paid the monthly pension insurance according to a certain percentage of the total salary of local employees according to the pension insurance system stipulated by the People's Republic of China, and the allocation ratios for 2022 and 2021 were 16% and 16%, respectively. The pension for employees is managed independently by the government. Except for making monthly contribution, the Group has no further obligation.
- (3) In 2022 and 2021, the pension costs recognized by the Group according to the pension scheme were NT\$73,506 and NT\$67,418, respectively.

(XIII) Share-based payments

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

<u>Type of agreement</u>	<u>Date granted</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
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.

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

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

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

	2021
Equity settlement	\$ 44,650

(XIV) Share capital

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

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

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

- 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.
- 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.

- Reason of recovering shares and quantity

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

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

- (3) The treasury shares held by the Company, in accordance with Securities and Exchange Act, shall not be pledged and shall not enjoy the shareholders' right before transfer.
- (4) According to regulations of the Securities and Exchange Act, for the shares bought back for the purpose of protecting the credit of the Company and the shareholders' equity, the registration of share cancellation must be made within 6 months from the buyback date.

(XV) Capital surplus

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

(XVI) Retained earnings

1. According to the Company's Articles of Incorporation, if the Company has any earnings in the final account, they should be used to pay off all the taxes and duties, as well as to compensate prior deficits. The remaining amount, if any, should be appropriated in the following order of presentation: (1) 10% as legal reserve until it reaches the Company's paid-in capital; (2) set aside or reverse a certain amount as or of special reserve according to operating needs or laws or regulations; (3) the remainder plus unappropriated earnings from prior years may be used to appropriate dividends or bonuses to shareholders after an earnings appropriation proposal is drafted by the Board of Directors and resolved in favor by the shareholders meeting. As required by Article 240 of the Company Act, if approved by a majority vote at a Board of Directors' meeting attended by two thirds of directors, the Board of Directors may appropriate dividends or bonuses in cash with its existing legal reserve or capital surplus, and shall report to the shareholder's meeting. In such case, the requirements regarding resolution made by shareholders' meeting set out in the Company's Articles of Incorporation do not apply.
2. The Company's dividend appropriation policy takes into account the factors such as the industry environment it is in, its growing phases, future capital demands, financial structure, capital budge, shareholders' interest, balanced dividends and long-term financial planning. An earnings appropriation proposal is drafted by the Board of Directors (and reported to the shareholders' meeting) to the extent appropriable on the conditions that the Company's business is in the expanding phase, profitability expects to grow, and appropriation of stock dividends won't significantly dilute the Company's profitability. No less than 30% of annual earnings are appropriated to shareholders. Shareholder's bonuses may be appropriated in cash or in shares, provided, however, that the appropriation in cash shall not be less than 10% of the total appropriated amount.
3. Except being used to make up previous deficits or appropriate shares or cash to shareholders in proportion to their shareholding percentage, the legal reserve shall not be used. However, the amount of legal reserves used to appropriate new shares or cash shall be limited to the portion exceeding 25% of the paid-in capital.
4. (1) According to law, the Company may appropriate earnings only after it has provided special reserve under the debit balance of other equity on the balance sheet date. If subsequently the debit balance of other equity is reversed, the reversed amount may be used as appropriable earnings.
- (2) As for the special reserves provided upon initial application of IFRSs to satisfy the requirements specified in the official letter Jin-Guan-Zheng-Fa-Zi No. 1010012865

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

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

(XVII) Other equity items

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

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

(XVIII) Operating revenue

	<u>2022</u>	<u>2021</u>
Revenue from contracts with clients	<u>\$ 5, 291, 333</u>	<u>\$ 6, 165, 281</u>

The Group'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	\$ 3,465,007	\$ 3,937,194
Multilayer Products	811,890	1,051,952
LAN transformers	959,902	1,143,122
Others	<u>54,534</u>	<u>33,013</u>
Total	<u>\$ 5,291,333</u>	<u>\$ 6,165,281</u>

(XIX) Other income

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

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

(XX) Other gains and losses

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

(XXI) Additional Information on the Nature of Expenses

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

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

(XXII) Employee benefit expense

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

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

	<u>2021</u>		
	<u>Attributable to</u>	<u>Attributable to</u>	<u>Total</u>
	<u>operating costs</u>	<u>operating expenses</u>	
Salary and wages	\$ 878,036	\$ 381,714	\$ 1,259,750
Labor and health insurance expense	22,333	14,049	36,382
Pension expense	54,493	13,204	67,697
Other personnel expense	60,200	17,024	77,224
	<u>\$ 1,015,062</u>	<u>\$ 425,991</u>	<u>\$ 1,441,053</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 NT\$76,144 and NT\$85,823, respectively. The estimated amount of compensations for the directors and supervisors were NT\$19,036 and NT\$21,456; respectively. The aforesaid amount is accounted for in the salary expense account.

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

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

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

(XXIII) Income tax

1. Income tax expense

(1) Income tax components:

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

- Income tax associates with other comprehensive income: None.
- Income tax directly debited or credited in 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 (note)	\$ 312,500		\$ 352,709
Impacts on income tax items that must be adjusted according to the tax law	(99,876)		(115,504)
Temporary differences not recognized as deferred tax assets	-		1,471
Tax effects of investment deductibles	(4,211)		(34,743)
Tax effects of temporary differences	(1,450)		(824)
Change in estimation of probability of realizing deferred tax assets	(2,281)		(1,483)
Over-estimate of income tax of the previous period	(19,001)		(7,378)
Additional levy on unappropriated earnings	<u>12,742</u>		<u>-</u>
Income tax expenses	<u>\$ 198,423</u>		<u>\$ 194,248</u>

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

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

	<u>2022</u>			
	<u>January 1</u>	<u>Recognized in P/L</u>	<u>Exchange differences</u>	<u>December 31</u>
Temporary differences:				
- Deferred tax assets:				
Unrealized gains from disposal	\$ 4,561	\$ 105	\$ 5	\$ 4,671
Others	3,047	(1,506)	56	1,597
Loss carryforwards	<u>23,688</u>	<u>10,555</u>	<u>311</u>	<u>34,554</u>
Sub-total	<u>31,296</u>	<u>9,154</u>	<u>372</u>	<u>40,822</u>
- Deferred tax liabilities:				
Reserve for land revaluation increment tax	(28,572)	-	-	(28,572)
Appreciation book-tax differences	<u>(183,323)</u>	<u>(37,219)</u>	<u>(2,658)</u>	<u>(223,200)</u>
Sub-total	<u>(211,895)</u>	<u>(37,219)</u>	<u>(2,658)</u>	<u>(251,772)</u>
Total	<u>(\$ 180,599)</u>	<u>(\$ 28,065)</u>	<u>(\$ 2,286)</u>	<u>(\$ 210,950)</u>
	<u>2021</u>			
	<u>January 1</u>	<u>Recognized in P/L</u>	<u>Exchange differences</u>	<u>December 31</u>
Temporary differences:				
- Deferred tax assets:				
Unrealized gains from disposal	\$ 5,618	(\$ 998)	(\$ 59)	\$ 4,561
Others	2,155	846	46	3,047
Loss carryforwards	<u>741</u>	<u>22,951</u>	<u>(4)</u>	<u>23,688</u>
Sub-total	<u>8,514</u>	<u>22,799</u>	<u>(17)</u>	<u>31,296</u>
- Deferred tax liabilities:				
Reserve for land revaluation increment tax	(28,572)	-	-	(28,572)
Appreciation book-tax differences	<u>(110,283)</u>	<u>(73,631)</u>	<u>591</u>	<u>(183,323)</u>
Sub-total	<u>(138,855)</u>	<u>(73,631)</u>	<u>591</u>	<u>(211,895)</u>
Total	<u>(\$ 130,341)</u>	<u>(\$ 50,832)</u>	<u>\$ 574</u>	<u>(\$ 180,599)</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>\$ 172,688</u>	<u>\$ 183,368</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.

(XXIV) Earnings per share (EPS)

	<u>2022</u>		
		<u>Weighted average</u>	<u>Earnings per</u>
		<u>number of Ordinary</u>	<u>share (EPS)</u>
		<u>shares outstanding</u>	<u>share (EPS)</u>
	<u>Post-tax amount</u>	<u>(shares in thousands)</u>	<u>(NT\$)</u>
<u>Basic earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	<u>\$ 1,038,537</u>	<u>102,704</u>	<u>\$ 10.11</u>
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 1,038,537	102,704	
Dilutive effects of the potential common shares			
Employee compensation	<u>—</u>	<u>1,061</u>	
Profit attributable to shareholders of common shares of the parent plus potentially dilutive ordinary shares effect	<u>\$ 1,038,537</u>	<u>103,765</u>	<u>\$ 10.01</u>
	<u>2021</u>		
		<u>Weighted average</u>	<u>Earnings per</u>
		<u>number of ordinary</u>	<u>share (EPS)</u>
		<u>shares outstanding</u>	<u>share (EPS)</u>
	<u>Post-tax amount</u>	<u>(shares in thousands)</u>	<u>(NT\$)</u>
<u>Basic earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	<u>\$ 1,197,065</u>	<u>99,089</u>	<u>\$ 12.08</u>
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 1,197,065	99,089	
Dilutive effects of the potential common shares			
Employee compensation	<u>—</u>	<u>721</u>	
Profit attributable to shareholders of common shares of the parent plus potentially dilutive ordinary shares effect	<u>\$ 1,197,065</u>	<u>99,810</u>	<u>\$ 11.99</u>

(XXV) Additional Information on Cash Flows

Investing activities partially involving cash payments:

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

(XXVI) Changes in Liabilities Arising from Financing Activities

	<u>2022</u>		<u>2022</u>		<u>2021</u>
	<u>Short-term borrowings</u>	<u>Short-term notes and Bills payable</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
January 1	\$ 415,794	\$ 20,000	\$ 603,422	\$ 14,054	\$ 1,053,270
Changes in cash flow from financing activities	(417,215)	(20,000)	522,757	(6,474)	79,068
Effects of exchange rate changes	1,421	-	-	9	1,430
Others non-monetary changes	-	-	-	281	281
December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,126,179</u>	<u>\$ 7,870</u>	<u>\$ 1,134,049</u>

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

VII. Related Party Transactions

(I) Name and Relationship of Related Party

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

(II) Significant Transactions with Related Party

1. Operating revenue

	<u>2022</u>	<u>2021</u>
Sale of goods:		
Other related party	<u>\$ 406,245</u>	<u>\$ 496,729</u>

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

2. Purchase

	<u>2022</u>	<u>2021</u>
Purchase of goods:		
Other related party	<u>\$ 7,385</u>	<u>\$ 8,345</u>

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

3. Freight expenses and miscellaneous expenses

	<u>2022</u>	<u>2021</u>
Other related party	<u>\$ 172</u>	<u>\$ 287</u>

4. Other income

	<u>2022</u>	<u>2021</u>
Other related party	<u>\$ 163</u>	<u>\$ -</u>

5. Lease transactions - lessee

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

(2) Rental expense

	<u>2022</u>	<u>2021</u>
Other related party	<u>\$ 177</u>	<u>\$ 171</u>

(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:		
Other related party	<u>\$ 112,545</u>	<u>\$ 207,195</u>

7. Accounts payables due to related party

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

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

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

	<u>2022</u>	
	<u>Disposal proceeds</u>	<u>Disposal gain (loss)</u>
Other related party	<u>\$ 279</u>	<u>\$ 80</u>

(2) Acquisition of financial assets

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

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

(III) Remuneration to Major Management

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

VIII. Pledged Assets

The Group's assets pledged as collateral are 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	\$ 71, 809	\$ 307, 879
Computer software	\$ 5, 649	\$ 781

X. Significant Disaster Losses

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) Capital Management

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

(II) Financial Instrument

1. Type of financial instrument

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial Assets</u>		
Financial assets at fair value through other comprehensive income		
Financial assets in equity instruments investment of which the fair value is designated to be recognized in other comprehensive income	<u>\$ 381,069</u>	<u>\$ 233,817</u>
Financial assets at amortized cost		
Cash and cash equivalents	\$ 1,528,877	\$ 1,341,004
Notes receivable, net	60,385	64,858
Accounts receivable, net (including those due from related party)	1,737,585	2,389,761
Other receivables (including those due from related party)	13,427	14,909
Refundable deposits (Other non-current assets recognized)	<u>2,533</u>	<u>2,528</u>
	<u>\$ 3,342,807</u>	<u>\$ 3,813,060</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial Liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ –	\$ 415,794
Short-term notes and bills payable	–	20,000
Notes payable	43,300	193,029
Accounts payable (including related party)	538,751	859,752
Other payables (including those due to related party)	651,233	943,487
Long-term borrowings (including the current portion)	1,126,179	603,422
Deposits received (Other non-current liabilities recognized)	<u>1,640</u>	<u>1,640</u>
	<u>\$ 2,361,103</u>	<u>\$ 3,037,124</u>
Lease liabilities (including those due to related parties)	<u>\$ 7,870</u>	<u>\$ 14,054</u>

2. Risk management policy

- (1) The Group's daily operations are affected by various financial risks, *e.g.*, market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management policy focuses on the unpredictable market events in order to minimize their potentially adverse impacts on the Group's financial position and financial performance.
- (2) The Group's key financial activities are reviewed by the Board of Directors against relevant regulations and its internal control systems. The Company strictly abides by relevant financial operating procedures during the implementation of financial plans.

3. Nature and degree of significant financial risks

(1) Market risk

Foreign currency risk

- A. The Group operates internationally and so is subject to the exchange rate risk of different currencies, particularly the USD and RMB. Relevant exchange rate risk

arises from future business transactions and the recognized assets and liabilities. In addition, the conversion from RMB to other currencies is subject to the foreign currency exchange control regulations imposed by China.

- B. The Group's management has formulated relevant policy to require entities within the Group to manage the foreign exchange risks associated with their functional currency. Foreign exchange risk arises when future business transactions or recognized assets or liabilities are denominated in a currency other than the entity's functional currency.
- C. Since the Group engages in business involving multiple functional currencies (*e.g.*, the Company's functional currency is NTD while some subsidiaries' functional currencies are either USD or RMB), the Group is subject to fluctuation in foreign exchange rates. Foreign-currency-denominated assets and liabilities having significant impacts if foreign exchange rates change were as follows:

<u>December 31, 2022</u>			
	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	Carrying amount <u>(NTD/ RMB)</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
USD:RMB	38,683	6.96	269,234
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 24,184	30.71	\$ 742,691
RMB:NTD	3,926	4.41	17,314
USD:RMB	16,623	6.96	115,696
 <u>December 31, 2021</u>			
	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	Carrying amount <u>(NTD/ RMB)</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
USD:RMB	45,698	6.38	291,553
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 39,098	27.68	\$ 1,082,233
USD : RMB	26,575	6.38	169,549

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

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

<u>2022</u>				
<u>Sensitivity Analysis</u>				
	<u>Fluctuation</u>	<u>Effects on P/L</u> <u>(NTD/ RMB)</u>	<u>Impact on other</u> <u>comprehensive</u> <u>income</u>	
(Foreign currency: functional currency)				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 18,701	\$	—
RMB : NTD	1%	3,837		—
USD:RMB	1%	2,692		—
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	7,427		—
RMB:NTD	1%	173		
USD:RMB	1%	1,157		—
 <u>2021</u>				
<u>Sensitivity Analysis</u>				
	<u>Fluctuation</u>	<u>Effects on P/L</u> <u>(NTD/ RMB)</u>	<u>Impact on other</u> <u>comprehensive</u> <u>income</u>	
(Foreign currency: functional currency)				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$ 15,567	\$	—
RMB : NTD	1%	7,054		—
USD:RMB	1%	2,916		—
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	10,822		—
USD:RMB	1%	1,695		—

Price risk

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

Cash flow and fair value interest rate risk

- A. The Group's interest rate risks mainly come from short- and long-term borrowings issued at floating interest rates. Such exposure also means the Group is exposed to cash flow interest rate risks, though a portion of risks have been offset by the Group's holding of cash bearing a floating interest rate. In 2022 and 2021, the Group's loans issued at floating rates are mainly valued in NTD and USD.
- B. When the NTD and USD borrowing rate increases or decreases by 1% and all other factors remain unchanged, the post-tax net profit for 2022 and 2021 decrease or increase by NT\$9,009 and NT\$8,154, respectively, mainly due to interest expense changes caused by floating rate loans.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Group arising from default by clients, or by counter-parties of financial instruments on the contract obligations. Credit risk of the Group mainly comes from accounts receivable, notes receivable and the contractual cash flows of financial assets measured at amortized cost that are prone to default by counter-parties.
- B. The Group establishes a framework for managing credit risks from a group's perspective. As the internal credit approval policy stipulates, an operating entity within the Group shall manage and analyze the credit risk of a new client before proposing terms and conditions pertaining to payments and delivery of goods. Internal risk control is achieved by evaluating a client's credit quality against the client's financial position, credit records and other factors. The limit on individual risk is set by the management by referring to internal or external ratings. The status of utilization of credit lines is regularly monitored.
- C. The Group applies the presumption of IFRS 9 and deems that the credit risk of a financial assets has significantly increased after initial recognition when the receivables obliged by the contractual terms are 30-days past due.
- D. The Group's credit risk management procedures deem a default occurred when a counterparty is significantly delinquent on repayments.
- E. After the recourse procedures, the Group writes off financial assets that could not be reasonably expected to be recovered. Nonetheless, the Group will continue the recourse legal procedures to secure its right to the debt. The Group's creditor's rights that have been written off and recourse activities still available were \$0 in 2022 and as of December 31, 2021.
- F. The Group classifies accounts receivable due from clients by the characteristics of their ratings, and adopts the simplified approach that measures expected credit losses based on the preparation matrix.
- G. The Group incorporates perspective considerations for future specific periods and the loss rate established by the current information in order to estimate the allowance for receivables and contractual assets. The preparation matrix for 2022 and December 31, 2021, was as follows:

	<u>Individual disclosure</u>	<u>Not overdue</u>	<u>Overdue within 30 days</u>	<u>Overdue 31 ~ 90 days</u>	<u>Overdue 91 ~ 180 days and above</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>\$ 1,794,163</u>	<u>\$ 6,825</u>	<u>\$ 882</u>	<u>\$ 22</u>	<u>\$ 1,803,144</u>
Loss allowance	<u>\$ 1,252</u>	<u>\$ 1,834</u>	<u>\$ 559</u>	<u>\$ 27</u>	<u>\$ 22</u>	<u>\$ 3,694</u>

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

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

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

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

(3) Liquidity risk

- A. Cash flows forecast is done by each operating entity; the Administration Department of the Group is responsible only for summarizing the results. Administration Department of the Group monitors the forecast of the Group's liquidity needs to ensure that it has sufficient funds to meet operating needs and maintain sufficient unused loan commitments so that it won't default on any borrowing limits or terms. Such a forecast takes into account the Group's debt financing plan, compliance with provisions of debt instruments, fulfillment of the financial ratio targets on the balance sheet and conformity with external regulatory requirements, such as foreign exchange control.
- B. The table below listed the Group's non-derivative financial liabilities by maturity date. They were analyzed for the residual duration between the balance sheet date and the maturity date. The table below disclosed the contractual cash flows not discounted.

Non-derivative financial liabilities:

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

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

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

(III) Fair Value Information

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

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

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

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

- Financial instruments not measured at fair values

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

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

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

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets measured at fair value through profit or loss				
Valuation of financial assets at				
Equity-based securities	<u>\$ 83,412</u>	<u>\$ -</u>	<u>\$ 297,657</u>	<u>\$ 381,069</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 measured at fair value through profit or loss				
Valuation of financial assets at				
Equity-based securities	<u>\$ 121,987</u>	<u>\$ -</u>	<u>\$ 111,830</u>	<u>\$ 233,817</u>

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

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

	<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 consolidated balance sheets date to a pricing model for calculation.

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

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

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

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

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

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

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

	<u>December 31,</u> <u>2022 per unit</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable inputs</u>	<u>Interval</u> <u>(weighted average)</u>	<u>Relationship of inputs</u> <u>and fair value</u>
Non-derivative equity instruments:					
Unlisted shares	\$ 297, 657	Public company comparables	Discount for lack of marketability	15%~25% (20%)	The higher the discount for lack of marketability, the lower the fair value
	<u>December 31,</u> <u>2021 per unit</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable inputs</u>	<u>Interval</u> <u>(weighted average)</u>	<u>Relationship of inputs</u> <u>and fair value</u>

Non-derivative equity instruments:

Unlisted shares	\$	111,830	Public company comparables	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value
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9. The Group elects to adopt valuation models and valuation parameters under prudential consideration. Nonetheless, this does not preclude the differences arising from adoption of different valuation models or parameters. If valuation parameters change, financial assets classified as Level 3 will have effects on other comprehensive income, stated as follows:

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

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

(IV) Other Matters

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

XIII. Additional Disclosures

(I) Information on Significant Transactions

1. Loaning Funds to Others: Refer to Table 1.
2. Provision of Endorsements and Guarantees: refer to Table 2.
3. Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies and the Control Portion in a Joint Venture): refer to Table 3.
4. Accumulative Purchase 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 4.
8. Receivables Due from Related Party That Reach NT\$100 Million or 20% or More of Paid-in Capital: refer to Table 5.

9. Engagement in Derivatives Trading: none.

10. The Business Relationship, Significant Transactions and Significant Transaction Amount between Parent and Subsidiaries or among Subsidiaries: refer to Table 6.

(II) Information on Indirect Investment

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

(III) Investment in Mainland China

1. Basic Information: refer to Table 8.

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

(IV) Major Shareholder Information

Major Shareholder Information: refer to Table 9.

XIV. Segment Information

(I) General Information

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

(II) Segment Information

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

	<u>2022</u>	<u>2021</u>
Segment revenue	\$ 5,291,333	\$ 6,165,281
Segment gross profit	\$ 1,779,525	\$ 2,135,564
Segment profits or losses	\$ 1,236,960	\$ 1,391,313
Discount and amortization (including right-of-use assets)	\$ 498,342	\$ 396,955
Income tax expenses	\$ 198,423	\$ 194,248
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Segment assets	\$ 9,251,919	\$ 9,605,492
Segment liabilities	\$ 2,726,982	\$ 3,382,901

(III) Reconciliation of Segment Profit or Loss

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

(IV) Product and Labor Information

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

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

(V) Regional Information

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

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

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

(VI) Important Customer Information

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

<u>2022</u>			<u>2021</u>		
<u>Name of Clients</u>	<u>Amount</u>	<u>%</u>	<u>Name of Clients</u>	<u>Amount</u>	<u>%</u>
Client A	\$ 934,204	18	Client A	\$ 782,986	13

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

Loans of funds to others

January 1, 2022, to December 31, 2022

Table 1

Unit: NT\$ thousand
(unless otherwise 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. and Subsidiaries
Endorsements/guarantees
January 1, 2022, to December 31, 2022

Table 2

Unit: NT\$ thousand
(unless otherwise specified)

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

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

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies, and the Control Portion in a Joint Venture)
December 31, 2022

Table 3

Unit: NT\$ thousand
(unless otherwise specified)

<u>Holding company</u> <u>name</u>	<u>Marketable securities</u> <u>types and name</u>	<u>Relationship with</u> <u>issuer</u>	<u>Financial statement account</u>	<u>Number of</u> <u>shares (in</u> <u>thousands)</u>	<u>End of period</u>		<u>Fair value</u>	<u>Remarks</u>
					<u>Carrying</u> <u>amount</u>	<u>Shareholdings</u> <u>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. and Subsidiaries
Transaction with Related Party That Reaches NT\$100 Million or 20% or More of Paid-in Capital
January 1, 2022, to December 31, 2022

Table 4

Unit: NT\$ thousand
(unless otherwise specified)

<u>Transaction Details</u>							<u>Abnormal Transaction and Reason</u>	<u>Notes/ Accounts Receivable (Payable)</u>	<u>Percentage of total notes/ accounts receivable (payable)</u>	<u>Remarks</u>
<u>Company of purchase (sale)</u>	<u>Transaction party name</u>	<u>Relationship</u>	<u>Purchase (Sale)</u>	<u>Amount</u>	<u>Percentage of total purchase (sale)</u>	<u>Payment terms</u>	<u>Unit price</u>	<u>Payment terms</u>	<u>Balance</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. and Subsidiaries
Receivables Due from Related Party That Reach NT\$100 Million or 20% or More of Paid-in Capital
December 31, 2022

Table 5

Unit: NT\$ thousand
(unless otherwise specified)

<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-subsiary	Accounts Receivable	\$ 325, 726	2. 46	\$ -	-	\$ 129, 003	\$ -
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsiary	Other receivables	151, 216	-	-	-	115, 657	-
Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Parent-subsiary	Accounts Receivable	103, 630	2. 53	-	-	53, 876	-
TAI-TECH Advanced Electronics (Kunshan)	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsiary	Accounts Receivable	210, 832	2. 86	-	-	98, 586	-
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsiary	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-subsiary	Other receivables	130, 743	-	-	-	-	-

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

Table 6

Unit: NT\$ thousand
(unless otherwise specified)

<u>No.</u> <u>(Note 1)</u>	<u>Name of transaction party</u>	<u>Transaction party</u>	<u>Relationship with transaction party (Note 2)</u>	<u>Item</u>	<u>Transaction details</u>		<u>Percentage of consolidated total revenue or total assets</u>
					<u>Amount</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. and Subsidiaries
Names and Location of Investees (Excluding those in Mainland China)
January 1, 2022, to December 31, 2022

Table 7

Unit: NT\$ thousand
(unless otherwise specified)

<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. and Subsidiaries
Information on Investments in Mainland China - Basic Information
January 1, 2022, to December 31, 2022

Table 8

Unit: NT\$ thousand
(unless otherwise specified)

Name of investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated outward	Outward remittance or		Cumulative outward	Current profit/ loss of investee	Ownership percentage of direct or indirect investment	Current investment profit/ loss (Note 4)	Carrying amount at end of the period (Note 4)	Accumulated repatriation of investment income as of end of current period	Remarks
				remittance for investment from Taiwan at beginning of the current period	remittance	Repatriation	remittance of the investment amount from Taiwan in the period end (Note 8)						
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)	-	-	-	-	-	-	-	-	-	
				Accumulated outward remittance for investment	Investment amount								
				Investment amount in mainland China (Note 5, Note 6)	approved by the Investment Review Committee of the MOEA (Note 7)		Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA						
Company name					1,412,662		3,914,962						
Tai-Tech Advanced Electronics Co., Ltd.				(USD 44,343 thousand)	(USD 44,343 thousand)								

Note 1: 100% invested by Best Bliss Investments Limited 100%.

Note 2: Best Bliss Investments Limited and Fixed Rock Holding Ltd. hold 26.60% and 73.40%, respectively.

Note 3: The company was established on September 1, 2022, and is 100% invested by TAIPAQ Electronic Components (Si-Hong) Co., Ltd. But there was no capital injection as of December 31, 2022.

Note 4: The parent company's CPA in Taiwan audited the financial report.

Note 5: The Company liquidated TAI-TECH Advanced Electronics (Dongguan) in 2015 and the accumulated investment loss amount is USD 1,513 thousand.

Note 6: NTD is calculated based on the historical exchange rate.

Note 7: NTD is calculated based on rate of the balance sheet date

Note 8: The amount invested with a third place's self-owned funds is not included.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Major Shareholder Information
December 31, 2022

Table 9

<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.

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

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

Telephone: (03) 464-1148

Tai-Tech Advanced Electronics Co., Ltd.
2022 and 2021 Standalone Financial Report and CPA Audit Report
Table of Contents

Item	Page/Code/Index
I. Cover Page	1
II. Table of Contents	2 ~ 3
III. CPA Audit Report	4 ~ 7
IV. Standalone Asset Balance Sheet	8 ~ 9
V. Standalone Comprehensive Income Statement	10
VI. Standalone Statement of Changes in Equity	11
VII. Standalone Cash Flow Statement	12 ~ 13
VIII. Standalone Financial Statement Notes	14 ~ 53
(I) Company History	14
(II) Approval Date and Procedure of Financial Statements	14
(III) Application of New and Amended Standards and Interpretations	14 ~ 15
(IV) Summary of Significant Accounting Policies	15 ~ 23
(V) Significant Account Judgments and Assumptions and Primary Sources of Estimation Uncertainty	23
(VI) Description of Significant Accounts	24 ~ 41
(VII) Related Party Transactions	41 ~ 44
(VIII) Pledged Assets	44
(IX) Significant Commitments or Contingencies	45
(X) Significant Disaster Losses	45
(XI) Significant Subsequent Events	45
(XII) Others	45 ~ 52

Item	Page/Code/Index
(XIII) Additional Disclosures	52
(XIV) Segment Information	53
IX. Description of Important Accounting List	
Cash and cash equivalents	Schedule 1
Accounts receivable	Schedule 2
Inventory	Schedule 3
Investment accounted for using the equity method	Schedule 4
Cost of property, plant, and equipment; Changes in accumulated depreciation	Note 6 (6)
Accounts payable	Schedule 5
Operating revenue	Schedule 6
Operating costs	Schedule 7
Operating expenses	Schedule 8
Summary table by function of the occurred employee benefits, depreciation, depletion, and amortization	Schedule 9

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

			December 31, 2022		December 31, 2021	
Assets		Note	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		2,791,795	31	3,262,733	36
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		6,217,405	69	5,914,339	64
1XXX	Total assets		\$ 9,009,200	100	\$ 9,177,072	100

(Continued)

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

Unit: NT\$ thousand

Liabilities and equity			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		1,362,714	15	2,336,563	25
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		1,121,549	13	617,918	7
2XXX	Total liabilities		2,484,263	28	2,954,481	32
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		6,524,937	72	6,222,591	68
Significant Commitments or Contingencies						
3X2X	Total liabilities and equity	九	\$ 9,009,200	100	\$ 9,177,072	100

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		\$ 10.01		\$ 11.99	
	Diluted earnings per share - Total					

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

			Capital surplus			Retained earnings			Other equity			
				Capital surplus - Recognized change in ownership interests in subsidiaries	Capital surplus - net assets from merger				Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total
	Note	Common shares	Capital surplus - additional paid-in capital			Legal reserve	Special reserve	Unappropriated earnings				
2021												
Balance as of January 1, 2021		\$ 910,000	\$ 109,124	\$ 12,353	\$ 2,046	\$ 360,404	\$ 89,991	\$ 2,096,231	(\$ 180,156)	\$ 165,891	\$ -	\$ 3,565,884
NET PROFIT/(LOSS) FOR 2021		-	-	-	-	-	-	1,197,065	-	-	-	1,197,065
Other comprehensive income/(loss) for 2021	6 (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
2022												
Balance as of January 1, 2022		\$ 1,031,340	\$ 1,872,288	\$ 12,353	\$ 2,046	\$ 433,232	\$ 76,642	\$ 2,811,137	(\$ 198,797)	\$ 182,350	\$ -	\$ 6,222,591
Net profit for 2022		-	-	-	-	-	-	1,038,537	-	-	-	1,038,537
Other comprehensive income for 2022	6 (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		<u>\$ 902,773</u>	<u>\$ 896,005</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 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	89,059	-
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	(1,481)	(1,802)
	<u>\$ 806,759</u>	<u>\$ 1,119,002</u>
Accounts receivable due from related parties	\$ 541,943	\$ 787,353
Less: Allowance for bad debt	(88)	(88)
	<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	22	-	18	-
	<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>Cost</u>	<u>Allowance for inventory valuation</u>	<u>Carrying amount</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	200,055	(	4,867)	195,188
Total	\$ 352,032	(\$	14,107)	\$ 337,925

<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	198,135	(	3,854)	194,281
Total	\$ 320,220	(\$	10,400)	\$ 309,820

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	19,548	299
	<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	79,000	–
	132,424	33,195
Adjustments for change in value	9,268	88,792
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	(\$ 79,524)	\$ 41,090
Dividends income recognized in profit or loss held at the end of current period	\$ 8,541	\$ 1,722

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	88,159	78,552
	<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	(1,252)	(1,252)
	<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				(37,733)
				<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	(8,441)	(40,569)
Net defined benefit (asset) liabilities	<u>(\$ 7,663)</u>	<u>\$ 14,762</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)	(6,638)	-	(6,638)
	<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	(46,511)	<u>35,390</u>	(11,121)
Balance at December 31	<u>\$ 778</u>	<u>(\$ 8,441)</u>	<u>(\$ 7,663)</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	-	-	-

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	\$	-
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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:

	2021
Equity settlement	\$ 44,650

(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:

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

2. On March 2, 2021, the Board of Directors resolved to issue new shares before being initially listed on Taipei Exchange. A total of 12,134 thousand shares with the face value of NT\$10 were issued. The public offering price was NT\$118.78 per share. The record date for such capital increase was set on April 23, 2021, which was already modified and registered with the competent authority.
3. Treasury share (there was no such transaction for 2021)

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

- (1) Reason of recovering shares and quantity

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

- (2) According to regulations of the Securities and Exchange Act, the buyback ratio of the outstanding shares of a company shall not exceed 10% of the issued shares of the company, and the total amount of the buyback shares must not exceed the retained earnings plus the premium of the issued shares and the realized capital reserve amount.
- (3) The treasury shares held by the Company, in accordance with Securities and Exchange Act, shall not be pledged and shall not enjoy the shareholders' right before transfer.
- (4) According to regulations of the Securities and Exchange Act, for the shares bought

back for the purpose of protecting the credit of the Company and the shareholders' equity, the registration of share cancellation must be made within 6 months from the buyback date.

(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</u> <u>(losses)</u>	<u>Foreign currency</u> <u>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</u> <u>(losses)</u>	<u>Foreign currency</u> <u>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</u>	<u>Attributable to</u>	<u>Total</u>
	<u>operating costs</u>	<u>operating expenses</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</u>	<u>Attributable to</u>	<u>Total</u>
	<u>operating costs</u>	<u>operating expenses</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</u>	<u>Attributable to</u>	<u>Total</u>
	<u>operating costs</u>	<u>operating expenses</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</u>	<u>Attributable to</u>	<u>Total</u>
	<u>operating costs</u>	<u>operating expenses</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	13,053	9,019	22,072
	<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	(26,573)	(5,777)
Total current tax	<u>134,785</u>	<u>125,046</u>
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	(105)	997
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>January 1</u>	<u>Recognized in P/L</u>	<u>2021</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>January 1</u>	<u>Recognized in P/L</u>	<u>2021</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>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (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

\$ 1,038,537 103,765 \$ 10.01

2021

	<u>Post-tax amount</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (EPS) (NT\$)</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	<u>(37,028)</u>	<u>(175,408)</u>
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	<u>406,098</u>	<u>496,590</u>
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	<u>4,285</u>	<u>4,633</u>
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	<u>\$ 163</u>	<u>\$ -</u>

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	<u>\$ 6</u>	<u>\$ 4</u>

(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>Disposal</u>
	<u>proceeds</u>	<u>proceeds</u>
	<u>Disposal gain</u>	<u>Disposal gain</u>
	<u>(loss)</u>	<u>(loss)</u>
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	\$ 196,836	\$ 95,731
Other related party	279	–
Total	<u>\$ 197,115</u>	<u>\$ 95,731</u>
	<u>\$ 5,477</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.	\$ 16,550	\$ 3,654

(3) Acquisition of financial assets:

	<u>Accounting items</u>	<u>Number of share transactions</u>	<u>Transaction targets</u>	<u>2022</u> <u>Acquisition 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	–	6,361
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	<u>\$ 48,654</u>	<u>\$ 40,005</u>
Computer software	<u>\$ 5,649</u>	<u>\$ 781</u>

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		
Financial Assets		
Investment in equity instruments of which the fair value is designated to be recognized in other comprehensive income	<u>\$ 141,692</u>	<u>\$ 121,987</u>
Financial assets at amortized cost		
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)	<u>2,244</u>	<u>2,243</u>
	<u>\$ 2,438,812</u>	<u>\$ 2,952,191</u>
<u>Financial Liabilities</u>		
Financial liabilities at amortized cost		
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>
December 31, 2022						
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>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>
December 31, 2021						
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>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>

	<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>Less than 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>	<u>Over 5 years</u>
December 31, 2022				
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

- 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.

- 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.

- 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	79,000
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 to 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.
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	\$ -	\$ -	\$ -	-	\$ 3, 262, 469	Yes	No	No	
					(USD4,000 thousand)									
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Subsidiary	\$ 2, 609, 975	\$ 476, 250	\$ 153, 550	\$ -	\$ -	2. 35%	\$ 3, 262, 469	Yes	No	Yes	
					(USD15,000 thousand)	(USD5,000 thousand)								
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Subsidiary	\$ 2, 609, 975	\$ 63, 500	\$ -	\$ -	\$ -	-	\$ 3, 262, 469	Yes	No	Yes	
					(USD2,000 thousand)									

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>Transaction Details</u>						<u>Abnormal Transaction and Reason</u>		<u>Notes/Accounts Receivable (Payable)</u>		<u>Percentage of total notes/accounts receivable (payable)</u>		<u>Remarks</u>
<u>Company of purchase (sale)</u>	<u>Transaction party name</u>	<u>Relationship</u>	<u>Purchase (Sale)</u>	<u>Amount</u>	<u>Percentage of total purchase (sale)</u>	<u>Payment terms</u>	<u>Unit price</u>	<u>Payment terms</u>	<u>Balance</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- subsidiary	Accounts Receivable	\$ 325, 726	2. 46	\$ –	–	–	\$ 129, 003	\$ –
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent- subsidiary	Other receivables	151, 216	–	–	–	–	115, 657	–
Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Parent- subsidiary	Accounts Receivable	103, 630	2. 53	–	–	–	53, 876	–
TAI-TECH Advanced Electronics (Kunshan)	Tai-Tech Advanced Electronics Co., Ltd.	Parent- subsidiary	Accounts Receivable	210, 832	2. 86	–	–	–	98, 586	–
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent- subsidiary	Accounts Receivable	517, 850	2. 41	–	–	–	248, 225	–
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Associate	Accounts Receivable	125, 798	2. 58	–	–	–	72, 374	–
Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent- subsidiary	Other receivables	130, 743	–	–	–	–	–	–

Tai-Tech Advanced Electronics Co., Ltd.
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>Transaction details</u>		<u>Percentage of consolidated total revenue or total assets</u>
					<u>Amount</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)

<u>Name of investee in Mainland China</u>	<u>Main business</u>	<u>Paid-in capital</u>	<u>Investment method</u>	<u>Accumulated outward remittance for investment from Taiwan at beginning of the current period</u>	<u>Outward remittance or repatriation of investment amount of the current period</u>	<u>Repatriation</u>	<u>Cumulative outward remittance of the investment amount from Taiwan in the period end (Note 8)</u>	<u>Current profit/ loss of investee</u>	<u>Ownership percentage of direct or indirect investment</u>	<u>Current Investment profit/ loss recognized (Note 4)</u>	<u>Carrying amount at end of the period (Note 4)</u>	<u>Accumulated repatriation of investment income as of end of current period</u>	<u>Remarks</u>
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>		<u>Accumulated outward remittance for investment</u>		<u>Investment amount</u>			<u>Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA</u>						
Tai-Tech Advanced Electronics Co., Ltd.		Investment amount in mainland China (Note 5, Note 6)		Approved investment amount (Note 7)									
		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>Shares</u> <u>Number of shares held</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.

Tai-Tech Advanced Electronics Co., Ltd



Chairman : Northwest Investment Corporation



Representative : Ming-Yen Hsieh

