

# TAITIEN ELECTRONICS CO., LTD.

## 2022 Annual Report

### Notice to readers

*This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.*

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Taiwan Stock Exchange Market Observation Post System

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**V. Public Listings and Securities Trading in Overseas Stock Exchanges:**

**None**

**VI. Company Website**

<https://www.taitien.com/tw>

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# One. Letter to Shareholders

Dear shareholders,

Under the continuing influence of changes in the year before the previous year, the team of TAITIEN Electronics' refined cultivation strategy and product volume layout became effective, which led to a record high in both revenue and earnings; looking for 2023, as the pandemic receded, the changes in the business ecology became more diverse. Although the upgrade of the information and communication generation continues, the consumption of people's livelihood is still in the low cycle, and the economic and trade barriers are getting stricter; therefore, the competition from other industries is more pronounced. Facing this challenge, TAITIEN Electronics will uphold the momentum of focus, refined cultivation and rapid response to changes, continuously expand high-end and new product development, enhance operational control, etc., to strive for stable development.

The following is a summary of the business report for year 2022 and the business plan for year 2023:

## I. 2022 business report:

### 1. Business plan implementation results:

For the year 2022, the Company's consolidated net operating revenue was \$2,369,419 thousand, consolidated gross profit was \$813,654 thousand, consolidated net operating income was \$422,570 thousand, consolidated net income before tax was \$490,036 thousand, consolidated net income after tax was \$358,855 thousand, and earnings per share (EPS) was \$5.25.

### 2. Budget execution:

The Company's financial projections for 2022 are not publicly available.

### 3. Analysis of consolidated financial income and expenditure and profitability :

Items	2021	2022
Debt ratio (%)	37.05	32.15
Current ratio (%)	259.44	314.76
Quick ratio (%)	188.04	215.16
Return on assets (%)	9.87	14.53
Return on equity (%)	15.22	22.03
Profit margin (%)	9.40	15.15
Earnings per share (\$)	3.12	5.25

4. Research & development status :  
 The Company's completion in 2022:  
 (1) New Double Rotated Crystal  
 (2) 1uA, 32.768KHz Crystal Oscillator

## II. Summary of annual business plan for 2023:

### 1. Management policy:

- (1) The Company will continue to improve and expand the production capacity, success rate and quality of miniaturized oscillators and high end products.
- (2) The Company will continue to optimize its enterprise resource intellectualization and smart BCP system.
- (3) The Company will continue to strengthen customer relationships, expand customer coverage and optimize sales mix and service competitiveness
- (4) The Company continues to implement ESG promotion to strengthen the capacity of corporate sustainability.
- (5) The Company will strengthen design-in to grasp the market opportunity and pulse.

### 2. Expected sales volume and basis thereof:

TAITIEN Group's sales targets are estimated based on annual production capacity, resources, industry economic conditions and the competition for orders.

Product type	Sales volume
Crystal Oscillator	160 million units
Crystal	290 million units
Total	450 million units

### 3. Important production and sales policy:

- (1) The Company shall promote manufacturing intelligence, shorten production cycles, and continue to improve success rates and reduce costs.
- (2) The company shall continue to increase the production of high-end products.
- (3) Improving competitiveness in delivery and capacity turnover continuously.
- (4) The Company shall promote full digitalization for the process to improve the response time of reflection.

## III. Company development strategy for the future:

1. The Company will focus on 5G telecommunications, high-speed network communications, data transmission, and automotive applications to provide customers with complete FCP product solutions.
2. The Company will lay out the product dynamics required for new application markets in advance to quickly connect with various customers' needs and achieve the volume to satisfy the diversified market, thereby promoting operational performance.
3. Leveraging the core technology gained over 45 years, the Company will work with key customers to develop new applications and increase profitability.

4. Starting with production intelligence, the Company will strengthen its operational efficiency through cooperation between industry, government and academia.
5. The Company will continue strengthening its human resource development program to build a foundation for sustainable development.

IV. Effect of external competition, the legal environment, and the overall business environment:

1. Impact of competition from external environment:

Facing the fierce competition in the quartz industry at home and abroad and the fierce cross-industry competition, in addition to exploring and cultivating high-end product markets, developing new chains and reinforcing supply partnerships, the Company is also diversifying its production lines, continuously improving quality and reducing costs, and strengthening its control over real-time response.

2. Impact of Regulatory Environment:

The Company complies with all regulatory requirements at home and abroad, keeps abreast of the latest conditions and adjusts internal control management processes to ensure smooth business operations.

3. Impact of the general business environment:

The global economy is facing a number of changes, such as prolonged inflation, growing trade sectionalism, tightening of import and export controls, and a reduction in consumption in livelihood industries. However, the development of information and communication in a diversified field is expected to bring a new image to regional infrastructure, digital management systems and the expansion of the economy in the new generation. Moreover, turning crisis into opportunity is the key point.

We would like to report the Company's operations for 2022 to our shareholders and thank them once again for their long-term support and encouragement, and for the efforts and contributions made by all of our employees. We will continue to strive to do our best with the spirit of dedication and perseverance. Thank you all!

Chairman: Sung, Sheng-Tai

Manager: Sung, Sheng-Tai

Controller: Yang, Li-Chu



## Two. Company Profile

### I. Date of Incorporation: 03/23/2000

#### (I) Headquarters, Branches and Plant

Headquarters (Factory Plant)

Address : No5,Shutan Street,Shulin Dist.,New Taipei City, TAIWAN R.O.C.

Contact Number: (02) 2686-1287

### II. Company History

- 2000            The company was formally established and independent of the Electronic Operation Department of Taitien Electric Co., Ltd.  
After cash capital increase, the company's capital amounted to NT\$320,000 thousand.
- 2001            Acquired Nanjing Taitien Electronics Co., Ltd.  
Established a Japanese subsidiary (Taitien Japan Limited).  
Obtained ISO 14001 environmental management system verification.  
After cash capital increase, surplus capital increase, and capital reserve capital increase, the company's capital amounted to NT\$535,584 thousand.  
Won the Second Industrial Sustainable Development Excellence Award from the Industrial Development Bureau.
- 2002            Invested and established a U.S. subsidiary (Taitien USA, Inc.)  
Disposed of the Japanese subsidiary (Taitien Japan Limited).  
After turning surplus into capital increase, the company's capital amounted to NT\$589,142 thousand.
- 2003            Obtained the patent certificate for the post-sealing piezoelectric resonant element separation manufacturing method.  
Obtained the patent certificate for the post-sealing piezoelectric resonant element separation manufacturing method.
- 2004            Obtained the patent certificate for the automatic dispensing equipment with needle calibration compensation function.  
Obtained the patent certificate for the simultaneous multi-piezoelectric oscillator manufacturing method.  
Registered for trading in the emerging stocks market.  
Changed the name from Nanjing Taitien Electronics Co., Ltd. to Taitien Electronics (Nanjing) Co., Ltd
- 2005            After the U.S. subsidiary (Taitien USA, Inc.) implemented capital increase, its capital amounted to US\$2,000 thousand.  
Taitien Electronics (Shenzhen)Co., Ltd. went into official operation.  
Taitien USA, Inc. acquired Isotemp Research, Inc. (USA).

- After Taitien Electronics (Nanjing) implemented capital increase, its capital amounted to US\$8,700 thousand.
- After Taitien Electronics (Shenzhen) implemented capital increase, its capital amounted to US\$3,000 thousand.
- After the U.S. subsidiary (Taitien USA, Inc.) implemented capital increase, its capital amounted to US\$2,500 thousand.
- Jointly developed the Programmable XO One Chip IC with Phase Link of the United States.
- 2006 After the U.S. subsidiary (Taitien USA, Inc.) implemented a capital increase, its capital amounted to US\$3,200 thousand.
- After the capital reserve was transferred to capital increase with 1,767,427 new shares issued, the company's capital amounted to NT\$606,816 thousand.
- After Taitien Electronics (Shenzhen) implemented a capital increase, its capital amounted to US\$7,400 thousand.
- Executed 113,000 shares of employee stock option certificates, and the company's capital amounted to NT\$607,946 thousand.
- The surface-mounted High-Frequency Fundamental PECL/LVDS Crystal Oscillator won the 14th Taiwan Excellence Award.
- Taitien Electronics (Nanjing) obtained the TS 16949 quality system certification.
- Construction for the yellow light room was completed, which can produce photographic plates.
- 2007 Converted employee stock option certificates for 200,000 new shares. After the capital reserve was converted into capital and 1,823,840 new shares were issued, the company's capital amounted to NT\$628,185 thousand.
- After Taitien Electronics (Shenzhen) implemented capital increase, its capital amounted to US\$9,800 thousand.
- Taitien Electronics (Shenzhen)Co., Ltd. acquired the finished product and crystal chip factories of Altek Corporation in Shenzhen.
- Taitien Electronics (Shenzhen)Co., Ltd. acquired WINTRON INC. in Zhengzhou and Altek Corporation in Wanan.
- 2008 **Officially listed on the Taipei Exchange.**
- Executed cash capital increase and 12,000 shares of employee stock option certificates, and the company's capital amounted to NT\$712,205 thousand.
- 2009 Converted employee stock option certificates for 71,000 new shares. After the surplus was converted into capital and 1,424,420 new shares were issued, the company's capital amounted to NT\$727,159 thousand.
- Developed the industry's smallest high precision stratum 3 stability temperature compensated quartz oscillator (TCXO) solution ( $\pm 100$ PPB, 5.0 x 3.2 x 1.6mm).
- 2010 Obtained the "Aging Compensation Correction Method Control Module for Oscillator Circuit Device" patent certificate.

- Obtained the "Packaging and Oscillator Device that can Slow Down the External Heat Energy Dissipation" patent certificate.
- Obtained the "Digital Control Frequency Generating Device" patent certificate.
- Awarded the "A" grade by the 7th TWSE/TPEX Listed Companies Information Disclosure and Transparency Ranking System of the Securities and Futures Institute.
- Passed the "Occupational Health and Safety Assessment Series (OHSAS 18001)" certification.
- The U.S. subsidiary Colorado Crystal Corporation acquired XECO, Inc.
- Converted employee stock option certificates for 335,000 new shares. After the capital reserve was converted into capital and 1,456,519 new shares were issued, the company's capital amounted to NT\$745,074 thousand.
- Issued the first unsecured domestic convertible corporate bond with a total issuance amount of NT\$250,000 thousand.
- 2011 Awarded the "A" grade by the 8th Information Disclosure and Transparency Ranking System.
- Awarded the "CG6006 Corporate Governance System Evaluation" certificate by the Taiwan Corporate Governance Association.
- After the capital reserve was transferred to capital increase with 1,490,149 new shares issued, the company's capital amounted to NT\$759,976 thousand.
- 2012 Awarded the "A" grade by the 9th Information Disclosure and Transparency Ranking System.
- Published the 2011 CSR Report to reveal Taitien's non-financial information and publicize its corporate commitments and economic, environmental, and social performance.
- Taitien Electronics' operating performance ranked 57th in the electronic components industry by the CRIF "Taiwan's large enterprises TOP5000."
- After the capital reserve was transferred to capital increase with 1,519,952 new shares issued, the company's capital amounted to NT\$775,175 thousand.
- 2013 Converted 16,851 new shares from corporate bonds, and the company's capital amounted to NT\$775,344 thousand.
- Participated in and implemented industry professional training programs.
- Ranked among the "Taiwan Top 1000 Companies" by Commonwealth Magazine for the 7th consecutive year.
- Awarded the "A" grade by the 10th Information Disclosure and Transparency Ranking System.
- 2014 Awarded the "A+" grade by the 11th Information Disclosure and Transparency Ranking System.
- Published Taiwan's first ultra-high-precision dual oven-controlled crystal oscillator (OCXO) solution (<10uS for 24 hours).
- Published the 2013 CSR Report to reveal Taitien's non-financial information

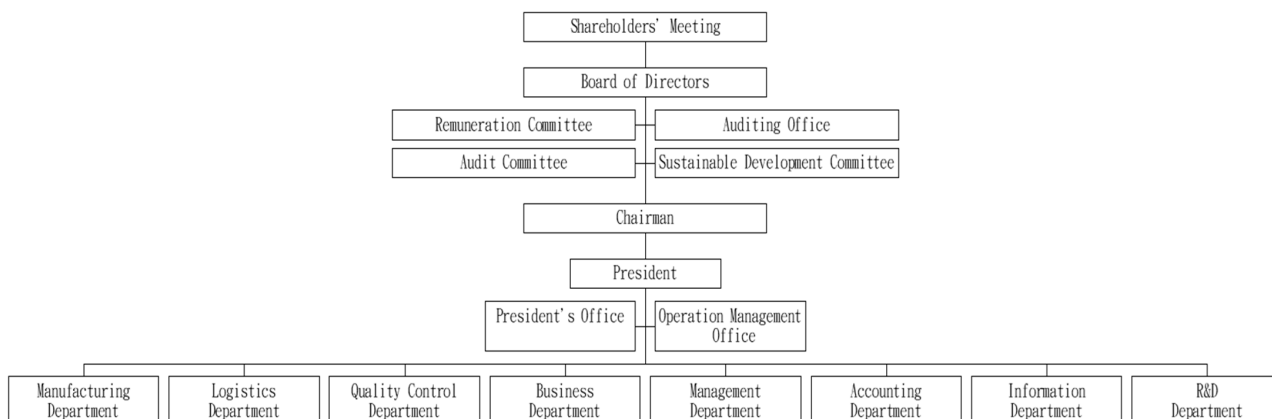
and publicize its corporate commitments and economic, environmental, and social performance.

- 2015      Awarded the “A+” grade by the 12th Information Disclosure and Transparency Ranking System.  
Ranked among the top 20 companies by the 1st Corporate Governance Ranking
- 2016      Ranked among the top 20 companies by the 2nd Corporate Governance Ranking.
- 2018      Completed the IATF 16949 automotive industry quality system revision certification.  
Participated in “The R&D and Innovation Program of Upgrading Industries” thematic R&D program.
- 2019      Performed a capital reduction stock equity withdrawal of NT\$75,926,400; the company’ s capital amounted to NT\$683,338 thousand.  
Acquired Pletronics Inc.
- 2020      Obtained ISO 45001 certification (occupational health and safety management system)

## Three. Corporate Governance Report

### I. Organization

#### (I) Organizational Chart



#### (II) Major Corporate Functions

Department	Main Functions
Auditing Office	Executed internal control system audit for each department and reported regularly.
President's Office	(1) Adhere to the shareholders and the board of directors meeting resolutions and comprehensively manage the company's businesses. (2) Formulate the company's business philosophy, guidelines, and strategies related to the overall business plan, and provide system improvement plans and suggestions. (3) Business analysis, plan promotion, and performance management. (4) Management and execution of stock affairs-related operations.
Business Department	(1) Formulate and implement product marketing and sales plans. (2) Market development and product promotion. (3) Customer services. (4) High-end product market development, marketing strategy analysis, and service and solution for product application problems. (5) Market development support for the Taitien U.S. team. (6) Overseas client operation and maintenance for the Taitien U.S. team. (7) IT and CRM system operation optimization. (8) Product promotion and customer service for high-end communication, high-speed computing, and location tracking industries. (9) Master new industrial technology standards and adjust technical services.

Department	Main Functions
Accounting Department	<ul style="list-style-type: none"> <li>(1) Fund management and financial scheduling.</li> <li>(2) Accounting processing, financial affairs, accounting statement preparation and analysis, budget preparation, and control.</li> <li>(3) Business analysis.</li> <li>(4) Transfer valuation and maintenance</li> </ul>
Management Department	<ul style="list-style-type: none"> <li>(1) The company's important public relations affairs.</li> <li>(2) Human resource planning management and execution.</li> <li>(3) Environmental management system and general affairs.</li> </ul>
Quality Control Department	<ul style="list-style-type: none"> <li>(1) Quality policy and target promotion.</li> <li>(2) Quality assurance system planning and establishment.</li> <li>(3) Client complaints handling supervision.</li> <li>(4) Supplier management supervision and audit.</li> <li>(5) Continuously improve client quality satisfaction.</li> </ul>
R&D Department	<ul style="list-style-type: none"> <li>(1) Develop new concepts and plans for pioneering technologies and products.</li> <li>(2) Follow-up and participation in outsourcing R&amp;D cooperation.</li> <li>(3) Client service technical support.</li> <li>(4) Product development: preliminary market development and formulation of product development plans, develop and design of new products, and assistance in transfer and mass production.</li> <li>(5) Process R&amp;D: improve process R&amp;D, and assist relevant departments in solving product engineering problems.</li> <li>(6) Equipment R&amp;D: new equipment introduction evaluation, equipment development, research, and improvement.</li> </ul>
Manufacturing Department	<ul style="list-style-type: none"> <li>(1) Product manufacturing management.</li> <li>(2) Plan and manage production capacity.</li> <li>(3) Production technology improvement research.</li> <li>(4) Warehouse and export management.</li> <li>(5) Inspect incoming materials, manufacturing processes, and raw material shipments; handle client complaints; maintain and manage quality assurance systems; and manage equipment calibration.</li> <li>(6) Procurement supply chain operation management.</li> <li>(7) Coping operations.</li> </ul>
Information Department	<ul style="list-style-type: none"> <li>(1) Establish and implement a company-wide information system.</li> <li>(2) Promote ERP maintenance and introduction.</li> <li>(3) Maintain and manage information security.</li> </ul>
Logistics Department	<ul style="list-style-type: none"> <li>(1) Group product strategic planning and promotion.</li> <li>(2) Commodity supply chain planning and management.</li> <li>(3) OEM sales promotion in Taiwan.</li> <li>(4) Group capacity planning and management.</li> <li>(5) Production and marketing operation management.</li> <li>(6) Business logistics operation management.</li> </ul>

## II. Directors, Supervisors and Management Team

### (I) 1. Directors Information

April 18, 2023

Title	Nationality and place of registration	Name	Gender	Age	Date elected (appointed)	Term	Date first elected	Shares held when elected		Shares currently held		Shares currently held by spouse & minors		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Executives, directors or supervisors who are spouses or within second degrees of kinship			Remarks (Note 1)
								Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Taiwan	Sheng-Tai Song	Male	71-80 years old	June 19, 2020	3 years	February 23, 2000	10,250,618	15.00%	10,400,618	15.22%	0	0	0	0	<p>Master's, Northwestern University</p> <p>Bachelor's of Electrical Engineering, Taiwan University</p> <p>Tai Tien Electric Co., Ltd.</p> <p>General Manager</p>	<p>1. Managing director of Tai Tien Electric Co., Ltd.</p> <p>2. Director of Hui Chu Investment Co., Ltd.</p> <p>3. Chairperson and General Manager of TAITIEN (Nanjing) Electronics Co., Ltd.</p> <p>4. Chairperson and General Manager of TAITIEN (Shenzhen) Electronics Co., Ltd.</p> <p>5. Chairperson and General Manager of Winton (Zhengzhou) Inc.</p> <p>6. Director of Wan'an Huajing Electronic Co., Ltd.</p> <p>7. Chairperson of Taitien Holding Company Limited</p> <p>8. Chairperson of Hardy Holding Corporation Limited</p> <p>9. Chairperson of Indus Taitien Marketing Corporation</p> <p>11. Chairperson of Colorado Crystal Corporation</p> <p>12. Chairperson of Taitien USA, Inc.</p> <p>13. Chairperson of Pletronics, Inc</p> <p>14. Representative of Institutional Director of Yung Chuang Investment Co., Ltd.</p> <p>15. Director of Yung Fu Investment Co., Ltd.</p> <p>16. Institutional director and representative of Cirocomm Technology Corp.</p>	Director	Justine Song	Father and daughter	(Note 1)
Director	Taiwan	Justine Song	Female	41-50 years old	June 19, 2020	3 years	June 19, 2020	0	0	0	0	0	0	0	0	<p>Bachelor's in Economy, Massachusetts Institute of Technology</p> <p>Master's, EESOR, Stanford University</p> <p>Master's in Business Administration, INSEAD</p> <p>Manager of Operations Department, TAITIEN Electronics Co., Ltd.</p> <p>Assistant General Manager, China Development Financial Holding Corporation</p> <p>Investment Specialist, WI Harper Group</p>	<p>1. Executive Assistant to Deputy General Manager/General Manager of TAITIEN Electronics Co., Ltd.</p> <p>2. Supervisor, Tajet Bointec Corporation Limited</p>	Chairman	Sheng-Tai Song	Father and daughter	None

April 18, 2023

Title	Nationality and place of registration	Name	Gender Age	Date elected (appointed)	Term	Date first elected	Shares held when elected		Shares currently held		Shares currently held by spouse & minors		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Executives, directors or supervisors who are spouses or within second degrees of kinship			Remarks (Note 1)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Taiwan	Tien-Hao, Wang	Male 51-60 years old	June 19, 2020	3 years	June 22, 2017	0	0	0	0	0	0	0	0	<p>Master's in Electrical Engineering, University of Southern California</p> <p>Bachelor's in Electrical Engineering, National Tsing Hua University</p> <p>Associate and Deputy General Manager of WK Technology Fund Co., Ltd.</p> <p>Executive Assistant to General Manager of First International Computer, Inc.</p> <p>Deputy General Manager of Guang Peng Technology Co., Ltd.</p> <p>Director of Lite-On Optoelectronics Co., Ltd</p> <p>Supervisor of Corex Materials Corporation</p> <p>10. Director of FETek Technology Corp.</p>	<p>1. Director, and senior deputy general manager of WK Innovation Ltd.</p> <p>2. Chairperson of Foxfortune Technology III Ventures Limited (Representative of Foxfortune Technology Ventures Limited)</p> <p>3. Chairperson of Foxfortune Technology II Ventures Limited (Representative of Foxfortune Technology Ventures Limited)</p> <p>4. Chairperson of Hung Kao Investment Co., Ltd.</p> <p>5. Chairperson of Hung Chih Investment Co., Ltd.</p> <p>6. Representative of Institutional Director of General Life Biotechnology Co., Ltd.</p> <p>7. Independent Director of Fositek Co., Ltd.</p> <p>8. Independent Director of JET Optoelectronics Co., Ltd</p> <p>9. Supervisor of Corex Materials Corporation</p> <p>10. Director of FETek Technology Corp.</p>	None	None	None	None
Director	Taiwan	Teh-Chan g Yao	Male 51-60 years old	June 19, 2020	3 years	June 30, 2002	0	0	0	0	0	0	0	0	<p>Master's in Finance, Taiwan University</p> <p>Supervisor of TAITIEN Electronics Co., Ltd. (June 19, 2020)</p>	<p>1. Chairperson of SinoStar Capital Co., Ltd.</p> <p>2. Chairperson of Yongchuan Investment Co., Ltd.</p> <p>3. Chairperson of Success Innovation Management Consulting Co., Ltd</p> <p>4. Chairperson of Feng Huang Innovative Venture Investment Co., Ltd.</p> <p>5. Chairperson of Feng Huang II Innovative Venture Investment Co., Ltd.</p> <p>6. Chairperson of Feng Huang III Innovative Venture Investment Co., Ltd.</p> <p>7. Chairperson of Feng Huang IV Innovative Venture Investment Co., Ltd.</p> <p>8. Chairperson of Feng Huang V Innovative Venture Investment Co., Ltd.</p> <p>9. Director of Young Tec Electronics Corp.</p> <p>10. Independent Director, JENITECH Co., Ltd.</p> <p>11. Independent Director, Fitipower Co., Ltd.</p> <p>12. Director, ASIX Electronics Corporation</p> <p>13. Representative of ACTI Co., Ltd.</p> <p>14. Institutional Director, UDE Corp.</p> <p>15. Representative of Institutional Director of LedLink Co., Ltd.</p> <p>16. Director of Gigastone Co., Ltd.</p>	None	None	None	None



April 18, 2023

Title	Nationality and place of registration	Name	Gender Age	Date elected (appointed)	Term	Date first elected	Shares held when elected		Shares currently held		Shares currently held by spouse & minors		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Executives, directors or supervisors who are spouses or within second degrees of kinship			Remarks (Note 1)
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Taiwan	Hsiao-Ping Fan	Female 61-70 years old	June 19, 2020	3 years	June 19, 2020	2,000	0.00%	15,000	0.02%	0	0	0	0	Master's in Accounting, Taiwan University Bachelor's in Commerce (Program of Accounting), Taiwan University Chartered accountant, Deloitte Taiwan	1. Chartered accountant, Deloitte Taiwan Co., Ltd 2. Consultant of Taiwan Economic Journal Co., Ltd 3. Supervisor of TACVA	None	None	None	None
Independent Director	Taiwan	Yu-Tun Wu	Male 61-70 years old	June 19, 2020	3 years	June 19, 2020	0	0	0	0	0	0	0	0	Bachelor's in Electrical Engineering, National Taiwan University of Science and Technology Executive Deputy General Manager of 3C Solution Provider Senior Engineer, IBM Research Assistant, National Chung-Shan Institute of Science and Technology	1. Representative of Institutional Director, Pantek Co., Ltd. 2. Representative of Institutional Director, All Plus (Shanghai) Co., Ltd. 3. Representative of Institutional Director, 3C Solution Provider (Shenzhen) Co., Ltd. 4. Independent Director of ACTI Co., Ltd. 5. Director, Vice Chairperson of 3C Solution Provider Co., Ltd. 6. Representative of institutional director, Yubantec Co., Ltd.	None	None	None	None
Independent Director	Taiwan	Tung-Te Li	Male 61-70 years old	June 19, 2020	3 years	June 27, 2008	6,200	0.01%	6,200	0.01%	0	0	0	0	Master's in Tech. Knowledge, National Chiao Tung University Bachelor's in Electrophysics, National Chiao Tung University Director of TAITIEN Electronics Co., Ltd. (dismissed on January 10, 2014) General manager and director of operations, USA region; deputy general manager of research and development department and sales department of TAITIEN Electronics Co., Ltd.	None	None	None	None	None

Note 1: Where the Company's chairperson and the general manager or an officer of equivalent position (the most senior manager) are the same person, or spouses or consanguinity within the first degree to each other, the reason, rationality, necessity and countermeasures (e.g. to increase the number of independent directors and have the majority of directors not serving concurrently as an employee or a manager) shall be disclosed. The reason why Mr. Sung, Sheng-Tai, the Chairperson of the Company, concurrently serves as the general manager is to enhance the operational efficiency and decision-making function. In order to strengthen the independence of the board of directors, the Company has actively planned to arrange suitable candidates. In addition, the chairperson can adequately communicate with the directors regarding the operating status and plans of the Company to implement corporate governance.

- 1) The majority of the members of the board of directors are not also employees or managers
- 2) The independent directors are able to adequately discuss and make recommendations for the board of directors' reference in each functional committee, thereby implementing corporate governance.

## 2. Professional qualifications and independence analysis of directors and supervisors :

Qualification Name	Professional qualifications and experience	Independence (Note 1)											Number of independent director positions held in other listed companies
		1	2	3	4	5	6	7	8	9	10	11	
Chairman Sheng-Tai Song	With over five years of experience in the Company's operations, the director currently serves as the chairperson and general manager of TAITIEN Electronics Co., Ltd. and is not subject to any of the provisions of Article 30 of the Company Act.					V		V	V	V	V	V	0
Director Justine, Song	With over five years of experience in the Company's operations, the director currently serves as the executive assistant to the general manager of TAITIEN Electronics Co., Ltd. and is not subject to any of the provisions of Article 30 of the Company Act.		V	V		V	V	V	V	V		V	0
Director Tien-Hao Wang	With over five years of experience in the Company's operations, the director is not subject to any of the provisions of Article 30 of the Company Act.	V	V	V	V	V	V	V	V	V	V	V	2
Director Teh-Chang Yao	With over five years of experience in the Company's operations, the director is not subject to any of the provisions of Article 30 of the Company Act.	V	V	V	V	V	V	V	V	V	V	V	2
Independent Director Hsiao-Ping Fan	With over five years of experience in the Company's operations, the director passed the national CPA exam and has required the license. She has served as a chartered accountant at Deloitte Taiwan and is not subject to any of the provisions of Article 30 of the Company Act.	V	V	V	V	V	V	V	V	V	V	V	0
Independent Director Yu-Tun Wu	With over five years of experience in the Company's operations, the director is not subject to any of the provisions of Article 30 of the Company Act.	V	V	V	V	V	V	V	V	V	V	V	1
Independent Director Tung-Te Li	With over five years of experience in the Company's operations, the director is not subject to any of the provisions of Article 30 of the Company Act.	V	V	V	V	V	V	V	V	V	V	V	0

Note1: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

- (1) Not an employee of the company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial,

accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (11) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

### 3. Board diversity and independence:

#### (1) Board Diversity :

In accordance with the Company's diversity policy, the nomination of director candidates is based on a candidate nomination system in accordance with the Company's articles of incorporation in order to strengthen corporate governance and facilitate the development of a sound composition and structure of the board of directors. The nomination system evaluates each candidate's academic (experience) qualifications and measures their professional background, integrity or relevant professional qualifications, etc. Upon approval by the board of directors, the motion is submitted to the shareholders' meeting for election. It is advisable 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 general standards:

(A) Basic requirements and values: gender, age, nationality, and culture.

(B) Professional knowledge and skills: operational judgment ability, accounting and financial analysis ability, operation management ability, crisis management ability, industry knowledge, international market insight, leadership ability and decision making ability.

The specific management objectives of the Company's diversification policy and their achievement are as follows:

Management goals	Achievements
Independent directorships exceed one-third of the board positions	Achieved
The number of directors who are also managers of the Company shall not exceed one-third of the number of directors.	Achieved
None of the independent directors have served more than three terms	Achieved
Adequate and diverse professional knowledge and skills	Achieved
More than two positions are for female directors	Achieved

The implementation of the board member diversification policy is as follows:

Diversification Items  Name		Composition							Expertise				Professional knowledge and skill									
		Nationality	Gender	Positions held concurrently in the Company	Age				Term of office and seniority of independent directors		Accounting	Industry	Finance	Technology	Ability to make operational judgments	Ability to perform accounting and financial	Ability to conduct management administration	Ability to conduct crisis management	Industry knowledge	Insights on international markets	Leadership ability	Decision making ability
					41-50 years old	51-60 years old	61-70 years old	71-80 years old	Under 3 years	3-9 years old												
Director	Sheng-Tai Song	Taiwan	Male	V			V				V		V	V		V		V	V	V	V	
	Justine Song		Female	V	V							V	V		V	V	V		V		V	
	Tien-Hao Wang		Male			V						V			V	V		V	V	V		
	Teh-Chang Yao		Male			V						V			V	V		V	V	V	V	
Independent Director	Hsiao-Ping Fan		Female				V		V		V		V		V		V					V
	Yu-Tun Wu		Male				V		V			V		V	V		V		V	V		V
	Tung-Te Li		Male				V		V			V		V	V		V		V	V		V

(2) Independence of the board of directors :

The Company's current Board of Directors consists of seven members, including three independent directors, and the number of independent directors accounts for more than one-third of the total number of directors. As of the end of 2022, the independent directors are all in compliance with the regulations about independent directors set by the Securities and Futures Bureau, Financial Supervisory Commission. Moreover, on the board of directors, no more than two directors are spouses or relatives within the second degree of kinship. There are no circumstances as specified in subparagraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act. The board of directors of the Company is independent. (Please refer to page 13 of this annual report - Disclosure of Professional Qualifications of Directors and Independence of Independent Directors). Regarding the education, gender and work experience of each of the directors, please refer to pages 10 to 12 of this annual report. ◦

#### 4. Training for directors and supervisors:

December 31, 2022

Title	Name	Date appointed	Training date		Organizer	Training name	Training hour	Is the training in line with the requirements
			Commencement	Expiration				
Chairman	Sheng-Tai Song	June 19, 2020	11/11/2022	11/11/2022	The Securities & Futures Institute	New typed of fintech crimes and money laundering prevention from a corporate perspective	3.0	Yes
			11/24/2022	11/24/2022		Introduction to corporate management rights disputes and Commercial Case Adjudication Act	3.0	Yes
Director	Justine Song	June 19, 2020	08/09/2022	08/09/2022	Taiwan Corporate Governance Association	Deep diving the cybersecurity tactics of listed companies from the perspective of ESG development	3.0	Yes
			08/23/2022	08/23/2022		Enterprise financial information analysis and application of decision-making	3.0	Yes
Director	Tien-Hao Wang	June 19, 2020	08/05/2022	08/05/2022	Taiwan Corporate Governance Association	Analysis of the latest tax laws	3.0	Yes
			04/15/2022	04/1/2022	Independent Director Association Taiwan	Strategy, planning and responsibility of directors and supervisors for corporate mergers and acquisitions	3.0	Yes
			08/11/2022	08/11/2022		Remuneration committee of the board of directors and the actual operation of remuneration to directors and supervisors	3.0	Yes
Director	Teh-Chang Yao	June 19, 2020	07/27/2022	07/27/2022	The Securities & Futures Institute	external innovation and sustainable operation	3.0	Yes
			08/11/2022	08/11/2022	Taiwan Corporate Governance Association	Explanation of ESG report contents	3.0	Yes
Independent Director	Hsiao-Ping Fan	June 19, 2020	10/21/2022	10/21/2022	National Federation of CPA Associations of ROC	Accounting and financial research on environment, society and corporate governance	3.0	Yes
			11/24/2022	11/24/2022		Analysis of company rules and company registration practices	3.0	Yes
Independent Director	Yu-Tun Wu	June 19, 2020	04/12/2022	04/12/2022	Taiwan institute of sustainable energy	Taishin 30 sustainable net zero summit forum—making an effort for net zero to achieve sustainability	3.0	Yes
			10/19/2022	10/19/2022		2022 Compliance dissemination on insider share trading laws	3.0	Yes
Independent Director	Tung-Tse Li	June 19, 2020	10/12/2022	10/12/2022	The Securities & Futures Institute	Audit committee operation practices	3.0	Yes
			10/28/2022	10/28/2022		Enterprise financial information analysis and application of decision-making	3.0	Yes

4. Major shareholders of the institutional shareholders : None

(II) Information on the Company's general manager, deputy general managers, associate, and the chiefs of all the Company's divisions and branch units

April 18, 2023

Title	Nationality	Name	Gender	Date elected (appointed)	Shares held		Shares held by spouse, minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies	Manager with spouse or second degree of kinship		Remarks (Note 1)	
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name		Relationship
General Manager	Taiwan	Sheng-Tai Song	Male	10/28/2008	9,800,618	14.34%	0	0	0	0	Master's, Northwestern University Bachelor's of Electrical Engineering, Taiwan University Tai Tien Electric Co., Ltd. General Manager	Please refer to page 10	Deputy General Manager	Justine Song	Father and daughter	(Note 1)
Director of Operations	Taiwan	Yu-Feng Li	Female	01/28/2015	138,725	0.20%	0	0	0	0	Bachelor's in Journalism, Chinese Culture University	None	None	None	None	None
Director of Production	Taiwan	Wen-Tsen Chih	Male	10/01/2021	166,284	0.24%	15,315	0.02%	0	0	Master's in Business Management University of Northern Virginia Department of Electric Engineering, Lungwa College	1. Director of TAITIEN (Nanjing) Electronics Co., Ltd. 2. Director of TAITIEN (Shenzhen) Electronics Co., Ltd.	None	None	None	None
Deputy General Manager	Taiwan	Justine Song	Female	10/01/2021	0	0	0	0	0	0	Bachelor's in Economy, Massachusetts Institute of Technology Master's, EESOR, Stanford University Master's in Business Administration, INSEAD Manager of Operations Department, TAITIEN Electronics Co., Ltd. Assistant General Manager, China Development Financial Holding Corporation Investment Specialist, WI Harper Group	1. Executive Assistant to Deputy General Manager/General Manager of TAITIEN Electronics Co., Ltd. 2. Supervisor, Tajet Bointec Corporation Limited	General Manager	Sheng-Tai Song	Father and daughter	None
Deputy General Manager, Sales Department	Taiwan	Yu-Hsien Li	Female	07/19/2011	122,341	0.16%	0	0	0	0	Bachelor's in Business Administration, Chung Hsing University	1. Director of TAITIEN (Nanjing) Electronics Co., Ltd.	None	None	None	None
Associate of Finance and Accounting	Taiwan	Li-Chu Yang	Female	01/15/2007	144,740	0.21%	0	0	0	0	Master's in Accounting, National Taipei University Bachelor's in Accounting, Chung Hsing University Supervisor of audit department, Deloitte Taiwan Specialist, CTS Computer Technology System Corp.	1. Director, Indus Taitien Marketing Limited 2. Supervisor of TAITIEN (Nanjing) Electronics Co., Ltd.	None	None	None	None

April 18, 2023

Title	Nationality	Name	Gender	Date elected (appointed)	Shares held		Shares held by spouse, minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies	Manager with spouse or second degree of kinship			Remarks (Note 1)	
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship		
Director of business department	Taiwan	Chun-Lun Huang	Male	07/06/2011	49,921	0.07%	0	0	0	0	Master's in Business Management, Chung Hsing University Associate, YUBANTEC Co., Ltd. Manager, Power Quotient International Co., Ltd. Executive Assistant, PanRam Co., Ltd.	None	None	None	None	None	
Director of business department	Taiwan	Yi-Shan Chen	Male	08/05/2020	0	0	0	0	0	0	Doctor of Electrical Engineering (Electrics Program) at Central University Master's in Communication Engineering (Radio Wave Program) at Dayeh University Senior manager of product development, JABIL Group (U.S.A.) Technology Manager, Wistron NeWeb Corporation	None	None	None	None	None	
Director of business department	Taiwan	Yi-Min Li	Male	02/07/2022	0	0	0	0	0	0	Bachelor's in Business Administration, Tamkang University Sr. Sales Manger, Fir Systems, APAC Sales Assistant VP, Pericom Taiwan Sales Manger, Infineon Technologies Taiwan	None	None	None	None	None	
Associate of sales department	Taiwan	Shih-Ming Yeh	Male	06/01/2006	238,870	0.35%	38,580	0.06%	0	0	Bachelor of International Business at Tunghai University Credit Courses completed from Institute of Corporate Executives, College of Business, Chengchi University Sales representative, Tai Tien Electric Co., Ltd. Senior sales person, United Securities Corporation Senior sales person, TA SHEN Integrated Securities Section Manager, Tai Tien Electric Co., Ltd.	None	None	None	None	None	
Director of research and development department	Taiwan	Chih-Yi Teng	Male	03/01/2010	240,250	0.35%	13,577	0.02%	0	0	Dept. of Electronic Engineering, Hua Hsia College Factory director of Tai Tien Electric Co., Ltd.	1. Director of TAITIEN (Shenzhen) Electronics Co., Ltd. 2. Director of TAITIEN (Nanjing) Electronics Co., Ltd.	None	None	None	None	None

April 18, 2023

Title	Nationality	Name	Gender	Date elected (appointed)	Shares held		Shares held by spouse, minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies	Manager with spouse or second degree of kinship			Remarks (Notes <sup>1)</sup> )
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director of research and development department	Taiwan	Cheng-Chi Fang	Male	08/01/2020	10,000	0.01%	0	0	0	0	Doctor of Electrical and Control Engineering at Chia Tung University Master's in Control Engineering at Chia Tung University Bachelor's in Systems and Naval Mechatronic Engineering, Cheng Kung University Deputy general manager, Opulence Co., Ltd. General manager of KUS Co., Ltd. CTO and COO of KING DAVID ENERGIES CORP.	None	None	None	None	None
Audit head	Taiwan	Hui-Chin Wang	Female	07/13/2018	12,657	0.02%	0	0	0	0	Bachelor's in Industrial Engineering and Management, National Kaohsiung University of Science and Technology	None	None	None	None	None

Note 1: Where the Company's chairperson and the general manager or an officer of equivalent position (the most senior manager) are the same person, or spouses or consanguinity within the first degree to each other, the reason, rationally, necessity and countermeasures (e.g. to increase the number of independent directors and have the majority of directors not serving concurrently as an employee or a manager) shall be disclosed.

The reason why Mr. Sung, Sheng-Tai, the Chairperson of the Company, concurrently serves as the general manager is to enhance the operational efficiency and decision-making function. In order to strengthen the independence of the board of directors, the Company has actively planned to arrange suitable candidates. In addition, the chairperson can adequately communicate with the directors regarding the operating status and plans of the Company to implement corporate governance. Currently, the Company has the following concrete measures:

- 1) The majority of the members of the board of directors are not also employees or managers
- 2) The independent directors are able to adequately discuss and make recommendations for the board of directors' reference in each functional committee, thereby implementing corporate governance.



### III. Remuneration of Directors, Independent Directors, Supervisors, President, and Vice Presidents

#### (I) 1. Remuneration of Directors and Independent Directors

Unit: NT\$ thousand ; December 31, 2022

Title	Name	Remuneration of Directors				Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note6)		Relevant Remuneration Received by Directors Who are Also Employees				Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note6)		Remuneration from venture sources other than subsidiaries or from the parent company	
		Base Compensation (A)(Note1)	Severance Pay (B)	Directors Compensation(C)(Note2)	Allowances (D)(Note3)	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	Salary, Bonuses, and Allowances (E)(Note4)	Severance Pay (F)	The company	All companies in the consolidated financial statements		The company
Director	Sheng-Tai Song	0	0	4,105	90	4,195	1.17%	2,757	0	0	1,466	0	8,418	2.35%	None
	Justine Song														
	Tien-Hao Wang														
	Teh-Chan Wang														
	Tung-Te Li														
Independent Director	Hsiao-Phing Fan	0	0	2,841	75	2,916	0.81%	0	0	0	0	0	2,916	0.81%	None
	Yu-Tun Wu														
	Tung-Te Li														

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: To provide reasonable remuneration, the remuneration for the company's directors shall be handled according to the company's articles of incorporation, the operating results, the value of their participation in and contribution to the company's operations, and the general remuneration level from domestic peers.  
2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors: None

Note 1: Refers to directors' remuneration in 2022 (including salaries, business allowances, severance pay, bonuses, and incentive benefits).

Note 2: Refers to the amount of directors' remuneration distributed by the board of directors. The proposed distribution amount for this year shall be calculated based on the proportion of the actual distribution amount in the previous year.

Note 3: Refers to the traveling expenses paid to directors in 2022.

Note 4: Refers to the salaries and bonuses received by directors and employees (including those concurrently serving as general manager, deputy general manager, other managers, and employees) in the most recent year.

Note 5: Refers to directors who concurrently serve as employees (including general manager, deputy general manager, other managers, and employees) who receive employee remuneration (including stock and cash), and the amount of employee remuneration distributed by the board of directors whereby the proposed distribution amount for this year is calculated in proportion to the actual distribution amount in the previous year.

Note 6: The post-tax net profit in 2022 was NT\$358,855 thousand.

\* The content of remuneration as disclosed in this table is different from the concept under the Income Tax Act, which is for disclosure only and not for taxation purposes.

## 2. Range of Remuneration

Range of Remuneration	Name of Directors					
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)			
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Less than NT\$ 1,000,000	Justine Song , Tien-Hao Wang , Teh-Chang Yao , Hsiao-Ping Yao , Yu-Tun Wu , Tung-Te Li	Tien-Hao Wang , Teh-Chang Yao , Hsiao-Ping Yao , Yu-Tun Wu , Tung-Te Li				
NT\$1,000,000 ~ NT\$1,999,999	Sheng-Tai Song	Sheng-Tai Song	None	None	None	None
NT\$2,000,000 ~ NT\$3,499,999	None	None	Sheng-Tai Song	Sheng-Tai Song	Sheng-Tai Song	Sheng-Tai Song
NT\$3,500,000 ~ NT\$4,999,999	None	None	Justine Song	Justine Song	Justine Song	Justine Song
NT\$5,000,000 ~ NT\$9,999,999	None	None	None	None	None	None
NT\$10,000,000 ~ NT\$14,999,999	None	None	None	None	None	None
NT\$15,000,000 ~ NT\$29,999,999	None	None	None	None	None	None
NT\$30,000,000 ~ NT\$49,999,999	None	None	None	None	None	None
NT\$50,000,000 ~ NT\$99,999,999	None	None	None	None	None	None
Greater than or equal to NT\$100,000,000	None	None	None	None	None	None
Total	7	7	7	7	7	7

(II) Remuneration of Supervisors : An Audit Committee has been established to replace the Supervisors; therefore, it is not applicable.

(III) 1. Remuneration of the President and Vice Presidents

Unit: NT\$ thousand ; December 31, 2022

Title	Name	(註 1) Salary(A)(Note1)		Severance Pay (B)		Bonuses and Allowances (C)(Note2)		Employee Compensation (D)(Note3)				Ratio of total compensation (A+B+C+D) to net income (%) (Note4)		Remuneration from ventures other than subsidiaries or from the parent company	
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	Cash	Stock	Cash	Stock		The company
General Manager	Sheng-Tai Song														
Director of Operations	Yu-Feng Li														
Director of Production	Wen-Tseng Chih														
Deputy General Manager	Justine Song	4,616	7,233	0	0	4,229	5,112	5,603	0	5,603	0	14,448	17,948	4.03%	5.00%
Deputy General Manager, Sales Department	Yu-Hsien Li														

Note 1: Refers to salaries for 2022.

Note 2: Refers to bonuses for 2022.

Note 3: Refers to the amount of employees' remuneration distributed by the board of directors. The proposed distribution amount for this year shall be calculated based on the proportion of the actual distribution amount in the previous year.

Note 4: The post-tax net profit in 2022 was NT\$358,855 thousand.

\* The content of remuneration as disclosed in this table is different from the concept under the Income Tax Act, which is for disclosure only and not for taxation purposes.

## 2. Range of Remuneration

Range of Remuneration	Name of President and Vice Presidents	
	The company	The company
Less than NT\$ 1,000,000	None	None
NT\$1,000,000 ~ NT\$1,999,999	Sheng-Tai Song	Sheng-Tai Song
NT\$2,000,000 ~ NT\$3,499,999	Justine Song、Wen-Tseng Chih、Yu-Hsien Li	Justine Song
NT\$3,500,000 ~ NT\$4,999,999	Yu-Feng Li	Yu-Feng Li、Yu-Hsien Li
NT\$5,000,000 ~ NT\$9,999,999	None	Wen-Tseng Chih
NT\$10,000,000 ~ NT\$14,999,999	None	None
NT\$15,000,000 ~ NT\$29,999,999	None	None
NT\$30,000,000 ~ NT\$49,999,999	None	None
NT\$50,000,000 ~ NT\$99,999,999	None	None
Greater than or equal to NT\$100,000,000	None	None
Total	5	5

(IV) Managerial officers with the top five highest remuneration amounts in a TWSE/TPEX-listed company (disclose their names and remuneration method): Not applicable.

(V) Names of managers who received employee remuneration and the distribution status: :

Unit: NT\$ thousand ; December 31, 2022

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash (Note1)	Total	Ratio of Total Amount to Net Income (%) (Note2)
Executive Officers	General Manager	Sheng-Tai Song	0	9,885	9,885	2.75%
	Director of Operations	Yu-Feng Li				
	Director of Production	Wen-Tseng Chih				
	Deputy General Manager	Justine Song				
	Deputy General Manager, Sales Department	Yu-Hsien Li				
	Associate of Finance and Accounting	Li-Chu Yang				
	Associate of Finance and Accounting	Shih-Ming Yeh				
	Director of research and development department	Chih-Yi Teng				
	Director of business department	Chun-Lung Huang				
	Director of research and development department	Cheng-Chia Fang				
	Director of business department	Yi-Shan Chen				
	Director of business department	Yi-Min Li				

Note1: This refers to the proposed amount of employee remuneration approved by the board of director for distribution (including shares and cash), which is calculated based on the actual distributed amount in the previous year.

Note 2: The post-tax net profit in 2022 was NT\$358,855 thousand.

(VI) Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents :

1. Remuneration Analysis for Directors, Supervisors, Presidents, and Vice Presidents :

Unit: NT\$ thousand

	2022				2021			
	Remuneration		Ratio of Total Amount to Net Income (%) (Note 3)		Remuneration		Ratio of Total Amount to Net Income (%) (Note 3)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Directors	7,111 (Note 1)	7,111 (Note 1)	1.98	1.98	4,430	4,430	2.08	2.08
President and vice presidents (Note 4)	14,448 (Note 2)	17,948 (Note 2)	4.03	5.00	9,208	10,659	4.32	5.00

Note 1: Refers to the amount of remuneration for directors and supervisors distributed by the board of directors. The proposed distribution amount for this year is calculated based on the actual distribution amount of the previous year and the traveling expenses for directors (supervisors).

Note 2: Refers to the 2022 annual salary, bonus, retirement pension, and employee remuneration distribution approved by the board of directors. The proposed distribution amount for this year shall be calculated according to the actual distribution amount of the previous year.

Note 3: The net loss after tax in 2022 was NT\$358,855 thousand. The net profit after tax in 2021 was NT\$213,208 thousand.

Note 4: Including the president, chief operating officer, manufacturing director, and vice president.

2. Correlation between remuneration payment policies, standards, and combinations; remuneration setting procedures; business performance and future risks:

The board of directors shall be authorized to determine the directors' remuneration based on the individual's contribution, the level of involvement in the company's operations, and the industry-wide peer compensation standards.

The remuneration shall be within the upper limit of the fixed ratio specified in the articles of incorporation, and shall be allocated based on the operating performance surplus.

## IV. Implementation of Corporate Governance

### (I) Operations of the Board of Directors :

1. A total of 5 (A) meetings of the Board of Directors were held in the previous period (2022). The attendance of director and supervisor were as follows:

December 31, 2022

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Chairman	Sheng-Tai Song	4	1	80.00%	None
Director	Justine Song	5	0	100.00%	None
Director	Tien-Hao Wang	5	0	100.00%	None
Director	Teh-Chang Yao	4	0	80.00%	None
Independent director	Hsiao-Ping Fan	5	0	100.00%	None
Independent director	Yu-Tun Wu	5	0	100.00%	None
Independent director	Tung-Te Li	5	0	100.00%	None

The attendance status of independent directors and the board of directors for 2022.

★: attended personally      ※ : attend by proxy      # : did not attend

2022	Jan.25	Mar.24	May.06	Aug.09	Nov.10
Hsiao-Ping Fan	★	★	★	★	★
Yu-Tun Wu	★	★	★	★	★
Tung-Te Li	★	★	★	★	★

### 2. Other mentionable items:

- (1) If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified :

(A)Matters referred to in Article 14-3 of the Securities and Exchange Act : Not applicable ,The company has established an audit committee, and Article 14-3 of the Securities Exchange Act shall not apply. Please refer to the "Audit Committee Operation Status" part of the annual report for relevant information.

(B)Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors. : None ◦

(2) Conflict of interest director recusal implement status: If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

NO.	Agenda and Recusal Implementation Status
1	<p>Board of directors meeting date: 02-25-2022            Agenda: 2021 Spring Festival Bonus Distribution Proposal for Managers            Directors recused due to conflicts of interest: Chairman Sheng-Tai Song, Director Justine Song            Cause of conflicts of interest recusal as well as participation and voting status: Since the company's Chairman Sheng-Tai Song and Director Justine Song have personal interests in this proposal, they must explain the key content related to their interests at this board meeting and be recused from discussion and voting according to Article 206 of the Company Act and Article 16-1 of the Board of Directors Rules of Procedure. Moreover, Chairman Sheng-Tai Song appointed Director Te-Chang Yao as the chair to preside over the discussion and voting of this case.            Except for the director(s) who must be recused from the discussion due to a conflict of interest, the remaining directors present unanimously have no objection after consultation by the chairman, and the proposal is passed.</p>
2	<p>Board of directors meeting date: 08-09-2022            Agenda: 2. Appropriation of remuneration to the Managerial Officer employee in 2020.            Directors recused due to conflicts of interest: Chairman Sheng-Tai Song, Director Justine Song            Cause of conflicts of interest recusal as well as participation and voting status: Since the company's Chairman Sheng-Tai Song and Director Justine Song have personal interests in this proposal, they must explain the key content related to their interests at this board meeting and be recused from discussion and voting according to Article 206 of the Company Act and Article 16-1 of the Board of Directors Rules of Procedure. Moreover, Chairman Sheng-Tai Song appointed Director Te-Chang Yao as the chair to preside over the discussion and voting of this case.            Except for the director(s) who must be recused from the discussion due to conflict of interest, the remaining directors present unanimously passed the proposal after consultation by the chairman.</p>
3	<p>Board of directors meeting date: 08-09-2022            Agenda: 2022 Year-end Manager Bonus Distribution Proposal            Directors recused due to conflicts of interest: Director Justine Song            Cause of conflicts of interest recusal as well as participation and voting status: Since the company's Director Justine Song have personal interests in this proposal, they must explain the key content related to their interests at this board meeting and be recused from discussion and voting according to Article 206 of the Company Act and Article 16-1 of the Board of Directors Rules of Procedure.            Except for the director(s) who must be recused from the discussion due to conflict of interest, the remaining directors present unanimously passed the proposal after consultation by the chairman.</p>
4	<p>Board of directors meeting date: 11-10-2022            Agenda: 2022 Year-end Manager Bonus Distribution Proposal            Directors recused due to conflicts of interest: Chairman Sheng-Tai Song, Director Justine Sung            Cause of conflicts of interest recusal as well as participation and voting status: Since the company's Chairman Sheng-Tai Song and Director Justine Song have personal interests in this proposal, they must explain the key content related to their interests at this board meeting and be recused from discussion and voting according to Article 206 of the Company Act and Article 16-1 of the Board of Directors Rules of Procedure. Moreover, Chairman Sheng-Tai Song appointed Director Tien-Hao Wang as the chair to preside over the discussion and voting of this case.            Except for the director(s) who must be recused from the discussion due to conflict of interest, the remaining directors present unanimously passed the proposal after consultation by the chairman.</p>



(3) Board of directors' performance evaluation implementation status :

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation aspect
Annual	January 1, 2022– December 31, 2022	Performance evaluation of the board of directors	Internal self-evaluation of the board of directors	<ul style="list-style-type: none"> <li>(1) Participation in the operation of the company: There are 12 indicators, and the evaluation result is 4.62 (excellent)</li> <li>(2) Improvement of the quality of the board of directors' decision making: There are 12 indicators, and the evaluation result is 4.67 (excellent)</li> <li>(3) Composition and structure of the board of directors: There are 7 indicators, and the evaluation result is 4.59 (excellent)</li> <li>(4) Election of the directors and their continuing professional education: There are 7 indicators, and the evaluation result is 4.37 (excellent)</li> <li>(5) Internal control: There are 7 indicators, and the evaluation result is 4.57 (excellent).</li> </ul>
Annual	January 1, 2022– December 31, 2022	Performance evaluation of individual board members	Self-evaluation of the board members	<ul style="list-style-type: none"> <li>(1) Grasp of the company's goals and missions: here are 3 indicators, and the evaluation result is 4.81 (excellent).</li> <li>(2) Recognition of director's duties: There are 3 indicators, and the evaluation result is 4.81 (excellent).</li> <li>(3) Degree of participation in the company's operations: There are 8 indicators, and the evaluation result is 4.73 (excellent).</li> <li>(4) Management of internal relationships and communication: There are 3 indicators, and the evaluation result is 4.76 (excellent).</li> <li>(5) Professionalism and continuing professional education: There are 3 indicators, and the evaluation result is 4.81 (excellent).</li> <li>(6) Internal control: There are 3 indicators, and the evaluation result is 4.81 (excellent).</li> </ul>
Annual	January 1, 2022– December 31, 2022	Functional committee's performance evaluation	Audit committee's performance self-evaluation	<ul style="list-style-type: none"> <li>(1) Degree of participation in the company's operations: There are 4 indicators, and the evaluation result is 4.83 (excellent).</li> <li>(2) Recognition of the duties of the functional committee: There are 8 indicators, and the evaluation result is 4.96 (excellent).</li> <li>(3) Improvement in the quality of decision making by the functional committee: There are 7 indicators, and the evaluation result is 5.00 (excellent).</li> <li>(4) composition of the functional committee, and election and appointment of committee members: There are 4 indicators, and the evaluation result is 4.92 (excellent).</li> <li>(5) Internal control: There are 3 indicators, and the evaluation result is 4.67 (excellent).</li> </ul>

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation aspect
Annual	January 1, 2022– December 31, 2022	Functional committee’s performance evaluation	Remuneration committee’s performance self-evaluation	(1) Degree of participation in the company's operations: There are 4 indicators, and the evaluation result is 4.92 (excellent). (2) Recognition of the duties of the functional committee: There are 8 indicators, and the evaluation result is 4.96 (excellent). (3) Improvement in the quality of decision making by the functional committee: There are 7 indicators, and the evaluation result is 5.00 (excellent). (4) Composition of the functional committee, and election and appointment of committee members: There are 4 indicators, and the evaluation result is 4.92 (excellent). (5) Internal control: There are 3 indicators, and the evaluation result is 5.00 (excellent).

(4) The objectives for strengthening the board of directors functions in the current and most recent year (i.e. establishing an audit committee, improving information transparency, etc.), and implementation status evaluation:

(A)The company established an audit committee on June 19, 2020. Its members are Independent Director Hsiao-Ping Fan, Independent Director Yu-Tun Wu, Independent Director Tung-Te Li served as a member of the committee, and Independent Director Hsiao-Ping Fan was elected as the convener and chairman of the Audit Committee. Please refer to page 30 for its operational details.

(B)The company’s board of directors passed a resolution on June 30, 2020, to determine the members of the 4th Remuneration Committee. Independent directors Hsiao-Ping Fan, Yu-Tun Wu and Tung-Te Li were appointed as committee members, and Independent Director Yu-Tun Wu was elected as the convener and chairman of the Remuneration Committee. Please refer to page 42 for its operational details.

(C)Directors and supervisors are encouraged to further their studies, and the company has regularly arranged the relevant courses for directors and supervisors every year to strengthen the functions of the board of directors.

(D)The company upholds operation transparency and attaches importance to the shareholders’ rights and interests. After a board meeting, the major board of directors’ resolutions are placed on the company’s website. The company has also established the “Corporate Governance Best-Practice Principles,” “Major Internal Information Processing Procedures,” “Code of Ethical Conduct,” “Rules on the Scope of Duties for Independent Directors,” etc., and placed them on the company’s website for directors, supervisors, managers, and employees to follow.

(E)The company received “A” ratings during the 8th, 9th, and 10th “Information Disclosure and Transparency Ranking System” evaluations in 2011, 2012, and 2013; and received “A+” ratings during the 11th and 12th “Information

Disclosure and Transparency Ranking System” evaluations in 2014 and 2015. The 1st and 2nd Corporate Governance Evaluations results ranked the company among the top 6% to 20% of all other companies.

(F) Completed the 2011, 2013, 2015, 2017, and 2019 Corporate Social Responsibility Reports to strengthen the disclosure and promotion of corporate social responsibilities.

(II) Operations of the Audit Committee (or Attendance of Supervisors at Board Meetings)

1. Operations of the Audit Committee:

※ A total of 5 (A) Audit Committee meetings were held in the previous period (2022). The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent director	Hsiao-Ping Fan	5	0	100.00%	None
Independent director	Yu-Tun Wu	5	0	100.00%	None
Independent director	Tung-Te Li	5	0	100.00%	None

※ The attendance status of independent directors and the Audit Committee for 2022.

【★: attended personally ※: attend by proxy #: did not attend】

2022	Jan.25	Mar.24	May.06	Aug.09	Nov.10
Hsiao-Ping Fan	★	★	★	★	★
Yu-Tun Wu	★	★	★	★	★
Tung-Te Li	★	★	★	★	★

※ Other mentionable items:

(1) If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(A) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Board of Directors Meeting Date	Agenda and Subsequent Handling	Issues listed in Article 14-5 of the Securities Exchange Act	Contents of Dissenting Opinions, Reservations, or Major Recommendations by Independent Directors
1st session in 2022 2022/01/25	Subsidiary major asset disposal proposal	V	None
	<p>Audit Committee resolution result (2022/01/25): The matter was put before all board members present at the meeting and passed without objection.</p> <p>Response of the company to the opinions of the Auditing Committee: All attending directors passed the resolution without objection.</p>		
2nd session in 2022 2022/03/24	2021 Business Report and Financial Statement Proposal	V	None
	2021 Internal Control System Declaration	V	None
	CPA Change Proposal	V	None
	CPA Competency and Independence Assessment Proposal	V	None
	Amend some articles of the company's "Articles of Incorporation."	V	None
	Amend some articles of the company's "Assets Acquisition or Disposal Handling Procedures."	V	None
	Proposal to amend some articles of the company's "Shareholders' Meeting Procedure Rules."	V	None
<p>Audit Committee resolution result (2022/03/24): The matter is put before all board members present at the meeting and passed with no objection.</p> <p>Response of the company to the opinions of the Auditing Committee: All attending directors passed the resolution without objection.</p>			
3rd session in 2022 2022/05/06	2022 First Quarter Consolidated Financial Report Proposal	V	None
	Proposal to Obtain Right-of-use Assets	V	None
	Bank Credit Line Renewal Proposal	V	None
	<p>Audit Committee resolution result (2022/05/06): The matter was put before all board members present at the meeting and passed unanimously.</p> <p>Response of the company to the opinions of the Auditing Committee: All attending directors agreed to approve the amendment proposal with unanimous consent.</p>		

Board of Directors Meeting Date	Agenda and Subsequent Handling	Issues listed in Article 14-5 of the Securities Exchange Act	Contents of Dissenting Opinions, Reservations, or Major Recommendations by Independent Directors
4th session in 2022 2022/08/09	2022 Second Quarter Consolidated Financial Report Proposal	V	None
	Proposal to amend some articles of the company's "Code of Ethics."	V	None
	Bank Credit Line Renewal Proposal	V	None
	The Case endorsed by Company for subsidiaries	V	None
	Audit Committee resolution result (2022/08/09): The matter was put before all board members present at the meeting and passed unanimously. Response of the company to the opinions of the Auditing Committee: All attending directors agreed to approve the amendment proposal with unanimous consent.		
5th session in 2022 2022/11/10	2022 Third Quarter Consolidated Financial Report Proposal	V	None
	"Internal Control System" and "Internal Audit System" Amendment Proposal	V	None
	Amended Some Articles of the company's "Major Internal Information Processing Procedures"	V	None
	Subsidiary Capital Reduction Proposal	V	None
	Bank Credit Line Renewal Proposal	V	None
	Audit Committee resolution result (2022/11/10): The matter was put before all board members present at the meeting and passed unanimously. Response of the company to the opinions of the Auditing Committee: All attending directors agreed to approve the amendment proposal with unanimous consent.		

(B) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

- (2) If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.
- (3) Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.):

### 3.1 Communication Policy for Independent Director and Head of Internal Audit

- (1) Independent directors and internal audit supervisors shall hold seminars at least once a quarter to fully communicate on issues such as the company's internal and external audit inspection opinions. Due to the severity of COVID-19 in the 2nd quarter and considering the importance of epidemic prevention, the seminar was combined with independent directors seminar and held during the third quarter.
- (2) The company's audit committee comprises all independent directors. The internal audit supervisor shall report to the audit committee at least once a quarter regarding the audit operation implementation status. The contents shall include audit execution progress, major internal and external audit review or inspection opinions, and their improvement status. Meetings may be called at any time in case of major abnormalities.

### 3.2 Summary of previous communications between the independent directors and the head of the internal audit:

Date	Communication Matters	Communication Results
2022/02/10	2021 November to December audit operation implementation results report.	After discussion and communication, the independent directors had no objection to the audit operation implementation results report.
2022/07/13	2021 January to May audit operation implementation results report.	After discussion and communication, the independent directors had no objection to the audit operation implementation results report.
2022/07/27	2022 June audit operation implementation results report.	After discussion and communication, the independent directors had no objection to the audit operation implementation results report.
2022/11/08	2022 July to September audit operation implementation results report.	After discussion and communication, the independent directors had no objection to the audit operation implementation results report.

### 3.3 Communication policy for independent directors and head of the internal audit:

Independent directors and the CPA shall hold seminars as required, and the financial report audit results and findings shall be reported to the independent directors.

### 3.4 Summary of previous communications between independent directors and CPA:

Date	Communication Matters	Communication Results
2022/08/09	2022 Second Quarter Consolidated Financial Report Proposal	After discussion and communication, the independent directors had no objection to the financial report.
2022/11/10	Key Audit Points for 2022	After discussion and communication, the independent directors had no objections.

#### 2. Summary of the Audit Committee's annual work priorities:

The purpose of the Audit Committee is to assist the board of directors in supervising the quality and integrity of the company's accounting, auditing, financial reporting, and financial control processes.

#### ※ Matters considered by the Audit Committee primarily include:

- (1) Financial statement audit as well as accounting policies and procedures
- (2) Internal control system as well as related policies and procedures
- (3) Major transactions on assets or derivative products
- (4) Endorsements or guarantees provided
- (5) Securities issued or raised
- (6) Derivative financial products and cash investment status
- (7) Legal compliance
- (8) Whether the managers and directors have engaged in related party transactions and the possible conflicts of interest
- (9) Complaint reports
- (10) Fraud prevention programs and fraud investigation reports
- (11) Information security
- (12) Company risk management
- (13) CPA qualification, impartiality, and performance appraisal
- (14) The hiring or dismissal of a CPA or the compensation given thereto
- (15) The appointment or discharge of a financial, accounting, or internal auditing officer
- (16) Audit Committee operation status
- (17) Audit committee performance self-evaluation questionnaire

#### ※ Evaluate the performance of the internal control system

The Audit Committee shall assess the performance of the company's internal control system policies and procedures (including financial, operational, risk management, information security, outsourcing, and legal compliance), review the company's audit department and certified accountants, and evaluate the management's regular documents such as management and compliance reports. After referencing the Internal Control-Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, the Audit Committee believes that the company's risk management and internal control are effective and

the company has adopted the necessary control mechanisms to monitor and correct violations.

※ Review Financial Reports

Among the business reports, financial statements, and profit distribution proposals prepared by the board of directors, the financial statements and consolidated financial statements were audited by the CPA of Deloitte Taiwan, and an audit report was issued. The Audit Committee has audited the preceding business reports, financial statements, and surplus distribution proposals, and no inconsistency was found.

4. Professional qualifications and experience of the Audit Committee members:

Title	Name	Professional qualification	Experience
Independent director	Hsiao-Ping Fan	Master's in Accounting, Taiwan University Bachelor's in Commerce (Program of Accounting), Taiwan University The director has passed the national CPA exam and has received a license	Former position: 1. Chartered account, Deloitte Taiwan Current position: 1. Chartered Accountant, Top New & Co., CPAs 2. Consultant of Taiwan Economic Journal Co., Ltd
Independent director	Yu-Tun Wu	Bachelor's in Electrical Engineering, National Taiwan University of Science and Technology	Former position: 1. Executive deputy general manager and General manager, 3C Solution Provider Co., Ltd. 2. Senior Engineer, IBM 3. Research Assistant, National Chung-Shan Institute of Science and Technology Current position: 1. Director, Vice Chairperson of 3C Solution Provider Co., Ltd.
Independent director	Tung-Te Li	Master's in Tech Administration National Chiao Tung University Bachelor's in Electrophysics, National Chiao Tung University	Former position: 1. Director, TAITIEN Electronics Co., Ltd. (dismissed on January 10, 2014) 2. General manager and director of operations, USA region; deputy general manager of research and development department and sales department of TAITIEN Electronics Co., Ltd.

3. Attendance of Supervisors at Board Meetings : Not applicable because an audit committee has been set up to replace the supervisor.



(III) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	YES	NO	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		I. The company has established the “Corporate Governance Best-Practice Principles” to protect the rights and interests of shareholders, strengthen the functions of the board of directors, respect the rights and interests of stakeholders, and improve information transparency. The Principles are also disclosed on the company’s website.
II. Shareholding structure & shareholders’ rights (I) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure? (II) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (III) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (IV) Does the company establish internal rules against insiders trading with undisclosed information?	V		II. (I) The company has established spokespersons, acting spokespersons, and stock affairs units to deal with shareholders’ suggestions or disputes and set up a dedicated mailbox to accept shareholders’ suggestions. (II) The professional stock agency in charge has established dedicated personnel to handle related matters and can grasp the list of major shareholders with actual control over the company. (III) It has been embedded into the internal control system, and the subsidiary management operations have been established. (IV) The “Corporate Governance Best-Practice Principles” has been formulated to prohibit company insiders from using unpublished information on the market to buy or sell securities. The Principles are also disclosed on the company’s website.
III. Composition and Responsibilities of the Board of Directors (I) Does the Board develop and implement a diversified policy for the composition of its members?	V		III. (I) The company’s board of directors is diversified, and the directors have different professional backgrounds, genders, and work fields to improve the company’s board of directors structure. Please refer to the “diversity and independence of the board of directors” (page 14) in this annual report for diversity-related policies and information.

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	YES	NO	
(II) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?			(II) The company has established a Remuneration Committee, an Audit Committee, and three independent directors, but has not established a Nomination Committee or other functional committees.
(III) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V		(III) The company passed the "Board Performance Evaluation Method" on 2020/11/10 to improve the function of the board of directors. The internal performance evaluation of the board of directors shall be executed at least once a year and be completed before the end of the first quarter of the following year. The company had completed the 2022 board of directors performance evaluation before the first quarter of 2023 and submitted the performance evaluation results to be reported in the 2023/03/23 board of directors report.
(IV) Does the company regularly evaluate the independence of CPAs?			(IV) The company shall evaluate the independence and suitability of CPAs at least once a year. In the most recent year, the company evaluated CPA Chiang-Shun Chen and CPA Sheng-Tai Liang and found that they meet all independent assessment standards (Note 2). The evaluation results shall be submitted to the 023/03/23 board of directors meeting for resolution and approval.
IV. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		IV. The company's corporate governance-related affairs are undertaken by the President's office and supervised by the President.
			None
			None

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	YES	NO	
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		V. The company has established spokespersons and acting spokespersons and set up a special area on the company website as a communication channel for stakeholders to leave their suggestions and contact information.
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		VI. The company has appointed a professional share registration and investors service agent for handling the shareholders' meeting-related matters.
VII. Information Disclosure (I) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (II) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (III) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V		VII. (I) The company has disclosed its general status, corporate governance, and financial operation on its website. (II) The company has appointed a designated person responsible for disclosing its major information, entered information into the Market Observation Post System regularly, and disclosed it on its website. The company has appointed a spokesperson and an acting spokesperson, and disclosed their contact information on the company website according to the regulations. The company convened juridical person briefing sessions when necessary and disclosed the relevant information on the company website. (III) The company has announced and filed its annual financial report within 3 months after the end of each fiscal year according to laws and regulations. It has also announced and applied for the 1st, 2nd, and 3rd quarter financial reports as well as the operating conditions of each month within the prescribed deadline.

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	YES	NO	
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		<p>(I) Employee rights and care: Please refer to the "Labor-Management Relations" segment in this annual report (page 91).</p> <p>(II) Investor relations: The company has disclosed company information truthfully according to the laws and regulations to protect the rights and interests of investors and stakeholders and fulfill the responsibilities to its shareholders.</p> <p>(III) Supplier relationship, stakeholders' rights, and customer policy implementation status: The company has established smooth communication channels and relations with suppliers and customers, strictly complied with the contracts and related regulations signed with customers to ensure their relevant rights and interests are protected and good service quality is provided.</p> <p>(IV) Training status for directors and supervisors: The company has actively arranged for directors to participate in advanced training. Please refer to the directors' and supervisors' education and training list (page 16).</p> <p>(V) The directors' conflict of interest recusal implementation status: The company directors adhere to the principle of high self-discipline and are not allowed to vote if they have conflicts of interest in the board of directors' resolutions.</p> <p>(VI) Implementation status for risk management policies and risk measurement standards: Please refer to the "Other Important Risks and Response Measures" segment (page 114) of this report. Moreover, the company has formulated "Risk Management Regulations" and passed the board of directors' resolutions.</p> <p>(VII) Circumstances in which the company purchases liability insurance for directors and supervisors: The company has purchased liability insurance for directors, and the insured amount of US\$5 million.</p> <p>(VIII) The president, vice presidents, financial and accounting supervisors, and audit supervisors have participated in further education and training related to corporate governance: (Note 1)</p>

Evaluation Item	Implementation Status		Summary Description	Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	YES	NO		
IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.				
(I) Improvement status for 2022 corporate governance evaluation results: It shall be disclosed after continuous improvement.				
(II) Priorities and measures set for those who have not yet improved:				
(1) Has the company established the board member diversification policy and revealed the implementation status of the diversification policy in the annual report and on the company website: It shall be researched and formulated, and the implementation situation will be disclosed.				
(2) Are the stakeholders' identities identified, and are the issues of concern, channels of communication, and responding methods disclosed on the company website: It shall be disclosed after research and formulation.				
(3) Has the company established a reporting system whereby the unlawful (such as corruption), and are unethical behaviors by the company's external and internal staff disclosed on the company website in detail: It shall be disclosed after research and formulation.				

Note 1:

Title	Name	Training date		Organizer	Training name	Training hour
		Commencement	Expiration			
General Manager	Sheng-Tai Song	11/11/2022	11/11/2022	The Securities & Futures Institute	New typed of fintech crimes and money laundering prevention from a corporate perspective	3.0
		11/24/2022	11/24/2022		Introduction to corporate management rights disputes and Commercial Case Adjudication Act	3.0
Associate of Finance and Accounting	Li-Chu Yang	10/27/2022	10/28/2022	Accounting Research and Development Foundation	Continuing training courses for accounting executives of issuers, securities firms and stock exchanges	12.0
Audit head	Hui-Chin Wang	12/07/2022	12/07/2022	The Institute of Internal Auditors-Chinese	How to use digital technology to explore and improve operating procedures and fraud detection - audit practice discussion	6.0
		12/12/2022	12/12/2022		Policy Analysis of "Self-compiled Financial Report" and "Sustainability Report" and Key Discussions on Internal Audit and Internal Control Practices	6.0

Note 2: CPA Independence Evaluation Table

Item	Evaluation Index	Yes	No
1	The term of the CPA has not exceeded 7 years	V	
2	Have the audit service team members, other co-practicing CPAs, or shareholders of corporate accounting firms, accounting firms, companies affiliated with the firm, and alliance firms also maintained independence from the company?	V	
3	The CPA and members of the audit service team have not served as directors, supervisors, managers, audit clients, or positions that have a significant impact on audit cases at present or in the past two years.	V	
4	There is no family relationship between the CPA and members of the audit service team with the company's directors, managers, or personnel with positions that significantly impact audit cases.	V	
5	The CPA has not served as a director, supervisor, manager, or position that significantly impacts audit cases within one year after leaving the company.	V	
6	The CPA has no direct or indirect material financial interest relationship with the company.	V	
7	The CPA's accounting firm does not rely too much on the remuneration source from a single client (the company).	V	
8	The CPA has no significant and close commercial relationship with the company.	V	
9	There is no potential employment relationship between the CPA and the company.	V	
10	The CPA is not related to the audit case or its public expenses.	V	
11	The CPA does not directly impact the important audit case items for the non-audit services provided by the company.	V	
12	The CPA does not represent the company in legal defense cases or other disputes with third parties.	V	
13	The CPA does not promote or act as an intermediary for the stocks or other securities issued by the company.	V	
14	The CPA has not accepted gifts or special offers of great value from the company, its directors, supervisors, managers, or major shareholders.	V	
15	The CPA or members of the audit services team did not manage money on behalf of the company.	V	

(IV) If the company has established a Remuneration Committee or Nomination Committee, please disclose its composition, responsibilities, and operating status:

1. Salary Remuneration Committee Member Information

April 18, 2023

Identity	Name	Condition	Professional Qualifications and Experience	Independence Status	The number of public companies where the person also holds positions in their remuneration committees.
Independent Director (Convener)	Yu-Tun Wu	Please refer to pages 10 to 12 of this annual report for "Director and Supervisor Information" related contents.	Please refer to pages 14 of this annual report for "Director Diversification and Independence" related contents.	1	
Independent Director	Hsiao-Ping Fan			0	
Independent Director	Tung-Te Li			0	

2. Salary Remuneration Committee Operating Status Information

- (1) The company's Remuneration Committee has three members, all of which are independent directors.
- (2) Current term of office: June 30, 2020, to June 18, 2023.
- (3) In the most recent year (2022), the Remuneration Committee met four times (A), and the qualifications and attendance status of the committee members are as follows:

Title	Name	No. of actual attendance (B)	No. of attendance by proxy	Actual attendance rate (%) (B/A) (note)	Remarks
Convener	Yu-Tun Wu	4	0	100.00%	None
Committee members	Hsiao-Ping Fan	4	0	100.00%	None
Committee members	Tung-Te Li	4	0	100.00%	None

- (4) The proposal contents and resolution results of the Remuneration Committee and how the company handled the opinions of the Remuneration Committee in the most recent year (2022):

Remuneration Committee	Agenda and Subsequent Handling	Resolution	The company's handling of the Remuneration Committee's opinions.
1st session in 2022 2022/01/25	(1) 2021 Spring Festival Bonus Proposal for Managers	Agreed and Passed by All Members of the Committee	Passed with the unanimous consent of all attending board directors.
1st session in 2022 2022/03/24	(1) 2021 Total Director and Employee Remuneration Proposal	Agreed and Passed by All Members of the Committee	Passed with the unanimous consent of all attending board directors.

3rd session in 2022 2022/08/09	(1) 2021 Director and Manager Employee Remuneration Proposal (2) 2022 Manager Salary Adjustment Proposal	Agreed and Passed by All Members of the Committee	Passed with the unanimous consent of all attending board directors.
4th session in 2022 2022/11/10	(1) 2023 Insider Salary Proposal (2) 2022 Manager's Year-end Bonus Proposal	Agreed and Passed by All Members of the Committee	Passed with the unanimous consent of all attending board directors.

(5) Other matters to be recorded:

(A) If the board of directors does not adopt or amend the Remuneration Committee's recommendations, the date of the board of directors meeting, the period, the content of the proposal, the results of the board of directors' resolutions, and the company's handling of the Remuneration Committee's opinions must be noted: None.

(B) For the Remuneration Committee's resolutions, if members have objections or reservations and made records or written statements; the Remuneration Committee's meeting date, period, proposal content, all members' opinions, and the company's handling of the Remuneration Committee's opinions must be noted: None.

(6) As of the publication date of the annual report in 2023, the Remuneration Committee has held 2 meetings (A). The qualifications and attendance of the members are as follows:

Title	Name	No. of actual attendance (B)	No. of attendance by proxy	Actual attendance rate (%) (B/A) (note)	Remarks
Convener	Yu-Tun Wu	2	0	100.00%	None
Committee members	Hsiao-Ping Fan	2	0	100.00%	None
Committee members	Tung-Te Li	2	0	100.00%	None

(7) As of the publication date of the annual report in 2023, the Remuneration Committee's proposal and resolution contents and the company's handling of the Remuneration Committee's opinions are as follows:

Remuneration Committee	Agenda and Subsequent Handling	Resolution	The company's handling of the Remuneration Committee's opinions.
1st session in 2023 2023/01/17	(1) Amendment to certain articles of "Rules for Performance Evaluation of Board of Directors." (2) 2022 Spring Festival Bonus Proposal for Managers	Agreed and Passed by All Members of the Committee	Passed with the unanimous consent of all attending board directors.
2nd session in 2023, 2023/03/23	(1) 2022 Total Director and Employee Remuneration Proposal	Agreed and Passed by All Members of the Committee	Passed with the unanimous consent of all attending board directors.



3. Scope of authority for the Remuneration Committee:

The Committee shall exercise the care of a good administrator in faithfully performing its official powers listed below and submit its recommendations for deliberation by the board of directors. However, proposals on supervisors' salaries shall be submitted to the board of directors for discussion only if the supervisors' salaries are stipulated in the company's articles of incorporation or the shareholders' meeting has passed a resolution to authorize the board of directors to handle the matter:

- I. Review the Charter regularly and propose amendment recommendations.
  - II. Establish and regularly review the company's directors, supervisors, and managers' annual and long-term performance targets as well as remuneration policies, systems, standards, and structures.
  - III. Regularly assess the performance target achievements of the company's directors, supervisors, and managers; and set the content and amount of their remuneration.
4. Information on members and operations of the nomination committee: The company has not established a nomination committee.

(V) Sustainable Development Implementation Status and Reasons for Deviation from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies":

Implementation Items	Execution Status		Reasons for Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
<p>I. Has the company established a governance structure to promote sustainable development and set up a dedicated (part-time) unit to promote sustainable development? Has the board of directors authorized senior management to handle the matter, and what is the board of directors' supervision status?</p>	V		None
<p>II. Has the company conducted risk assessments of environmental, social, and corporate governance issues about company operations according to the materiality principle and established the relevant risk management policy or strategy?</p>	V	<p>I. Regarding our corporate social responsibility commitment fulfillment progress, we have conformed to the Responsible Business Alliance (RBA) Code of Conduct standard requirements to implement social responsibility. The company has established the "ESG Implementation Committee" to run the social responsibility management system. The president instructs the Environmental Safety and Health Management Committee chairman to regularly promote the relevant measures and display the implementation result contents in the ESG Sustainable Management Report, which is also displayed publicly on the company's website.</p> <p>II. The company complies with the sustainable development policy of "integrity governance," "people-oriented," "Green Enterprise, and "Social Co-Prosperity," and continues to implement it in accordance with relevant norms to implement the sustainable development policy. Regarding environmental considerations, we have established a hazard identification and risk assessment mechanism for the head office (Shulin Factory) to reduce possible risks and ensure the company's continuous operations.</p>	None

Implementation Items	Execution Status		Reasons for Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
<p>III. Environmental Issues</p> <p>(I) Has the company established an appropriate environmental management system according to its industrial characteristics?</p>		<p>III. (I)</p> <p>The company has continued to implement ISO14001:2015 Environmental Management System (effective date: August 22, 2025) in the Shulin factory and promote sustainable management activities according to the Responsible Business Alliance (RBA) Code of Conduct. The company has also prepared an ESG sustainable management report (CSR corporate responsibility report) every 2 years and disclosed it on its website.</p>	
<p>(II) Is the company committed to improving energy efficiency and using recycled materials with reduced environmental impacts?</p>	V	<p>(II)</p> <p>The company has provided monthly statistics on water and electricity consumption, as well as commissioning recycled material operations for the Shulin Factory, and convened meetings to discuss related improvement issues, and strived to improve and reduce the impact on the environment from the source.</p>	None
<p>(III) Has the company assessed the potential risks and opportunities brought by climate changes for the present and in the future, and adopted the relevant countermeasures?</p>		<p>(III)</p> <p>The company has continued to observe and discuss climate-related issues, such as: Do not directly emit relevant carbon dioxide and do not use green environmental protection materials such as raw materials and materials that destroy the ozone layer. The goal is to mitigate global warming and environmental damages caused by climate change and only use electricity to power the production equipment.</p>	

Implementation Items	Execution Status		Reasons for Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
(IV) Has the company calculated its greenhouse gas emissions, water consumption, and the total weight of waste for the past two years, and has the company formulated any carbon reduction, greenhouse gas reduction, water use reduction, or other waste management-related policies?	V	No	<p>(IV) The company has provided continuous improvement and education, and training on its environmental protection policies related to greenhouse gases, energy conservation, and carbon reduction. The goal is to reduce greenhouse gas emissions and calculate our greenhouse gas emissions every year.</p> <p>1. Greenhouse gases: carbon dioxide, - methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, nitrogen trifluoride, and others announced by the central competent authority. Differentiate direct emissions: 2022 Scope 1: 42.04 CO2e metric tons/year Scope 2: 2,283.49 CO2e metric tons/year Scope 3: 0.00 CO2e metric tons/year 2021 Scope 1: 38.91 CO2e metric tons/year Scope 2: 2,562.81 CO2e metric tons/year Scope 3: 0.00 CO2e metric tons/year</p> <p>2. Water consumption: The total consumption of 2022 was 14,520 metric tons The total consumption of 2021 was 18,630 metric tons</p> <p>3. Wastes: Distinguish the total weight of hazardous and non-hazardous wastes. There is no need to distinguish them from the non-manufacturing industry. Only the total weight of waste is disclosed, and the statistical method is explained according to the characteristics of the industry. The general commercial waste was 9.07 metric tons in 2022</p>

Implementation Items	Execution Status		Reasons for Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
		<p>The hazardous commercial waste was 1.17 metric tons in 2022</p> <p>The general commercial waste was 10.85 metric tons in 2021</p> <p>The hazardous commercial waste was 1.70 metric tons in 2021</p>	
<p>IV. Social Issues</p> <p>(I) Has the company established related management policies and procedures according to applicable laws and international human rights conventions?</p>	V	<p>IV. (I) Employees are the most important assets of the company's operations. The company can only achieve sustainable and steady development and progress through employees with good competence, ability, and performance. With this in mind, the company adheres to the "people-oriented" social responsibility standards and the concept of "home" in establishing a comprehensive management system for employee care that strictly abides by the labor-related laws and regulations and the Responsible Business Alliance (RBA) provisions to legally protect and safeguard the rights and interests of employees. We aim to provide employees with a healthy and safe working environment, build diverse and open communication channels, and create an open and transparent profit-sharing system. We aim to enable employees to contribute their abilities and performance with peace of mind, grow and develop with the company, enhance good labor relations, create a warm and harmonious working atmosphere, and lay a solid foundation for a sustainable enterprise.</p> <p>Our suppliers are also required to sign the Responsible Business Alliance (RBA) agreement to abide by the commitment and work together to safeguard human rights.</p>	None

Implementation Items	Execution Status		Reasons for Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies												
	Yes	No													
	Summary Description														
	V	<p>The company's specific human rights management policies and plans are summarized as follows:</p> <table border="1"> <thead> <tr> <th>Human Rights Management Policies</th> <th>Specific plans</th> </tr> </thead> <tbody> <tr> <td>Diverse communication channels</td> <td>Quarterly labor-management meetings and other communication channels</td> </tr> <tr> <td>Open and transparent profit-sharing system</td> <td>Provide employee remuneration and three festival bonuses according to the operating performance</td> </tr> <tr> <td>Prohibition of forced labor and compliance with local labor laws</td> <td>Provide special holidays that are superior to those required by labor laws, encourage workers to take vacations, and maintain physical and mental health</td> </tr> <tr> <td>Suppliers are required to comply with the Responsible Business Alliance (RBA) provisions</td> <td>Suppliers are required to sign an RBA commitment to maintain due human rights, and the recovery rate was 91.89% .</td> </tr> <tr> <td>Provide a healthy and safe working environment for employees, and promote physical and spiritual balance for employees</td> <td> <ol style="list-style-type: none"> <li>1. Provide regular health exams.</li> <li>2. Provide regular health consultation services and doctor visits.</li> <li>3. Flexible work reporting system</li> <li>4. Employee trips and departmental dinners.</li> </ol> </td> </tr> </tbody> </table>	Human Rights Management Policies	Specific plans	Diverse communication channels	Quarterly labor-management meetings and other communication channels	Open and transparent profit-sharing system	Provide employee remuneration and three festival bonuses according to the operating performance	Prohibition of forced labor and compliance with local labor laws	Provide special holidays that are superior to those required by labor laws, encourage workers to take vacations, and maintain physical and mental health	Suppliers are required to comply with the Responsible Business Alliance (RBA) provisions	Suppliers are required to sign an RBA commitment to maintain due human rights, and the recovery rate was 91.89% .	Provide a healthy and safe working environment for employees, and promote physical and spiritual balance for employees	<ol style="list-style-type: none"> <li>1. Provide regular health exams.</li> <li>2. Provide regular health consultation services and doctor visits.</li> <li>3. Flexible work reporting system</li> <li>4. Employee trips and departmental dinners.</li> </ol>	None
Human Rights Management Policies	Specific plans														
Diverse communication channels	Quarterly labor-management meetings and other communication channels														
Open and transparent profit-sharing system	Provide employee remuneration and three festival bonuses according to the operating performance														
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Implementation Items	Execution Status		Reasons for Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
		<p>100% of the employees (including newcomers) have reviewed and signed the human rights-related regulations and standards in 2022.</p> <p>"Protection and Work Placement for Specified Persons" and "Sexual Harassment Prevention, Complaint and Investigation Procedures" are also in place to protect potentially vulnerable groups and safeguard human rights.</p>	
(II) Has the company established and pursued reasonable employee welfare policies (including remuneration, holidays, and other benefits) and reflected the performance or results of operations in employee remunerations?	V	<p>(II) Salaries, vacations, and other benefits are planned and implemented according to the principles of fairness and reasonableness and in compliance with local government regulations. Employee remuneration and bonus incentives are also provided according to the company's operating status and employee work performance.</p> <ol style="list-style-type: none"> <li>1. Workplace diversity and equality: The company provides equal promotion opportunities for men and women. In 2022, 40% of supervisors are female.</li> <li>2. Employee welfare measures: In addition to planning the overall welfare system, an Employee Welfare Committee is established according to the law to implement diversified welfare activity plans and care for employees. Examples include three festival bonuses, birthday gifts, childbirth gifts, wedding gifts, hospital condolences, funeral allowances, employee travels, and free medical examinations.</li> <li>3. Appraisal system: In addition to providing special leave according to the law, the company also considers traffic conditions and provides employees with a 30-60-minute flexible work reporting system.</li> </ol>	None

Implementation Items	Execution Status		Summary Description	Reasons for Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies																													
	Yes	No																															
			<p>4. The average monthly salary and annual salary ratio for men and women in each position:</p> <table border="1"> <thead> <tr> <th rowspan="2">Job Title</th> <th colspan="2">2021 (men: women)</th> <th colspan="2">2022 (men: women)</th> </tr> <tr> <th>Monthly salary</th> <th>Annual salary</th> <th>Monthly salary</th> <th>Annual salary</th> </tr> </thead> <tbody> <tr> <td>Supervisory positions</td> <td>1:0.91</td> <td>1:0.89</td> <td>1:0.85</td> <td>1:0.90</td> </tr> <tr> <td>Technician positions</td> <td>1:0.82</td> <td>1:0.81</td> <td>1:0.74</td> <td>1:0.74</td> </tr> <tr> <td>Administrative positions</td> <td>1:0.89</td> <td>1:0.88</td> <td>1:0.91</td> <td>1:0.91</td> </tr> <tr> <td>Operating staff</td> <td>1:0.95</td> <td>1:1</td> <td>1:0.98</td> <td>1:0.99</td> </tr> </tbody> </table> <p>5. Business performance is reflected in the employee remuneration policy and implementation:  (1) Handled according to Article 26 of the company's Articles of Incorporation:  Suppose there is any balance after the company subtracted the pre-tax profits from the remunerations to the directors, supervisors, and employees and reserved the amount to compensate for the accumulated losses. In that case, 5% to 15% shall be allocated for employee remunerations, and no more than 2% shall be allocated for director and supervisor remunerations.  Employee remuneration can be made in stock or cash distributions, and the recipients may include employees of subordinate companies who meet certain conditions.</p>	Job Title	2021 (men: women)		2022 (men: women)		Monthly salary	Annual salary	Monthly salary	Annual salary	Supervisory positions	1:0.91	1:0.89	1:0.85	1:0.90	Technician positions	1:0.82	1:0.81	1:0.74	1:0.74	Administrative positions	1:0.89	1:0.88	1:0.91	1:0.91	Operating staff	1:0.95	1:1	1:0.98	1:0.99	None
Job Title	2021 (men: women)		2022 (men: women)																														
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Operating staff	1:0.95	1:1	1:0.98	1:0.99																													



Implementation Items	Execution Status		Reasons for Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
(III) Has the company provided a safe and healthy work environment for employees and education on occupational safety and health for employees at regular intervals?	V		None
(IV) Has the company established an effective employee career development training program?	V		None

Implementation Items	Execution Status		Reasons for Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
(V) Regarding customer health and safety, customer privacy, marketing, and labeling topics, has the company complied with the relevant regulations and international standards and devised the relevant consumer protection policies and complaint procedures?			In addition to the training for recruits, the annual education and training plan management is regularly implemented yearly according to the company's employee training and development system. The goal is to combine the company's demands with the needs of personal work and the professional or management capabilities for executive duties (such as manufacturing process, environmental protection, safety, and health) to establish the main general training, professional function training, and class-specific training structure for employee career development.
(VI) Has the company established a supplier management policy to demand suppliers observe applicable rules and regulations governing environmental protection, occupational safety and health, labor rights, and the state of implementation?	V		(V) The company provides component labeling according to the international environmental protection laws and product specifications required by clients. We also offer clients green products to comply with relevant laws and international standards.  (VI) 1. According to the procurement operation standard specification: According to PI0703 Supplier Management Operation 5.1.4, Class A and B suppliers must fill in the RBA Compliance Declaration (EM0302-04F), and those who have obtained the certificate or can obtain it from public information do not need to conduct on-site audits. The RBA Compliance Declaration (EM0302 -04F) has established requirements for every supplier partner of Taitien and its subsidiaries or affiliated companies to abide by the latest version of the [Responsible Business Alliance Code of Conduct].  None

		<p>2. (1) Check whether the category A and category B suppliers have completed the RBA compliance declaration (EM0302-04F) from time to time and ensure that the certificate documents obtained by the suppliers are valid or the public information platform can be reviewed.</p> <p>(2) Perform supplier audits according to the annual supplier audit plan, and conduct audits according to the QC0703-11F supplier self-assessment and inspection form filled in by suppliers.</p>	
<p>V. Does the company prepare corporate social responsibility reports and other reports that disclose non-financial information based on universal international reporting standards or guidelines? Does the company obtain assurance or certification for the preceding reports from a third-party accreditation institution?</p>	V	<p>The content structure of the company's biennial ESG sustainable management report (or corporate social responsibility [CSR] report) is based on the Global Reporting Initiative (GRI) program, which has gained the attention of companies worldwide, and the report is disclosed on the company website.</p>	None
<p>VI. If the company has established sustainable development principles based on the "Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies," describe the implementation and any deviations from the Principles: The company's code of practice for sustainable development and related regulations are continuously being researched and formulated.</p>			
<p>VII. Other important information to help understand the implementation of sustainable development: (I) The company has required employees to bring their own tableware, reduce the use of disposable dishes, and contribute to the earth together to help mitigate the global warming problem. (II) Attach importance to environmental protection policies, actively promote plant greening and environmental protection activities, and significantly reduce the waste generation in the production process. (II) Employment is provided for people with disabilities to give back to the local villages and support disadvantaged groups.</p>			

(VI) The company's integrity policies and practices implementation status as well as the deviation and cause of deviation in practice differences compared to that of TWSE/GTSM listed companies

Evaluation Items	Operating Status		Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX-listed Companies
	Yes	No	
<p>I. Establishment of ethical corporate</p> <p>(I) Has the company specified its policies and methods for implementing ethical corporate management in its internal rules and regulations and external documents, and has the board and management promised to implement the ethical corporate management policies?</p>			(I) The company upholds the operating integrity policy and implements the corporate ethics of fairness and justice. The board of directors and the management team have formulated the "Ethics and Integrity Agreement" to ensure the company's basic principles of moral integrity and professional behavior and pursue moral values, which are explained in the stakeholder section of the company website.
<p>(II) Has the company developed mechanisms for assessing the integrity risks with routine analysis and assessment of business activities exposed to higher integrity risks during operation, based on which the company has planned to prevent unethical practices? Does the content cover at least the preventive measures in Paragraph 2 in Article 7 of the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies"?</p>	V		(II) The company has formulated the "Code of Ethical Conduct" and "Employee Professional Ethics" and implemented education, training, and publicity for each new employee. The internal audit unit evaluates higher-risk operations such as dishonesty and incorporates them into the audit plan before formulating the audit plan for the following year.
<p>(III) Has the company established plans to prevent unethical practices and specified the operation procedures, code of conduct, punishment for violation, and system for disciplining and complaints? Have these plans been implemented with routine review and revision?</p>			(III) The company has established the "Code of Ethical Conduct," "Employee Professional Ethics," and "Employee Reward and Punishment Measures." If employees discover dishonest behavior, they can report it through the feedback and complaint area of the company's internal website, and full-time personnel shall investigate and deal with the issue.

None

Evaluation Items	Operating Status		Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	
<p>II. Implementation of ethical corporate management</p> <p>(I) Has the company evaluated the record of the counterparties on business ethics and explicitly stated business integrity as an integral part of the contracts when entering into agreements with counterparties of trade?</p> <p>(II) Has the company established a designated body directly under the Board for administering ethical corporate management with routine reporting to the board (at least once a year) on the implementation of ethical corporate management policies and plans for the prevention of unethical practices, and the supervision of the implementation of these policies?</p> <p>(III) Has the company formulated a policy to prevent conflicts of interest, provide appropriate presentation channels, and implement them accordingly?</p> <p>(IV) Has the company established effective accounting and internal control systems to properly implement ethical corporate management? Has the internal audit unit designed relevant audit plans based on the assessment results of integrity risks for the prevention of unethical practices and compliance with related rules and regulations or commissioned certified public accountants to conduct audits on unethical practices?</p> <p>(V) Has the company provided internal and external training on business integrity?</p>	<p>Yes</p> <p>V</p>	<p>No</p> <p>II.</p> <p>(I) The company had conducted credit investigations on clients and suppliers, and required suppliers to sign the "Integrity Commitment Letter."</p> <p>(II) he company's management department and president's office promote the integrity management policy and activities. The audit office shall regularly report integrity behavior inspection results to the board of directors.</p> <p>(III) The company has formulated the "Rules of Procedure Board of Directors," "Corporate Governance Practice Code Principles," "Code of Ethical Conduct," and "Employee Professional Ethics." Directors, supervisors, managers, and employees with conflicts of interest on certain issues shall be recused.</p> <p>(IV) The company has established an effective accounting system and internal control system and has set up an audit office and an audit mechanism for its accountants. The audit office formulates audit plans based on the risk assessment results, evaluates the deficiencies and operational risks of internal control systems such as accounting systems, and provides timely improvement suggestions to ensure the effective implementation of internal control systems.</p> <p>(V) The company provides a code of professional ethics for employee training when an employee arrives at the job and holds relevant publicity meetings occasionally.</p>	<p>None</p>

Evaluation Items	Operating Status		Deviation from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx-listed Companies
	Yes	No	
<p>III. The operational status of the company's reporting system</p> <p>(I) Has the company established a substantive reporting and reward and punishment system and convenient channels for reporting and appointed designated personnel for handling the targets of reports?</p>		<p>III.</p> <p>(I) The company has set up a special area for interested parties on its website. If suspicious or illegal behavior is found, it shall be dealt with by dedicated personnel after reporting. Moreover, the company has developed the "Employee Professional Ethics" management method and established a feedback and complaint reporting area on its internal website. If employees discover illegal behavior, they can report it through the feedback and complaint reporting area, and dedicated personnel shall investigate and deal with the issue.</p> <p>(II) The company has formulated the "Employee Professional Ethics" management method. The information provided and the identification of the whistleblower shall be kept confidential and only be used for reporting and investigation. Appropriate protective measures shall be taken according to the law to protect personal data and privacy.</p> <p>(III) During the investigation period, the company strictly prohibits the disclosure of the whistleblower's identity and ensures that the whistleblower is not threatened or retaliated against.</p>	None
<p>(II) Has the company established standard operating procedures for responding to reports and complaints, the measures to be taken after the investigation, and related mechanisms for confidentiality?</p> <p>(III) Has the company taken any measures to protect the informants from undue treatment?</p>	V		
<p>IV. Strengthen Information Disclosure</p> <p>(I) Has the company disclosed its integrity management code's contents and implementation results on its website or the Market Observation Post System?</p>	V		None
<p>V. If the company has instituted the Ethical Corporate Management Best-Practice Principles according to the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx-listed Companies," specify the implementation of the principles and any deviations, if applicable: None</p>			
<p>VI. Additional important information that may assist in the understanding of corporate business integrity operations: (i.e. the company has reviewed and amended the "Code of Ethical Operation"): None</p>			

(VII) If the company has instituted the Ethical Corporate Management Best-Practice Principles and related rules and regulations, disclose the means for inquiry:

1. The company has formulated the following relevant provisions and measures according to the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies":

- (1) Shareholders' Meeting Procedure Rules
- (2) Rules and Procedures for Board of Directors Meetings
- (3) Director and Supervisor Election Method
- (4) Assets Acquisition or Disposal Handling Procedures
- (5) Operational Procedures for Lending Funds to Others
- (6) Endorsement Guarantee Operating Procedures
- (7) Corporate Group Sector-Specific Company and Affiliate Transaction Procedures
- (8) Code of Practice for Corporate Governance
- (9) Major Internal Information Processing Procedures
- (10) Risk Management Specifications
- (11) Rules on Scope of Responsibility for Independent Directors
- (12) Provisions on Financial Operations Between Affiliated Enterprises
- (13) Code of Ethical Conduct

2. Search method: The company's website at <https://www.taitien.com/tw> discloses the financial operation and corporate governance-related information.

VIII. Other important information that is sufficient to enhance the understanding of the corporate governance operations and must be disclosed:

1. All directors, supervisors, managers, and employees have been notified of the "Major Internal Information Processing Procedures" formulated to manage the company's internal material information. This Procedures system has been placed on the company's website for all colleagues to review and follow to avoid insider trading-related violations.

2. Search method: Company website at <https://www.taitien.com/tw> at Investor Area.

## (IX) Internal Control System Implementation Status:

### 1. Internal Control System Declaration

Taitien Electronics Co., Ltd.

Internal Control System Declaration

Date: March 23, 2023

The company hereby declares the following based on its 2022 internal control system self-assessment results:

- I. The company acknowledges and understands that establishing, enforcing, and preserving the internal control system is the responsibility of the board and the managers and that the company has already established such a system. Its purpose is to reasonably ensure the effect and efficiency of operations (including profitability, performance, and security of assets), reliability, timeliness, transparency, and compliance with relevant legal rules.
- II. The internal control system has its inherent limitations. Regardless of how well the design is perfected, an effective internal control system can only provide reasonable assurance in achieving the three objectives mentioned above. Moreover, environmental and condition changes may impact the effectiveness of the internal control system. However, the company's internal control system has a self-monitoring mechanism. Once the defect is identified, the company shall adopt the corrective actions.
- III. The company judges the effectiveness of the internal control system's design and enforcement according to the "Criteria for the Establishment of Internal Control System of Public Offering Companies" (hereafter "the Criteria"). The items that "the Criteria" adopts for judging the internal control system are composed of five elements according to the procedure of management control: 1. control environment; 2. risk evaluation; 3. control operation; 4. information and communication; 5. monitoring. Each of the elements, in turn, contains certain audit items. For more information on the items, please refer to "the Criteria."
- IV. The company has adopted the preceding internal control system to evaluate the effectiveness of the design and implementation of the internal control system.
- V. Based on the findings of the evaluation above, the company believes that it has reasonably guaranteed the achievement of the goals above within the aforementioned period of internal control (including the monitoring of the subsidiaries) as of December 31, 2022, including the effectiveness and efficiency of operations, reliability, timeliness and transparency of financial reporting and compliance with relevant legal rules, and that the design and implementation of the internal control system are effective.
- VI. This declaration statement shall form an integral part of the annual report and prospectus on the company and shall be made public. In case of any fraud, concealment, and unlawful practice discovered in the contents of the aforementioned information, the company shall be liable for legal consequences under Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchanges Act.
- VII. The board of directors approved this declaration statement on March 23, 2023. Among the 7 directors present, 0 objected, and the entire board agreed with the content of this statement and hereby declared it.

TAITIEN ELECTRONICS CO., LTD.

Chairman: Sheng-Tai Song

General Manager: Sheng-Tai Song

2. If a CPA is entrusted with reviewing the internal control system, the CPA's review report must be disclosed: None.



(X) If there has been any legal penalty against the company and its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

(XI) Important resolutions of the shareholders' meeting and the board of directors meeting in the most recent year and as of the printing date of this annual report.

1. 2022 Important Regular Shareholders' Meeting Resolution Contents and Implementation Status:

- (1) Proposal to adopt the 2021 financial statements: resolved.
- (2) Adoption of the 2021 earnings distribution proposal: The resolution passed the shareholders' dividend of NT\$143,500,907 and set September 3, 2022, as the dividend distribution base date. It shall be paid on September 23, 2022.
- (3) Passed revisions for some articles of the "Articles of Incorporation."
- (4) Passed revisions for some articles of the "Acquisition or Disposal of Asset Handling Procedures."
- (5) Passed revisions for some articles of the "Shareholders' Meeting Procedure Rules."

2. Board of Directors Important Resolutions

Date	Resolution Contents
2022/05/06	<ol style="list-style-type: none"> <li>1. 2022 First Quarter Consolidated Financial Report Proposal</li> <li>2. Proposal to Obtain Right-of-use Assets</li> <li>3. Bank Credit Line Renewal Proposal</li> </ol>
2022/08/10	<ol style="list-style-type: none"> <li>1. 2022 Second Quarter Consolidated Financial Report Proposal</li> <li>2. Directors' Remuneration Appropriation for 2021</li> <li>3. Managers Remuneration Appropriation for 2021</li> <li>4. 2022 Manager Salary Adjustment Proposal</li> <li>5. 2021 Cash Dividend Ex-Dividend Proposal</li> <li>6. Proposal to Revise Some Articles of the company's "Code of Ethics."</li> <li>7. Bank Credit Line Renewal Proposal</li> <li>8. Subsidiary Endorsement Guarantee Proposal</li> </ol>
2022/11/10	<ol style="list-style-type: none"> <li>1. 2022 Year-end Manager Bonus Distribution Proposal</li> <li>2. 2023 Insider Salary Schedule Instructions</li> <li>3. 2023 Internal Audit Plan</li> <li>4. 2022 Third Quarter Consolidated Financial Report Proposal</li> <li>5. Bank Credit Line Renewal Proposal</li> <li>6. "Internal Control System" and "Internal Audit System" Revision Proposal</li> <li>7. Revise Some Articles of Company's "Major Internal Information Processing Procedures"</li> <li>8. Subsidiary Capital Reduction Proposal</li> </ol>

2023/01/17	1. Motion of 2022 manager's spring festival bonus payment 2. Amendment to certain articles of "Rules for Performance Evaluation of Board of Directors." 3. Motion of 2023 operation plan and budget
2023/03/23	1. Distribution of Directors' and Employees' Remuneration in 2022 2. 2022 financial reports and statements 3. Motion of 2022 earnings distribution plan 4. Statement of the internal control system for 2022 5. Appointment of certified public accountants and assessment of competence and independence 6. Motion to establish the "Pre-Approval Policy for Non-assurance Services Provided by Certified Public Accountants." 7. Motion to reduce the capital of subsidiaries 8. Motion of re-election of directors 9. Acceptance of shareholder proposals and nomination of director candidates for the 2023 general shareholders' meeting 10. To convene the 2023 general shareholders' meeting

(XII) Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors : None

(XIII) Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D : None

## V. Information Regarding the Company's Audit Fee and Independence

Unit: NT\$ thousand

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Audit Fee	Non-audit Fee					Total	Remarks
					System of Design	Company Registration	Human Resource	Others (Note)	Subtotal		
Deloitte Taiwan.	Chiang-Shiun Chen	Sheng-Tai Liang	2022/1/1~2022/12/31	4,583	0	12	0	478	490	5,073	None

Note: The non-audit public fee service content transfer pricing and the BVI-related fees totaled NT\$467 thousand.

(I) CPA firm replacement whereby the audit fee of the year was reduced compared to the audit fee of the previous year, whereby the audit amount before and after replacement and the cause of replacement must be disclosed: The company did not change its accounting firm in 2022.

(II) If the audit certification expense has decreased by over 10% compared to that of the previous year; the amount, proportion, and reasons for the audit certification expense reduction must be disclosed:

The company's 2022 audit fee was reduced by 10% compared to 2021.

## VI. Information Related to CPA Replacement:

(I) Regarding the former CPA :

Replacement Date	March 24, 2022				
Replacement reasons and explanations	Internal adjustment of accounting firm				
Describe whether the Company terminated or the CPA did not accept the appointment	Status	Parties	CPA The Company		
	Termination of appointment	Not applicable			
	No longer accepted (continued) appointment				
Other issues (except for unqualified issues) in the audit reports within the last two years	None				
Differences with the company	Yes	X	Accounting principles or practices	X	Audit scope or steps
		X	Disclosure of Financial Statements	X	Others
	None	V			
	Remarks/specify details : None ◦				
Other Revealed Matters	None				

(II) Regarding the successor CPA

Name of accounting firm	Deloitte Taiwan
Name of CPA	Chiang-Shiun Chen / Sheng-Tai Liang
Date of appointment	March 24, 2022
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

(III) The former CPA's reply letter to 1 and 2-3, Paragraph 5, Article 10 of this code: None.

**VII. The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2022 : None.**

**VIII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent year or during the current fiscal year up to the date of publication of the annual report.**

(I) Changes in shareholdings of directors, supervisors, managers and large shareholders During 2022, and from January 1, 2023 to April 18, 2023 :

Title	Name	2022		January 1, 2023 - April 18, 2023	
		Increase (decrease) in shareholding	Increase (decrease) in shares pledged	Increase (decrease) in shareholding	Increase (decrease) in shares pledged
Chairman (Doubled as general manager)	Sheng-Tai Song	(600,000)	0	0	0
Director (Doubled as deputy general manager)	Justine Song	0	0	0	0
Director	Tien-Hao Wang	0	0	0	0
Director	Teh-Chang Yao	0	0	0	0
Independent Director	Hsiao-Ping Fan	0	0	0	0
Independent Director	Yu-Tun Wu	0	0	0	0
Independent Director	Tung-Te Li	0	0	0	0
Director of Operations	Li Yu-Feng	22,174	0	0	0
Director of Production	Chih Wen-Tseng	0	0	0	0
Deputy General Manager, Sales Department	Li, Yu-Hsien	25,741	0	0	0
Associate of sales department	Yeh Shih-Ming	10,000	0	0	0
Associate of Finance and Accounting	Yang Li-Chu	24,180	0	0	0
Director of research and development department	Teng, Chih-Yi	23,807	0	0	0
Director of business department	Huang Chun-Lung	0	0	0	0
Director of research and development department	Fang Cheng-Chia	0	0	0	0
Director of business department	Chen, Yi-Shan	0	0	0	0
Director of business department	Li, Yi-Min (Note 1)	0	0	0	0
Shareholder with a stake of more than 10 percent	Chia Yu Investment Co., Ltd.	150,000	0	0	0

Note 1: newly appointed on February 7, 2022

## (II) Shares Trading with Related Parties: :

Name	Reasons of share transfer	Transaction date	Counterparty	Relationship between counterparties, and the Company, directors, supervisors, managers and shareholders with a stake of more than 10 percent	Number of shares	Transaction price
Sheng-Tai Song	Gift	05/23/2022	Yu-Ling Song	Father and Daughter	600,000	31.50

## (III) Shares Pledge with Related Parties : None

**IX. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another**

Unit: Share: April 18, 2023

Name	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Names and relationships of 10 largest shareholders who are related parties to each other or are spouses or relatives within second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relation	
Sheng-Tai Song	9,800,618	14.34%	0	0	0	0	Sheng-Nan Song	Younger brother	No ne
							Tsui- Fang Song Tang	Sister-in-law	No ne
							Yu-Ling Song	Daughter	No ne
Chia Yu Investment Co., Ltd.	7,283,636	10.66%	0	0	0	0	None	None	No ne
Chiang Yueh-Hua, representative of Chia Yu Investment Co., Ltd.	0	0	0	0	0	0	None	None	No ne
Sheng-Nan Song	2,700,098	3.95%	1,079,431	1.58%	0	0	Sheng -Tai Song	Elder brother	No ne
							Tsui- Fang Song Tang	Spouse	No ne
Employee Stock Ownership Trust Account under Chinatrust Commercial Bank's entrusted by TAITIEN Electronics Co., LTD.	1,624,127	2.38%	0	0	0	0	None	None	No ne
Tsui- Fang Song Tang	1,079,431	1.58%	2,700,098	3.95%	0	0	Sheng-Tai Song	Elder brother	No ne
							Sheng-Nan Song	Spouse	No ne
Berkeley Capital's SBL/PB Investment Account— Berkeley Capital Co., Ltd. under custody of Citibank (Taiwan)	1,079,000	1.58%	0	0	0	0	None	None	No ne
Chao-Yen Peng	1,010,000	1.48%	0	0	0	0	None	None	No ne
Yi-Ching Li,	922,408	1.35%	0	0	0	0	None	None	No ne
Yu- Ling Song	879,869	1.29%	0	0	0	0	Sheng-Tai Song	Father	No ne
Yuan-Yi Fu	709,000	1.04%	0	0	0	0	None	None	No ne

## X. Ownership of Shares in Affiliated Enterprises

Unit: shares/ USD\$ / December 31, 2022

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares Amount invested	Shareholding (%)	Shares Amount invested	Shareholding (%)	Shares Amount invested	Shareholding (%)
Indus Taitien Marketing Limited	\$50,000	100.00	0	0	\$50,000	100.00
Taitien Holding Company Limited	\$20,126,824	100.00	0	0	\$20,126,824	100.00
Hardy Holding Corporation	\$19,880,974	100.00	0	0	\$19,880,974	100.00
Taitien USA, Inc.	\$3,200,000	100.00	0	0	\$3,200,000	100.00
Colorado Crystal Corporation	385,094 shares	100.00	0	0	385,094 shares	100.00
Pletronics, Inc.	41,000 shares	100.00	0	0	41,000 shares	100.00
Taitien Electronics (Nanjing) Co., Ltd.	\$14,700,000	100.00	0	0	\$14,700,000	100.00
Taitien Electronics (Shenzhen) Co., Ltd.	\$4,800,000	100.00	0	0	\$4,800,000	100.00
Wintron Electronics Co., Ltd.	\$1,200,000	100.00	0	0	\$1,200,000	100.00

## Four. Capital Overview

### I. Capital and Shares

#### (I) 1. Source of Capital

Unit: share / Unit:NT\$/ April 18, 2023

Month / Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital (NT\$)	Capital Increased by Assets Other than Cash	Other
89.02	10	100,000	1,000,000	100,000	1,000,000	Cash set up	None	None
89.05	10	75,000,000	750,000,000	19,900,000	199,000,000	Cash capital increase (Note 1) 198,000,000	None	None
89.11	10	75,000,000	750,000,000	32,000,000	320,000,000	Cash capital increase (Note 2) 121,000,000	None	None
90.09	10	75,000,000	750,000,000	53,558,407	535,584,070	Cash capital increase (Note 3) 48,000,000 Surplus to capital increase 128,000,000 Capital reserve to capital increase 32,000,000 Employee bonus to capital increase 7,584,070	None	None
91.05	10	75,000,000	750,000,000	58,914,247	589,142,470	Surplus to capital increase (Note 4) 53,558,400	None	None
95.06	10	75,000,000	750,000,000	60,681,674	606,816,740	Capital reserve to capital increase 17,674,270 (Note 5)	None	None
95.12	10	75,000,000	750,000,000	60,794,674	607,946,740	Employee stock option certificates to new shares 1,130,000 (Note 6)	None	None
96.03	10	120,000,000(註 7)	1,200,000,000(註 7)	60,840,674	608,406,740	Employee stock option certificates to new shares 460,000 (Note 6)	None	None
96.06	10	120,000,000	1,200,000,000	60,922,674	609,226,740	Employee stock option certificates to new shares 820,000 (Note 6)	None	None
96.09	10	120,000,000	1,200,000,000	62,746,514	627,465,140	Capital reserve to capital increase 18,238,400 (Note 8)	None	None
96.09	10	120,000,000	1,200,000,000	62,802,514	628,025,140	Employee stock option certificates to new shares 560,000 (Note 6)	None	None
96.12	10	120,000,000	1,200,000,000	62,818,514	628,185,140	Employee stock option certificates to new shares 160,000 (Note 6)	None	None
97.02	10	120,000,000	1,200,000,000	62,826,514	628,265,140	Employee stock option certificates to new shares 80,000 (Note 6)	None	None
97.04	10	120,000,000	1,200,000,000	71,216,514	712,165,140	Cash capital increase (Note 9) 83,900,000	None	None
97.08	10	120,000,000	1,200,000,000	71,220,514	712,205,140	Employee stock option certificates to new shares 40,000 (Note 6)	None	None

Unit: share / Unit:NT\$/ April 18, 2023

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital (NT\$)	Capital Increased by Assets Other than Cash	Other
98.04	10	120,000,000	1,200,000,000	71,267,514	712,675,140	Employee stock option certificates to new shares 470,000 (Note 6)	None	None
98.08	10	120,000,000	1,200,000,000	72,691,934	726,919,340	Surplus to capital increase (Note 10) 14,244,200	None	None
98.11	10	120,000,000	1,200,000,000	72,715,934	727,159,340	Employee stock option certificates to new shares 240,000 (Note 6)	None	None
99.02	10	120,000,000	1,200,000,000	72,802,934	728,029,340	Employee stock option certificates to new shares 870,000 (Note 6)	None	None
99.05	10	120,000,000	1,200,000,000	72,825,934	728,259,340	Employee stock option certificates to new shares 230,000 (Note 6)	None	None
99.07	10	120,000,000	1,200,000,000	72,865,934	728,659,340	Employee stock option certificates to new shares 400,000 (Note 6)	None	None
99.09	10	120,000,000	1,200,000,000	74,322,453	743,224,530	Capital reserve to capital increase 14,565,190 (Note 11)	None	None
99.11	10	120,000,000	1,200,000,000	74,507,453	745,074,530	Employee stock option certificates to new shares 1,850,000 (Note 6)	None	None
100.09	10	120,000,000	1,200,000,000	75,997,602	759,976,020	Capital reserve to capital increase 14,901,490 (Note 12)	None	None
101.09	10	120,000,000	1,200,000,000	77,517,554	775,175,540	Capital reserve to capital increase 15,199,520 (Note 13)	None	None
102.04	10	120,000,000	1,200,000,000	77,534,405	775,344,050	Corporate bonds to new shares 168,510 (Note 14)	None	None
106.05	10	120,000,000	1,200,000,000	76,946,405	769,464,050	Decrease in treasury stock for capital reduction 5,880,000 (Note 15)	None	None
109.02	10	120,000,000	1,200,000,000	75,926,405	759,264,050	Decrease in treasury stock for capital reduction 10,200,000 (Note 16)	None	None
109.09	10	120,000,000	1,200,000,000	68,333,765	683,337,650	Capital reduction share refund 75,926,400 (Note 17)	None	None

Note 1: The case became effective upon the approval of the letter Ching (089) Shang Tzu No. 089122512 on July 03, 2000.

Note 2: The case became effective upon the approval of the letter (89) Tai Tsai Cheng(1) No. 82227 on October 7, 2000.

Note 3: The case became effective upon the approval of the letter (90) Tai Tsai Cheng(1) No. 141832 on June 29, 2001.

Note 4: The case became effective upon the approval of the letter Tai Tsai Cheng(1) No. 0910141479 on July 24, 2002.

Note 5: The case became effective upon the approval of the letter Chin Kuan Cheng Yi, Tzu No.0950127066 on June 28, 2006.

Note 6: The case became effective upon the approval of the letter tai Tsai Cheng Yi Tzu No.0920157623 on December 11, 2003.

Note7: The registration of changes became effective upon the approval made of the extraordinary shareholders' meeting and the letter Ching Shou Shang Tzu No.09601045090 on February 9, 2007.

Note 8: The case became effective upon the approval of the letter Chin Kuan Cheng Yi, Tzu No.0960036316 on July 13, 2007.

Note 9: The case became effective upon the approval of the letter Chin Kuan Cheng Yi, Tzu No.0970012852 on March 28, 2008.

Note 10: The case became effective upon the approval of the letter Chin Kuan Cheng Yi, Tzu No.0980034496 on July 10, 2009.

Note 11: The case became effective upon the approval of the letter Chin Kuan Cheng Fa, Tzu No.0990036005 on July 12, 2010.

Note 12: The case became effective upon the approval of the letter Chin Kuan Cheng Fa, Tzu No.1000032187 on July 12, 2011.

Note 13: The case became effective upon the approval of the letter Chin Kuan Cheng Fa, Tzu No.1010031533 on July 16, 2012.

Note 14: The case became effective upon the approval of the letter Ching Shou Shang Tzu No.10201068340 on April 19, 2013.

Note 15: The case became effective upon the approval of the letter Ching Shou Shang Tzu No.10601068050 on May 26, 2017.

Note 16: The case became effective upon the approval of the letter Ching Shou Shang Tzu No.10801067610 on June 5, 2020.

Note 17: The case became effective upon the approval of the letter Ching Shou Shang Tzu No.10801118790 on September 3, 2020.



Unit: share / April 18, 2023

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Shares	68,333,765	51,666,235	120,000,000	All the outstanding shares are TPEX-listed company stocks.

## 2. Information for Shelf Registration : None

### (II) Status of Shareholders

April 18, 2023

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Domestic Natural Persons	Treasury stock	Total
Number of Shareholders	0	1	31	27	11,438	0	11,497
Shareholding (shares)	0	1,624,127	8,330,336	3,134,659	55,244,643	0	68,333,765
Percentage	0.00%	2.38%	12.19%	4.59%	80.84%	0.00%	100.00%

### (III) Shareholding Distribution Status

#### 1. Common Shares

April 18, 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1~ 999	5,727	324,728	0.48%
1,000~ 5,000	4,506	9,042,121	13.23%
5,001~ 10,000	632	5,179,734	7.58%
10,001~ 15,000	180	2,359,184	3.45%
15,001~ 20,000	162	3,027,876	4.43%
20,001~ 30,000	98	2,525,154	3.70%
30,001~ 40,000	38	1,381,575	2.02%
40,001~ 50,000	39	1,811,568	2.65%
50,001~ 100,000	51	3,812,272	5.58%
100,001~ 200,000	32	4,361,966	6.38%
200,001~ 400,000	15	4,062,664	5.95%
400,001~ 600,000	7	3,356,736	4.91%
600,001~ 800,000	1	709,000	1.04%
800,001~1,000,000	2	1,802,277	2.64%
1,000,001 or over	7	24,576,910	35.96%
Total	11,497	68,333,765	100.00%

## 2. Preferred Shares : None

## (IV) List of Major Shareholders

April 18, 2023

Shareholder's Name	Shareholding	Shares	Percentage
Sheng-Tai Song		9,800,618	14.34%
Chia Yu Investment Co., Ltd.		7,283,636	10.66%
Sheng-Nan Song		2,700,098	3.95%
Employee Stock Ownership Trust Account under Chinatrust Commercial Bank's entrusted by TAITIEN Electronics Co., LTD.		1,624,127	2.38%
Tsui- Fang Song Tang		1,079,431	1.58%
Berkeley Capital's SBL/PB Investment Account – Berkeley Capital Co., Ltd. under custody of Citibank (Taiwan)		1,079,000	1.58%
Chao-Yen Peng		1,010,000	1.48%
Yi-Ching Li		922,408	1.35%
Yu- Ling Song		879,869	1.29%
Yuan-Yi Fu		709,000	1.04%

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

Items		Year	2021	2022	01/01/2023~ 03/31/2023
Market Price per Share	Highest Market Price		46.20	43.50	53.90
	Lowest Market Price		11.40	26.60	35.10
	Average Market Price		29.53	35.37	42.53
Net Worth per Share	Before Distribution		22.16	25.52	26.41
	After Distribution		22.16	25.52	26.41
Earnings per Share	Weighted Average Shares (shares)		68,333,765	68,333,765	68,333,765
	Diluted Earnings Per Share		3.12	5.25	0.85
Dividends per Share	Cash Dividends		143,500,907	239,168,178	0
	Stock Dividends	Dividends from Retained Earnings	0	0	0
		Dividends from Capital Surplus	0	0	0
	Accumulated Undistributed Dividends		0	0	0
Return on Investment	Price / Earnings Ratio (Note 1)		9.46	6.74	50.04
	Price / Dividend Ratio (Note 2)		14.06	10.11	0
	Cash Dividend Yield Rate (Note 3)		7.11%	9.90%	0

Note 1: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 3: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

## (VI) Dividend Policy and Implementation Status

### 1. Dividend Policy

Suppose the company's annual final accounts have surpluses. In that case, 10% shall be appropriated as the statutory surplus reserve after the taxes have been paid, and accumulated losses have been offset pursuant to the law unless the statutory surplus reserve has already reached the company's paid-in capital. The rest shall be appropriated or revolved as a special surplus reserve. Suppose there is still balance and accumulated undistributed surplus. In that case, the board of directors shall make a surplus distribution proposal and submit the case to the board of directors to pass a resolution on the shareholder dividend allocation.

The company shall adopt the principle of stability and balance and consider its future operating development capital needs and sound financial conditions for its dividend policy. Among the shareholder dividends and bonuses distributed in the current year, the distribution of cash dividends shall not be less than 50%. However, the board of directors may adjust the ratio according to the working capital demand for the year and submit it to the shareholders' meeting for resolution.

### 2. Dividend distribution proposed by this shareholders' meeting:

The 2022 annual surplus distribution plan has been resolved by the board of directors on March 23, 2023, which shall be handled according to the company's articles of incorporation. For the shareholder dividend and bonus allocation from the distributable surplus in 2022, the shareholder dividends shall be distributed as cash dividends of NT\$2.1 per share. (Note: if the company's share capital changes affect the number of shares in circulation, and the shareholder's allotment dividend rate must be corrected due to changes, the general shareholders' meeting shall be proposed to authorize the board of directors to make the adjustments.) The distribution shall be implemented according to the law after the general shareholders' meeting resolution.

### 3. Are there significant changes expected for the dividend policy: No.

(VII) The effects that the stock grant proposed by the shareholders' meeting has on the company's business performance and earnings per share:

Item	Year	2023 (estimate)	
Initial paid-in capital		683,337,650	
This year's share and dividend allotment status	Cash dividend per share	NT\$2.1 (Note 1)	
	The number of rights issues per share transferred from surplus to capital increase	0	
	Capital reserves are used to increase the number of rights issues per share	0	
Changes in business performance	Operating income	Not applicable (Note 2)	
	Operating profit increase (decrease)ratio compared with the same period of previous year		
	Post-tax profit		
	Net profit after tax increase (decrease)ratio compared with the same period of previous year		
	Earnings per share		
	Earnings per share increase (decrease)ratio compared with the same period of previous year		
	Annual average return on investment (reciprocal of annual average price-to-earnings ratio)		
Fictitious earnings per share and price-to-earnings ratio	If the surplus is transferred to capital increase, the full amount shall be changed to cash dividends	Fictitious earnings per share	Not applicable (Note 2)
		Fictitious average annual return on investment	
	If the capital reserve has not been transferred to capital increase	Fictitious earnings per share	
		Fictitious average annual return on investment	
	If the capital reserve has not been processed and the surplus is transferred to capital increase, cash dividends shall be paid	Fictitious earnings per share	
		Fictitious average annual return on investment	

Note 1: (1) 2022 the shareholders' meeting has not yet resolved the profit distribution proposal.

(2) Subsequently, if the quantity of shares circulating externally is affected by subsequent company share capital changes and leads to shareholder distribution ratio changes that require corrections, please ask the shareholders' meeting to authorize the board of directors to handle the matter.

Note 2: The company has no financial forecast information announced this year.

(VIII) Remuneration for employees and directors:

1. The percentage or scope of remuneration for employees and directors as stipulated in the company's articles of incorporation:

Suppose there is any balance after the company subtracted the pre-tax profits from the remunerations to the directors and employees and reserved the amount to compensate for the accumulated losses. In that case, 5% to 15% shall be allocated for employee

remunerations, and no more than 2% shall be allocated for director remunerations. Employee and director remuneration shall be resolved by a board of directors meeting attended by at least two-thirds of all board members and by a majority vote from the attending directors. The resolution shall be reported to the shareholders' meeting. Employee remuneration can be made in stock or cash distributions, and the recipients may include employees of subordinate companies who meet certain conditions.

2. The valuation basis for the employees' and directors' remuneration amounts estimated in the current period and the accounting treatment when the calculation basis of employee remuneration based on stock distribution and the actual distribution amount are different from the estimated amount:
  - (1) The valuation basis for the employees' and directors' remuneration amounts estimated in the current period:

The directors' remuneration is about 1.6%, and the employees' remuneration is about 7%.
  - (2) The basis for calculating the number of shares distributed as employee compensation:

Not applicable.
  - (3) Accounting treatment when the actual distribution amount differs from the estimated amount: Listed as an expense for the distribution year.
3. Remuneration distribution approved by the board of directors:
  - (1) Employee remuneration is paid in cash or stock distribution, and the remuneration amount for directors. If the annual estimated amount is different than the recognized amount, the difference, cause, and handling status must be disclosed: On March 23, 2023, the company's board of directors approved the provision of NT\$4,220,000 (about 1.6%) for directors' remuneration and NT\$18,975,000 (about 7%) for employees' compensation, all of which shall be paid in cash. No difference exists between these numbers, and the estimated expense amounts recognized in 2022.
  - (2) The ratio accounted for by the employee remuneration amount distributed via stock allocation in the after-tax net profit of the latest distinctive or individual financial report and the total employee remuneration: Not applicable.
4. The actual remuneration distribution for employees, directors, and supervisors in the previous year (including the number of shares distributed, amount, and stock price); and the number of discrepancies, reasons, and handling status must be disclosed if different from the remuneration recognized for employees, directors, and supervisors: The actual employee and director remuneration in the distribution in 2022 is not different from the current employee and director remuneration recognized.

(IX) Buy-back of Treasury Stock : None

## **II. Bonds**

- (I) Corporate Bonds : None
- (II) Convertible Bonds : None
- (III) Exchangeable Bonds : None
- (IV) Shelf Registration for Issuing Bonds : None
- (V) Corporate Bonds with Warrants : None

**III. Preferred share handling: None**

**IV. Global Depository Receipts : None**

**V. Employee Stock Options : None**

**VI. Handling status for restricted shares for subscription by employees as well as mergers and acquisitions (including mergers, acquisitions, and spinoffs): None**

**VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions : None**

**VIII. Financing Plans and Implementation**

(I) Finance Plans

For each uncompleted public issue or private placement of securities, and for such issues and placements that were completed in the most recent three years but have not yet fully yielded the planned benefits: None.

(II) Implementation Status

The purposes of the various plans in the preceding sections have been analyzed as of Q1 of the publication date of this annual report. The implementation status and comparison with the originally expected benefits are as follows: None.

## Five. Operational Highlights

### I. Business Activities

#### (I) Business Scope

##### 1. Main areas of business operations

- (1) Electronic Parts and Components Manufacturing
- (2) Wholesale of Electronic Materials
- (3) Retail Sale of Electronic Materials
- (4) International Trade
- (5) General Instrument Manufacturing
- (6) Data Storage Media Units Manufacturing
- (7) Other Electrical Engineering and Electronic Machinery Equipment Manufacturing  
(programmable logic controllers)

##### 2. Revenue distribution

Unit : NT\$ thousand

Main products	Total Sales in Year 2022	(%) of Total Sales
Crystal	647,599	27.33%
Crystal Oscillator	1,609,426	67.93%
Others	112,394	4.74%
Total	2,369,419	100.00%

##### 3. The company's Main products:

The core quartz products are quartz crystal chips and a variety of quartz products with package appearance and electrical features designed to meet the demand of circuit design and assembly for various downstream applications products:

- (1) Crystal Unit
- (2) SMD Crystal
- (3) Oscillator
- (4) SMD Oscillator
- (5) TCXO
- (6) VCXO
- (7) OCXO
- (8) SC-Cut Crystal
- (9) Quartz Wafer/Blank
- (10) Quartz Crystal Microbalance - Sensor Crystal
- (11) Tuning Fork Crystal
- (12) GPS Clock
- (13) Mini Oven
- (14) Testing and Production Equipment

#### 4. New products development

- (1) 3225/2520 Molded Programmable Differential XO ◦
- (2) 7050/5032 +/-50ppb, -40°C ~ 105°C TCXO ◦
- (3) 7050/5032 +/-0.5ppm, -55°C ~ 125°C TCXO ◦

### (II) Industry Overview

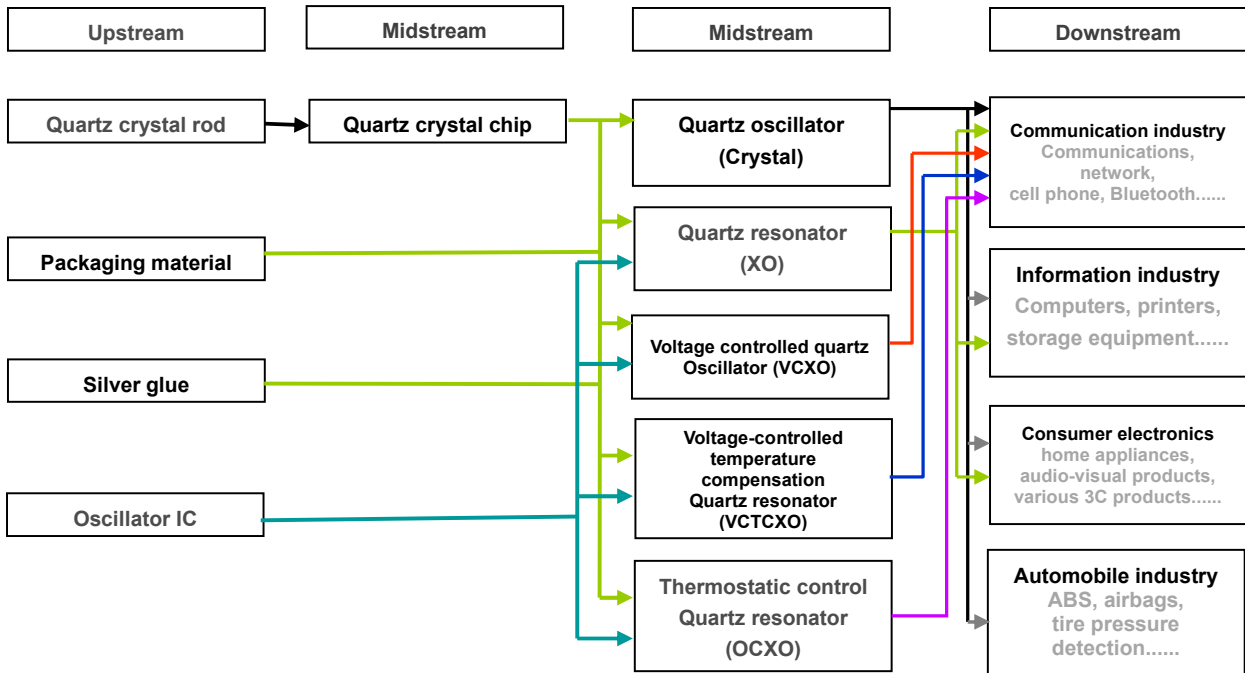
#### 1. Current status and development of the industry

Quartz has become a basic component widely used in various electronic devices due to its physical characteristics of a small temperature coefficient and high Q value. It has become a basic component widely used in various electronic devices. Quartz frequency components can be divided into two types: quartz resonators with a single quartz crystal chips package and quartz oscillators that contain both quartz crystal chips and ICs. The products can meet different needs. The mainstream size is 3.2x2.5mm / 2.5x2.0mm / 2.0x1.6mm or even the smaller 1.6x1.2mm / 1.2x1.0mm. At present, quartz frequency component manufacturers have continued to improve the small-sized quartz crystal chip technology. The new generation of miniaturized chip micro-processing technology has developed small-sized quartz oscillator products with high quality, high precision, high stability, and low noise.

The application market for quartz frequency components covers general information products, consumer electronics, communications, industry, automotive electronics, military, and medical fields. The consumer electronics application market accounts for the largest proportion, followed by communications and industry. In addition to the miniaturization trend for quartz frequency components, the development of communications and wireless networks and the rapid growth of electric vehicles have driven the increase in wireless and wired network transmission volumes. These factors have increased demand for high-frequency series products with quartz frequency components. Taitien Electronics has improved the relevant technologies and adopted a new generation of product manufacturing processes to develop various quartz frequency component products that can meet the rapid and diverse needs of the market.



## 2. The relationship between the upstream, midstream, and downstream



## 3. Various Product Development Trends

### ① Blank

Shape	Round chip	Square chip	Square chip	Square chip	Square chip	Square chip	Square chip	Square chip	Square chip
Size (mm)	8.0~4.5	2.0×8.0	2.0×5.0	1.8×4.0	1.6×3.5	1.3×2.0	1.1×1.6	1.0×1.4	0.7×1.0
Mature period	1980	1985	1995	2000	2002	2005	2009	2013	2017

### ② Crystal

Packaging type	Metal packaging	Metal packaging	Ceramic Packaging (SMD)	Ceramic Packaging (SMD)
Size(mm)	13.1×10.1×6.0	11.1×4.6×2.5	8.0×4.5×1.5 7.5×5.0×1.3	6.0×3.5×1.0 5.0×3.2×0.9
Mature period	1980	1990	1998	2001
Packaging type	Ceramic Packaging	Ceramic Packaging	Ceramic Packaging	Ceramic Packaging
Size(mm)	4.0×2.5×0.8	3.2×2.5×0.6	2.5×2.0×0.6	2.0×1.6×0.55
Mature period	2003	2005	2009	2013
Packaging type	Ceramic Packaging	Ceramic Packaging		
Size(mm)	1.6×1.2×0.35	1.2×1.0×0.3		
Mature period	2017	2020		

### ③ Crystal Oscillator

Packaging type	Metal packaging	Plastic packaging (SMD)	Ceramic Packaging (SMD)	Ceramic Packaging (SMD)
Size(mm)	20.8×13.2×5.0 13.2×13.2×5.0	14.0×9.8×4.7	7.5×5.0×1.6	5.0×3.2×1.3
Mature period	1985	1995	1997	2002
Packaging type	Ceramic Packaging	Ceramic Packaging	Ceramic Packaging	Ceramic Packaging
Size(mm)	3.2×2.5×0.8	2.5×2.0×0.75	2.0×1.6×0.75	1.6×1.2×0.75
Mature period	2007	2009	2013	2018

### ④ VCXO

Packaging type	Metal packaging	Plastic packaging (SMD)	Ceramic Packaging	Ceramic Packaging
Size(mm)	20.8×13.2×5.0 13.2×13.2×5.0	14.0×9.8×4.7	8.5×7.9×3.0	7.5×5.0×1.6
Mature period	1990	1993	1996	2000
Packaging type	Ceramic Packaging	Ceramic Packaging	Ceramic Packaging	-
Size(mm)	5.0×3.2×1.3	3.2×2.5×1.05	2.5×2.0×0.9	-
Mature period	2010	2017	2020	-

### ⑤ TCXO

Packaging type	Metal packaging	Metal packaging (SMD)	Metal packaging (SMD)	Ceramic Packaging (SMD)
Size(mm)	18.5×12.0×8.0	11.4×11.4×4.0 11.4× 9.6×2.5	9.0×7.0×2.0	7.0×5.0×2.0
Mature period	1990	1995	1997	2000
Packaging type	Ceramic Packaging	Ceramic Packaging	Ceramic Packaging	Ceramic Packaging
Size(mm)	5.0×3.2×1.8	3.2×2.5×0.9	2.5×2.0×0.9	2.0×1.6×0.7
Mature period	2002	2007	2010	2014

In recent years, due to the large-scale attraction of mobile phones, tablets, GPS, Bluetooth, NB, etc., global component manufacturers have focused their R&D on catering to the "light," "thin," "short," "small," and "low power consumption" characteristics of consumer electronics products. Therefore, the R&D focus for quartz oscillator components involves expanding the frequency band and reducing size.

## 4. Competition Status

The quartz frequency component industry is a relatively advanced basic science industry, and its relevant experience and technology form a high threshold for new competitors to enter the market. For a long time, European, American, and Japanese manufacturers have started to develop the quartz frequency component industry earlier and have a solid foundation. They have always enjoyed high visibility in the market and

a large market share in the high-end products field. After decades of development, Taiwanese quartz frequency component manufacturers have gradually evolved into manufacturers with their product and process R&D technologies, which put pressure on European, American, and Japanese manufacturers. The Japanese earthquake and tsunami in 2011 changed the supply chain strategy worldwide and expanded the niche of Taiwanese suppliers. Moreover, numerous low-end, entry-level quartz frequency component manufacturers in mainland China have gained considerable momentum for progress with the rise of its domestic demand market.

In recent years, oscillator parts made of Silicon MEMS technology have emerged. But for electronic products used in terminal applications, there are still many obstacles to be overcome before successfully replacing the quartz oscillator with a mature history and technology. Taitien Electronics has accumulated 40 years of experience and has established a strong R&D background. We are committed to developing high-precision and high-quality, high-end quartz oscillators. We have continued to study the relevant precision processes and improve quality to ensure our competitive advantages.

### (III) Research and Development

1. Consolidated R&D expenses invested in the most recent year and up to the publication date of this annual report

Unit:NT\$ thousand

Year	2022	112 年度截至 3 月 31 日
Amount	64,727	15,275

Note: 2022 and the 1st quarter of 2023 are based on International Financial Reporting Standards.

2. Technologies or products successfully developed in the most recent year and as of the publication date of the annual report :

The company has completed the following product and technology development in 2022 :

- (1) New Double Rotated Crystal ◦
- (2) 1uA, 32.768KHz Crystal Oscillator ◦

### (IV) Long-term and Short-term Development

Taitien Electronics has taken advantage of its global investment layout to implement the group strategy: Adopt the design in Taiwan, local manufacturing, and global delivery principles to enhance the added value for clients, continue strengthening competitiveness, and strive to become a member of the world's leading manufacturers.

1. Short-term development plan

#### (1) Marketing plan

- (A) Target the niche market, continue to deepen the Taitien brand, and expand high-end OCXO, TCXO, and VCXO high-frequency oscillators as well as programmable oscillator product applications to provide market services for specific clients. Moreover, increase the oscillator and crystal product lines for consumer and automotive electronics to increase the overall revenue and profit.

- (B) Cooperate with local partners to expand the channel sales service system, expand the preferred recognition and instant service of specific end clients, and expand the scope of sales and market share.
  - (C) Strengthen the connection between front-end and logistics systems, conform to mainstream demand trends and information, facilitate real-time delivery and inventory management, and improve turnover and credit control.
- (2) Manufacturing plan
- (A) Execute production education and training to improve production capacity and effectively improve the equipment utilization rate and production efficiency.
  - (B) Increase the output value of niche products and expand the production scale of oscillator and crystal product lines to maximize production efficiency and increase market share.
  - (C) Continuously improve equipment automation and promote smart production to reduce manual work and save production costs.
- (3) Operation plan
- (A) Organize and rectify the environmental space planning, rules and regulations, and comprehensive business information integration of each factory and office; and optimize the operation management efficiency.
  - (B) Promote quality, environmental safety, and social responsibility system certification upgrade; implement rigorous information security operations; and comprehensively enhance competitiveness.
2. Long-term development plan
- (1) Cultivation IC design companies, maintain long-term cooperative relations, grasp first-hand market trends, and lay the foundation for global development. The goal is to continue to expand and develop the emerging markets such as China and India.
  - (2) Integrate internal and external resource scheduling.
  - (3) Continue to promote strategic client seminars and exchanges, provide comprehensive solutions, and form close cooperation partnerships with international manufacturers.
  - (4) In response to product miniaturization and high-quality development, we are committed to the development of Inverted MESA process technology.
  - (5) Consolidate internal and external resources to develop special One Chip ASIC.
  - (6) Continue to promote industry–academia exchanges and cooperation, expand talent training mechanisms, and enhance competitiveness.

## **II. Market and Sales Overview**

### **(I) Market Analysis**

1. The sales regions of the main products are as follows:

Export has been the mainstay of the Company's sales. In recent years, the Company has adopted a strategy to cultivate terminal operators in Europe, the United States, China and the local market. In addition, through the international OEM model,

the proportion of private brands has increased. Moreover, coupled with the effect of consolidation of marketing resources of U.S. subsidiaries in recent years, even though the proportion of Asia remains the majority of sales in 2022, the proportion of sales in America and Europe has begun to increase, which shows a tendency of risk diversification.

Unit : NT\$ thousand

Area \ Year	2021 (Consolidated)		2022 (Consolidated)	
	Net sales	Proportion (%)	Net sales	Proportion (%)
Asia	1,711,532	75.44	1,489,684	62.87
Americas	260,732	11.49	431,292	18.20
Europe	142,765	6.29	230,037	9.71
Other Area	19,717	0.87	12,018	0.51
Taiwan	133,934	5.90	206,388	8.71
Total	2,268,680	100.00	2,369,419	100.00

## 2. Market share, future market supply, demand status, growth, competitive nic

### (1) Market share

In 2022, the global quartz component market grew slightly due to the material shortage throughout the global market and the competition for components from various finished product industries. The top 10 manufacturers worldwide have a market share of around 2% to 7%, except for Japanese manufacturers. According to estimates, Taitien's global market share ranks among the top 15. The demands in the mobile communication market have continued to heat up and are moving towards 5G mobile communication. They have driven the growth of the wireless network equipment and communication infrastructure markets. Taitien Electronics has actively developed the relevant industrial markets and continued to build crystal oscillators (XO), temperature-compensated crystal oscillators (TCXO), voltage-controlled crystal oscillators (VCXO), and high-frequency crystal oscillators suitable for network communication industry applications. The existing European and American markets and the expansion of emerging markets such as China and India have become the main driving force for the future growth of Taitien Electronics.

### (2) The future supply/demand and growth status of the market

Quartz has a special piezoelectric effect, high Q quality (or low loss), and small temperature coefficient characteristics. As a result, anyone who requires frequency signals and clock pulses can use the physical properties of quartz components to perform basic signal generation, transmission, and filtering functions. Since quartz is an indispensable and important component in electronic circuits, its product application range is quite broad. Communication products are still the most widely used and fastest-growing field. In this field, downstream applications continue to increase, and product demand is becoming increasingly sophisticated, boosting product demands. Taitien Electronics is actively deploying in emerging application

markets. The goal is to drive the growth of the frequency control industry via the tandem industry development method. The following is a forecast of future growth trends in the communications, information, consumer, and automotive electronics industries:

(A) Communication industry

In addition to the United States, which ranks first in terms of scale and the output value of the global communication equipment market, China has surpassed Japan to become the world's second-largest producer of communication equipment since 2005. The market continued to grow steadily every year. Since the world is about to enter 5G mobile communications, telecom operators in various countries are actively upgrading or completely reinstalling next-generation telecom equipment, which is expected to drive another wave of growth.

(B) Information industry

According to Gartner's surveys on computer penetration rates in various countries, the penetration rate of computers in the United States is as high as 83.3%. The second level mature markets, such as Taiwan, South Korea, Japan, and Singapore, have also entered a sales plateau. However, due to the impact of COVID-19 in 2020, notebook computers (NB) and tablet computers (Tablet PC) have become necessary equipment for working from home (WFH) and distance learning. Driven by this demand, the relevant personal information equipment still presents a growing trend.

(C) Consumer electronics industry

Primarily includes game consoles, LCD/LED TVs, Bluetooth headsets, and driving recorders with a wide range of applications. Due to the obvious changes in product trends toward functionalization, miniaturization, and lightweight; the boundaries of various portable consumer products have become increasingly blurred; and most of them include the core functions of other portable consumer products as auxiliary functions. Security monitoring systems, medical treatment markets, wearable devices, and VR virtual reality devices have gradually increased momentum. Demands for the Internet of Things products and smart city developments in the market have significantly increased. It is foreseeable that the increase in the number of electronic components and high-end electronic components will increase in the future, and high-end miniaturized quartz components will also be in demand for the future.

(D) Automotive electronics industry

In the automotive market, various car manufacturers have increased the added value of their products to strengthen market competitiveness and increase consumers' willingness to buy. This has fueled the expansion of the automotive electronics and information market and the development of related automotive information and electronic communication systems. The European Union, Japan, South Korea, Taiwan, and the Mainland China have successively

announced that vehicles must incorporate TPMS in the next few years to enhance driving safety. Besides the new car models that brand car manufacturers will launch, there will also be more business opportunities for the existing automobile maintenance (AM) market distributors and auto parts markets. With the increasingly widespread application of the Internet of Vehicles and Advanced Driver Assistance Systems (ADAS), we believe is still room for growth and have actively deployed into the automotive electronics market.

(E) Quartz component supply status

In terms of quartz component manufacturing, Asian manufacturers are the primary source of supply, with Japanese manufacturers being the largest. Due to high production costs, Japan focuses on developing high-end products with high added value and is also significantly ahead of other countries regarding technology. However, the advantages of Taiwanese manufacturers' production and management capabilities, production quality, product development technology, and other capabilities have narrowed the gap with foreign manufacturers. The Taiwanese manufacturers have continued receiving orders from foreign countries, and domestic manufacturers have also been successfully established in mainland China to reduce costs. The scale of operations in Taiwan has been growing in recent years.

(3) Competition niche

(A) Develop high-precision and miniaturized SMD frequency control components

Due to the rapid advancement of science and technology, home-network broadband communication technologies such as personal wireless communication and online games are becoming increasingly mature, and demand is gradually popularized. This prompted the continuous development of basic backbone networks and urban area network bandwidth technology. Moreover, the large-scale application of notebook computers and tablet PCs (Tablet PC), mobile phones with built-in 5G communication and digital camera functions, digital high-resolution audio-visual products replacing traditional audio-visual equipment, and other trends have increased the demand for high-frequency, low-noise, and miniaturized SMD quartz components. The company has completed several high-precision and miniaturized SMD quartz components, such as 2.0 mm x 1.6 mm high-precision SMD quartz crystal oscillator and 2.0 mm x 1.6 mm high-precision quartz crystal oscillator and other smaller 1.6 mm x 1.2 mm products.

The company's products are also used in automobile audio systems, tire pressure detectors, engine control, radar sensing, etc. The Taipei and Nanjing subsidiaries have passed the TS 16949 certification, which significantly benefits winning orders from first-tier automakers.

(B) Use the professional division of labor in mainland China, Taiwan, and the United States to strengthen the competitive price advantage

The company has purchased automated production equipment to reduce the demand for production manpower, produced high-value-added products with

high-quality domestic manpower, and successively established production bases in Shenzhen, Nanjing, and other places in mainland China to make the highly cost-sensitive quartz component products more competitive while improving the development and production technology of quartz products. The goal is to take advantage of the manpower in different factories to adjust the production capacity needed to produce corresponding quartz component products. Taitien Electronics also uses its U.S. base to conduct joint technical research and production with Taiwan on high-end quartz components such as OCXO and then receives orders. The production in Chinese factories can strengthen the company's competitive advantage.

(C) Vertically integrated production capacity

The manufacturing process for quartz crystal products is divided into front-end crystal chips manufacturing and back-end finished product assembly. Since the thickness and angle of the chips are the key factors in determining the frequency and working range of quartz crystal products, the chip manufacturing and design capabilities are critical to the quality, delivery, and cost control of quartz crystal products. The company has purchased equipment and invested in R&D to develop SMD chips to ensure growth performance, master the main raw materials, reduce manufacturing costs, and shorten delivery time. The goal is to master the proprietary technologies for front-end chip manufacturing and back-end finished product assembly. In addition to effectively reducing the proportion of the company's external procurement of raw materials, the vertically integrated production capacity can also significantly enhance the company's market competitiveness.

(D) High quartz technology mastery and development

The company has obtained patents for several technologies, such as the manufacturing method for the piezoelectric resonant element separated after sealing, time-frequency components, photolithographic etching, and semiconductor processing technologies, Single Layer Array Manufacturing (SLAM) developed to effectively control costs and other miniaturized quartz products. This company is Taiwan's quartz industry leader with a self-developed surface mount and high-precision Temperature Compensated Crystal Oscillator (TCXO). We are the first among the few quartz product manufacturing companies with mass production scale and capacity. Taitien Electronics has a solid background in quartz frequency component development. We have successfully developed high-frequency Voltage Controlled Crystal Oscillator (VCXO) quartz frequency components and mastered the key technologies to provide the best solutions to clients.

3. Favorable and unfavorable factors for development prospects as well as countermeasures

(1) Favorable factors

(A) New functions for communication products introduced have fueled the demand for quartz components



Electronic products such as iPads, 5G smartphones, and other portable electronic products have added personalized functions such as wireless communication, multimedia audio, and video. Since the frequency required to operate a single function varies, incorporating new functions into multi-frequency multi-mode smartphones, video phones, GPS, Bluetooth, digital cameras, etc., requires the addition of at least one additional quartz crystal to provide the basic signal source for each function. The quartz component market is bound to develop toward thinner, lighter, and smaller products as the application functions for portable electronic products have gradually increased. Therefore, the demand for SMD Type quartz crystals will continue to grow, and the company can mass-produce miniaturized products with a size of 2.0 mm x 1.6 mm. The 7.0 mm x 5.0 mm and 5.0 mm x 3.2 mm SMD Temperature Compensated Quartz Oscillator (TCXO) and next-generation miniaturized SMD Variable Voltage Controlled Quartz Oscillator (VCXO) for communication equipment Stratum 3, small cell, and other products can all meet the demands of the high-speed network and communication equipment market.

(B) The demand for quartz in the information industry continues to grow

The quartz components used are mainly quartz crystals and quartz oscillators in terms of information technologies (IT) applications. Although the IT industry is more mature than the communication industry, and its output value growth rate has cooled, the notebook computer (NB) segment is still growing. With the rise in demands for Tablet PCs (Tablets) / Chrome Books, SMD-type quartz components have largely replaced traditional DIP-type components, and product specifications have gradually miniaturized. Therefore, the quantity and output value of quartz components used in the information industry will continue to grow steadily. The company's ability to partner with the leading manufacturers in the IT market for joint development is the driving force for continuous performance improvement.

(C) The application of electronic products in the automotive market will grow in popularity

Electronic-related system configurations in automobiles have gradually become popular. The electronic equipment only available in high-end cars in the past has become the basic equipment for all types of vehicles. Such equipment, including satellite navigation systems, onboard audio-visual equipment, and automotive safety equipment-related products such as tire pressure detection, drunk driving or drowsiness safety detection and prevention technology, and driving recorders, all require high-precision and reliability frequency control components. Although the growth of the automotive market is temporarily affected by the shortage of related automotive ICs at present, Taitien Electronics has completed 2.0 mm × 1.6 mm × 0.55 mm high-precision SMD quartz crystal oscillator, 2.0 mm × mm 1.6 mm × 0.75 mm SMD high-precision quartz crystal oscillator, and other related products that can be used in automotive electronics. We believe these products will give us significant advantages in cultivating the automotive electronics market in the future.

(D) The peers in the industry have adopted strategic alliances and mergers to replace

mutual competition with cooperation

The quartz component product technology has matured. Several Chinese manufacturers have put into production, and related manufacturers have purchased advanced production equipment. As a result, the price competition for quartz components has intensified. There are currently few major foreign manufacturers with production expansion or investment plans. After the excessive competition, the peers in the industry have gradually launched strategic alliances and mergers.

The global quartz industry chain companies have continued integrating and cooperating to expand their product portfolios. The quartz component industry is developing towards healthy competition, which will also positively impact the existing manufacturers' operations.

## (2) Unfavorable factors

### (A) Numerous new entrants in China have continued to intensify competition pressure on quartz products

The entry threshold for electronic components in the entire electronic product chain is not high, and the standardization for external quartz crystals has matured. Recently, Chinese manufacturers have taken advantage of their production requirements and subsidies to compete in the market.

#### Countermeasures:

Reduce the acquisition cost for DIP and low-level SMD products via operation commercialization and improve product competitiveness. Moreover, invest in R&D, production, and marketing for high value-added products such as high-frequency oscillator, VCXO, TCXO, and OCXO to strengthen the added values for products and increase profit margin.

### (B) Difficult to find high-level quartz talents

Due to the black hole effect of talent absorption in Taiwan's semiconductor industry and the domestic colleges and universities that have not established special departments to cultivate talents in the quartz-related field, it is difficult to find talents for quartz components or promote related training programs.

#### Countermeasures :

The company uses long-term accumulated practical expertise in product development and process parameter setting to implement on-the-job education and training for technology and R&D personnel. We also implement strategic acquisitions. For example, the United States Taitien focuses on the product and technology development of high-end OCXO quartz components. We also enter into strategic partnerships to jointly develop the relevant technologies to improve the technical level.

### (C) Main raw materials must still rely on imports

Japan is the world's largest quartz components supplier. Domestic

manufacturers rarely put key raw materials such as ceramic package bases or upper covers into production and must rely on imports from Japan.

Countermeasures :

Our company currently has maintained a good business relationship with Japanese packaging material suppliers such as Kyocera and NGKED. The company has actively developed new raw material suppliers to diversify procurement sources and maintained a cooperative relationship with the original transaction manufacturers to reduce supply shortage risks. At present, there are two to three main supply sources. The company cooperates with ceramic substrate hybrid circuit manufacturers to develop resonator substrate materials jointly. The goal is to gradually overcome the installation material monopoly from Japan. In sum, the company's material supply is stable.

(D) Global trade order restructuring

At a time when the global economic system is rising due to U.S./European protectionism, the global economic ecology has changed again, and the market demand is currently immersed in an uncertain atmosphere.

Countermeasures :

The company has always actively cultivated the various high-end quartz oscillator product line application markets. We aim to diversify the sales risks for quartz oscillator products of all phases and maintain consistent, high-quality requirements. Despite the economic downturn, we have gained a firm foothold in the demanding Netcom market. We also cooperate with mainstream clients and chip manufacturers in the terminal consumer market to better satisfy the market demands and reduce single-market sales fluctuations by forming regional distribution relationships. Taitien is committed to developing products that cater to market needs as we anticipate fruitful harvests brought by the economic recovery.

The pressure on RMB appreciation has increased due to China's rising salary costs, consumption, and trade issues with major countries. The company promotes the RMB local transaction model and diversified currency operations.

(II) Production Procedures of Main Products

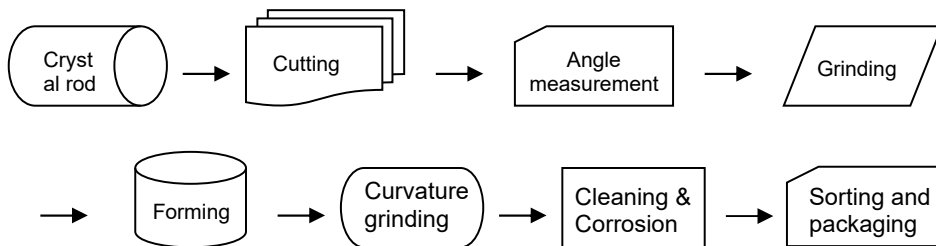
1. Major Products and Their Main Uses

Product Type	Main Products	Purpose
Crystal	Crystal Unit · SMD Crystal	3D hardware and touch screens, automotive audio-visual product computers (motherboards, interface cards), mobile phones, game consoles, digital cameras, printers, mice, Bluetooth, security monitoring systems,
Oscillator	Oscillator · SMD Oscillator	medical network and telecommunications equipment, computers (motherboards, interface cards), home appliances, mobile phones, security monitoring systems,

Product Type	Main Products	Purpose
	VCXO	medical modems, wireless communication systems, fixed network base stations,
	TCXO	wireless communication systems, fixed network base stations, mobile phones, GPS satellite positioning systems,
	OCXO	digital meter fixed network base stations, wireless communication base stations, measuring instrument equipment, and radar systems.

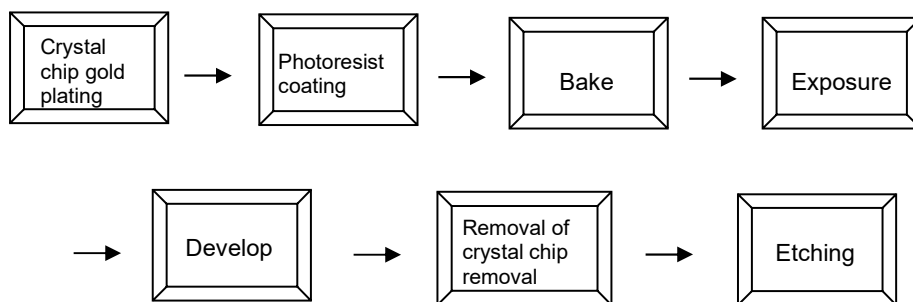
## 2. Major Products and Their Production Processes

### (1) Pre-process



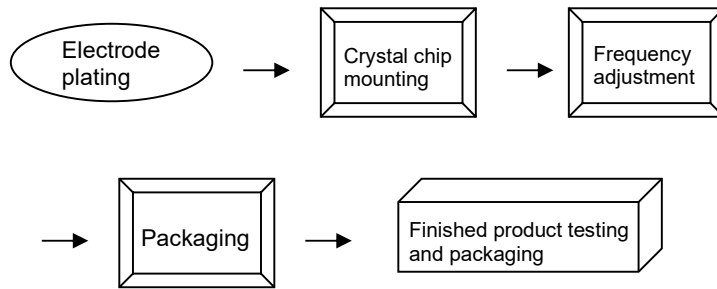
Production process for the main “chip” raw material for quartz crystals and oscillators. Crystal rods are cut into specific thicknesses and slices according to the basic design and then sorted according to the required angle. After classification, the frequency is adjusted by coarse and fine grinding according to the predetermined frequency design. The frequency sheets are formed into strips or discs specified by the post-production process through machining. The bold strips or discs are processed according to the degree of design requirements. After processing and shaping, the residual surface value is removed and cleaned, and the frequency and appearance are inspected and classified. The qualified products are put into storage.

### (2) Yellow light process



For the yellow light photographic plate-making process, the chip is first coated with photoresist and then baked to affix the photoresist. It then goes through light exposure, development, and other processes to display the graphics. Then the chip can be etched or processed.

(3) Post-process



Production process for quartz crystal or quartz oscillator from raw material assembly to packaging processing: After the wafer is cleaned, it is mounted on a designated design fixture, placed in a vacuum evaporator, and the metal electrode surface is plated. They are inlaid in a single base or an IC circuit-processed base according to the crystal or oscillator types. The frequency adjustment machine achieves the designed frequency by adjusting different metals according to the precision requirements. After the midway inspection, the base and the shell are welded or soldered. After packaging, different degrees of aging is further verified, and frequency testing is conducted to ensure the product can meet the client’s needs. After the quality control department confirms, the appearance labeling and packaging are executed according to the client’s designation or standard specifications.

(III) Supply Status of Main Materials

Major Raw Materials	Source of Supply	Supply Situation
Blank	Timemaker、CRYSTRON、TCST、Citizen、KSD、TAITIEN ELECTRONICS (SHENZHEN) CO., LTD.	1. The mid-to-long-term material demand operation mode adopted by the group depends on the operation plan and suppliers to coordinate supply and negotiate prices. 2. Regular supplier quality evaluation and mutual visits to exchange market information. 3. All regular products require over 2 suppliers to ensure a stable supply.
BASE	Kyocera、NGKED、CCTC	
IC	NPC、AKM、NJRC、Interchip、LIGHT-CLOCK	
Cover	Wanotec、NGKED、AnHui Jing Sai Technology Co.,LTD.	

(IV) The name of the client accounted for over 10% of the total procurement (or sales) amount in any of the last 2 years, and the sales amount and percentage, explain the reason for its increase or decrease.

### 1. Major supplier information

Unit : NT\$ thousand

Item	2021 (consolidated)				2022 (consolidated)				2023 as of the 1st quarter (consolidated)			
	Name	Amount	Percentage accounted for to annual net purchases (%)	Relation with the issuer	Name	Amount	Percentage accounted for to annual net purchases (%)	Relation with the issuer	Name	Amount	The ratio of net purchases in the current year up to the previous quarter (%)	Relation with the issuer
1	Others	1,180,507	100.00	None	Others	1,062,366	100.00	None	Others	166,606	100.00	None
2	Net purchase amount	1,180,507	100.00	None	Net purchase amount	1,062,366	100.00	None	Net purchase amount	166,606	100.00	None

Reason for increase or decrease: The company has no suppliers accounting for over 10% of the total purchases.

### 2. Major Clients

Unit : NT\$ thousand

Item	2021 (consolidated)				2022 (consolidated)				2023 as of the 1st quarter (consolidated)			
	Name	Amount	Percentage accounted for to annual net sales (%)	Relation with the issuer	Name	Amount	Percentage accounted for to annual net sales (%)	Relation with the issuer	Name	Amount	The ratio of net purchases in the current year up to the previous quarter (%)	Relation with the issuer
1	Others	2,268,680	100.00	None	Others	2,369,419	100.00	None	Others	517,572	100.00	None
2	Net sales amount	2,268,680	100.00	None	Net sales amount	2,369,419	100.00	None	Net sales amount	517,572	100.00	None

Reason for increase or decrease: The company has no clients who account for over 10% of the total sales.

### (V) Production in the Last Two Years

Unit : thousands / NT\$ thousand

Output	Year	2021			2022		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Major Products							
Crystal		45,300	29,450	174,935	46,100	29,950	149,500
Crystal Oscillator		152,450	121,900	793,648	165,500	157,050	1,293,252
Total		197,750	151,350	968,583	211,600	187,000	1,442,752

Note: This table does not include purchases of goods.

## (VI) Consolidated- breakdown of production volume and value

Unit : thousands / NT\$ thousand

Sales Major Products	Year	2021				2022			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Crystal		243,018	514,471	151,369	375,975	136,647	329,109	105,496	318,490
Crystal Oscillator		87,305	823,449	24,592	434,256	96,089	1,200,668	27,961	408,758
Other(Note)		0	33,448	0	87,081	0	44,293	0	68,101
Total		330,323	1,371,368	175,962	897,312	232,736	1,574,070	133,457	795,349

Note: These are chips, instruments, equipment, and other components, etc.

**III. Consolidated employee data for the most recent year:**

Year		2021	2022	2023 and as of the printing date of this annual report
Number of Employees	Indirect Personnel	392	367	359
	Direct Personnel	353	390	378
	Total	745	757	737
Average Age		40.81	41.47	41.93
Average Years of Service		10.69	11.39	12.00
Education (%)	Ph.D.	0.40	0.39	0.40
	Masters	2.15	2.11	2.17
	Bachelor's Degree	34.77	35.79	36.50
	Senior High School	36.78	36.33	36.23
	Below Senior High School	25.91	25.38	24.70

**IV. Environmental Protection Expenditure**

Losses incurred due to environmental pollution (including compensation and environmental protection audit in violation of environmental protection laws and regulations, the date of disciplinary action, the case number, the laws and regulations violated, the content of infringements and disciplinary actions must be listed) in the most recent year and as of the publication date of the annual report. Please also disclose the estimated amount that may occur at present and in the future as well as the corresponding measures. If a reasonable estimate cannot be made, please state the fact why it cannot be reasonably estimated: None.

## V. Labor Relations

- (I) The company established the Employee Welfare Committee and the Retirement Reserve Fund Supervision Committee to handle various employee welfare measures according to the people-oriented social responsibility policy. We also provide employees with opportunities for further study and training, labor–management agreement negotiations, and employee rights protection measures :

### 1. Employee welfare measures

Category	Item
Insurance and Retirement Protection	Labor insurance, national health insurance, group insurance, and labor pension appropriation.
Medical insurance	Group insurance, occupational accident insurance, and regular health exams.
Events	Birthday parties, department dinners, year-end parties, employee lottery, employee travel, and unscheduled group ball games or competitions.
Profit sharing	Employee remuneration and employee stock ownership trust system.
Bonuses	Three Festival bonus, birthday bonus, maternity bonus, hospital condolence, and funeral allowance
Facilities	Car and motorcycle parking spaces, nursing room.
Emergency assistance	Subsidy is provided according to the actual employee status.
Other Benefits	Provide promotion channels, reward employees for proposals, commend senior and outstanding employees, provide further study for employees, and offer scholarships for employees' children.

The company offers a variety of activities. In addition to holding dinner parties in the factory once every six months, we also provide funds for cross-departmental dinners to allow employees to meet during off-duty hours, communicate with peers, and enhance mutual interaction. We also handle annual domestic employee travel to increase mutual exchanges with employees and their relatives.

To incentivize employees' children to study hard, the Employee Welfare Committee offers scholarships to employees' children for the first and second semesters every year. All employees' children studying in high school, vocational schools, colleges, or universities can apply; about 20 have passed the review every year and received scholarships.

We also provide birthday bonuses, three traditional festivals celebration bonuses (for Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival), wedding allowances, and funeral condolences to our colleagues.

### 2. Staff education and training

The company combines the training, assessment, and promotion procedures for employee selection, training, appointment, and retention. The goal is to improve employees' management and professional technical abilities, effectively develop human resources, and train excellent leadership and professional talents. The company also provides diversified education and training courses according to the working needs of employees and matches their work expertise. At present, colleagues can improve their professional ability through internal training, external training, OJT,



and communication between superior managers/colleagues. We also offer opportunities such as job rotation, technical exchanges to overseas factories, and overseas assignments so employees can challenge themselves and achieve mutual growth between the company and employees. In recent years, management has been encouraged to pursue advanced education (EMBA), and 6 Sigma-related courses have been outsourced to actively promote employee skill and knowledge enhancement. The company's employee education and training management measures and annual training courses conducted according to the employees' professional skill requirements of functions are designed to enhance their learning ability and improve work efficiency.

The relevant education and training achievements in 2022 are as follows:

Item	No. of courses	No. of participants	Total course hours	Total cost
Internal professional training	143	1640	465.5	0
External professional training	13	13	144	NT\$59,180

### 3. Retirement system and implementation status:

The company has established Employee Retirement Management Measures according to the Labor Standards Act, and employee retirements are handled according to the retirement regulations and the company's retirement management measures. The company also has a Labor Retirement Reserve Fund Supervisory Committee that holds regular quarterly meetings, allocates retirement reserve funds monthly, and deposits them in the special Labor Retirement Reserve Fund account of the Central Trust of China. Employees who join the company after July 1, 2005, and the original employees who choose to apply the new pension regulations that went into effect on that date according to the Labor Pension Act shall deposit 6% of their monthly salary into the individual labor pension account established by the Bureau of Labor Insurance.

### 4. Labor-management agreement status and various employee rights protection measures:

The company's labor-management relationship has always been harmonious. We have set up suggestion boxes in the office and factory areas and established a special area for feedback and complaints on the internal website to collect employees' opinions extensively. We also hold regular labor-management meetings to promote communication between labor and management and safeguard the rights and interests of employees.

### (II) Certification status for finance-related personnel:

1. The professional agents for the company's financial and accounting supervisors have passed the "Continuing Education Program for Accounting Officers of Securities Issuers, Securities Dealers, and Stock Exchanges" organized by the Accounting Research and Development Foundation.
2. The financial supervisor of the company has obtained the international Certified Internal Auditor (CIA) certificate.
3. The company's auditors have passed the continuing education course exams

- organized by the Institute of Internal Auditors-Chinese Taiwan.
4. The company's auditors have passed the continuing education course exams organized by the Institute of Internal Auditors-Chinese Taiwan.
  5. The company's stock affairs personnel have obtained the "Stock Affairs Specialist Professional Aptitude Qualification Certification" issued by the Securities and Futures Market Development Foundation.

(III) Is there a code of conduct or ethics for employees:

1. The company has formulated the "work rules" for employees to follow, and the contents are summarized as follows:

(1) Employee integrity obligation management:

- (A) Employees must honestly abide by the company's policies and provisions and obey the supervisors' reasonable instructions.
- (B) Employees should focus on their work duties, maintain work orders, develop team spirit, and improve work efficiency.
- (C) Employees should maintain the company's reputation. Any matters sufficient to affect the company's reputation shall be made readily available to the supervisors and shall not be concealed.
- (D) The company's business secrets, such as affairs, operations, finances, technologies, policies, production plans, personnel dynamics, and important decisions, shall be strictly guarded and not be leaked or otherwise violated. The same shall apply after resignation.
- (E) Take appropriate conduct discretions and maintain the company's reputation. Do not request customers or manufacturers to provide entertainment, gift, commission, payment, or other undue benefits.
- (F) Drugs, gambling, and other illegal activities are prohibited.
- (G) The relevant forms must be detailed and not contain forgery or conceal the facts. Do not arbitrarily read through the documents, correspondences, or relevant information of others.
- (H) Caseloads shall be handled practically without backlogs. The assets or documents must be safeguarded carefully and shall not be carried out, damaged, or lost. In case of an accident, the assets must be protected carefully.
- (I) Procurement or auditing duties shall be performed impartially without bias.
- (J) Do not use the job as an opportunity to solicit or request benefits for the relevant enterprises, family members, or individuals.
- (K) Do not engage in cash loan transactions with clients or vendors.
- (L) Employee operations must abide by the various laws and relevant professional ethics specifications and must not infringe on the rights and interests of others.

(2) Employee activity management:

- (A) Employees shall not incite others to engage in illegal strikes and refusal to work.
- (B) Employees shall not engage in activities such as stocks, futures, marketing, or direct sales in the work premises.
- (C) Comply with the work and rest hour rules and do not conduct private businesses during work hours.

(3) Equipment material management:

- (A) Employees shall use the company's vehicles, office appliances, equipment, and

consumables properly and according to the relevant equipment or material utilization rules.

(B) Avoid non-work relating private telephone, fax, photocopy, e-mail, etc.

(C) Employees shall not use company property for personal purposes.

(D) Employees must apply for prior approval before removing any company property.

2. The company shall conduct employee evaluations based on internal assessment methods. This Code of Conduct is issued to employees to read on the registration day, and a copy is posted on the company's internal bulletin boards. All employees are urged to abide by the Code of Conduct and the work rules.

(IV) Work environment and employee personal safety protection measures:

1. The company has established the "Occupational Safety and Health Code" according to the "Occupational Safety and Health Act," which has been approved by the competent authority and publicly published. Employees must comply with the Code, which is regularly updated according to the laws to meet legal requirements.

2. According to the law, the company has established labor safety and health management organizations and personnel to oversee labor safety and hygiene-related matters and hold regular safety and health conferences to review and improve safety and health-related issues.

3. The company may regularly organize measures such as educational training, health inspections, fire or chemical protection drills, or other relevant activities from time to time. The goal is to ensure employees understand the important responsibilities and obligations for safety and health.

4. All employee operations must comply with the safety rules and implement automatic inspections according to the relevant regulatory requirements to reduce the risk of accidents.

(V) The losses suffered due to labor disputes in the most recent year and up to the publication date of this annual report (including labor inspection results that violate the Labor Standards Act, the date, scale, case number, the statute violated, the content of violation, and the content of punishment), and disclose the estimated amount that may occur at present and in the future as well as the corresponding measures:

The company has harmonious labor relations with its employees and has not suffered any losses due to labor disputes. No such losses are expected in the future.

## **VI. Cyber security management**

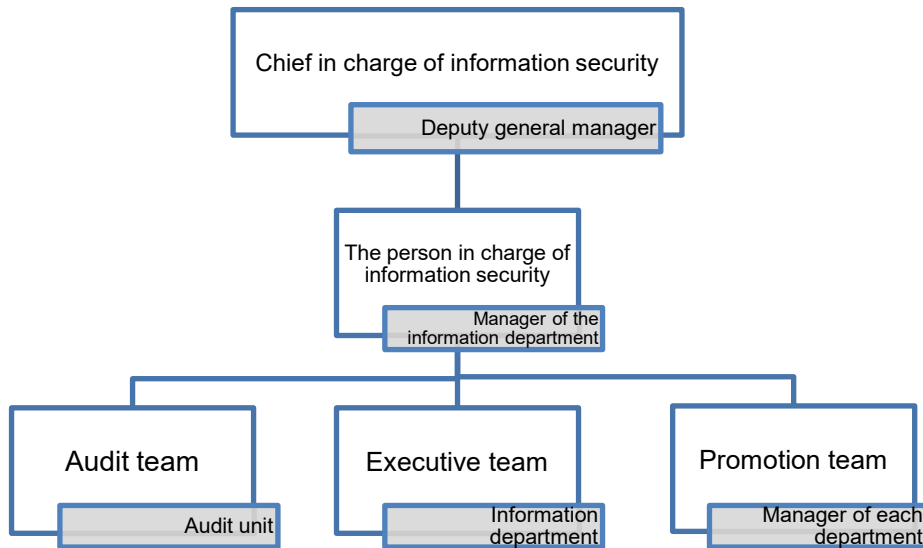
(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

1. In 2022, the Company established an information security committee and dedicated information security supervisor and a dedicated information security officer. At least 2 meetings are held each year to understand, prevent, and handle various information security requirements, and to understand current information security trends.

In 2022, the information security committee met one time, and the executive team

met three times.

## 2. Organizational chart of information security committee



**Chief in charge of information security:** Resolutions and management reviews on matters related to the information security management system, and periodic reports to the board of directors.

**Person in charge of information security:** Coordinated planning and promotion of corporate information security.

**Audit team:** Internal audit of the information security management system.

**Executive team:** Implementing various information security operations, information security incident handling, and information security education and training.

**Promotion team:** Supervising and promoting the implementation of information security policies.

## 3. Information security policy:

- (1) The Company shall establish relevant mechanisms and measures to protect the Company's information from unauthorized access and alteration to ensure accuracy and integrity.
- (2) The Company shall establish a data backup mechanism and set up an off-site backup mechanism. The effectiveness of the backup data shall be confirmed regularly.
- (3) The Company shall provide information security training for employees to strengthen overall information security awareness and improve emergency response capabilities.
- (4) The Company shall establish an information security incident notification mechanism to ensure proper response, control and handling of information security incidents.
- (5) All Company employees are responsible for maintaining information security and shall comply with the relevant information security management regulations.

#### 4. Specific management program:

Items	Specific management program
Safety management of mainframe equipment	<ul style="list-style-type: none"> <li>● Mainframe and application servers are placed in a dedicated server room with access control.</li> <li>● Separate air-conditioning in the server room keeps the mainframe operating at the right temperature</li> <li>● The server rooms are equipped with UPS and an emergency generator system to provide emergency power supply to the server rooms.</li> </ul>
Network security management	<ul style="list-style-type: none"> <li>● A firewall is installed for the external network to block hackers' illegal access</li> <li>● For user access, malicious websites or programs such as Trojan horses are filtered.</li> <li>● If a special connection is required, additional application for access is required.</li> <li>● To log in to the company remotely, employees must apply for a VPN account and access the internal system through the VPN security means.</li> </ul>
Mail safety control	<ul style="list-style-type: none"> <li>● A spam filtering system is in place to filter out viruses, malicious or spam emails.</li> <li>● After receiving emails from personal computers, anti-virus software also scans attachments to prevent unsafe attachments or URLs.</li> </ul>
Virus prevention and management	<ul style="list-style-type: none"> <li>● Anti-virus software is used, and the virus code is updated automatically to reduce the chance of virus infection.</li> </ul>
System access control	<ul style="list-style-type: none"> <li>● The use of each system shall be in accordance with the application process for system permission as stipulated by the Company. Only after approval by the supervisors with relevant authority is access available after each system administrator gives permission according to the requested function or authority.</li> <li>● The password setting of the account requires a certain degree of complexity, a mixture of characters, upper and lower case English letters, numbers, and mixed special symbols. In addition, the passwords are changed regularly.</li> <li>● When processing departure, the information department will delete the accounts in each system.</li> </ul>
Information security dissemination and training	<ul style="list-style-type: none"> <li>● Information security information is disseminated from time to time to raise employees' awareness of information security.</li> <li>● Education and training are held regularly</li> </ul>
Data backup system	<ul style="list-style-type: none"> <li>● A backup mechanism is established for important data. In addition to local backups, off-site backups are made regularly.</li> </ul>

(I) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom (e.g., impact on operations or goodwill), and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

During 2022 and up to the date of publication of the annual report, the Company has not identified any significant cyber attacks or incidents, which have had or are likely to have a material adverse effect on the Company's business and operations, and has not been involved in any legal cases or regulatory investigations in relation thereto.

## VI. Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Sales Contract	Acal plc	92.05.01	Product Sales	None
Sales Contract	NOKIA CORPORATION NETWORKS	95.06.01	Product Sales	None
Sales Contract	Alcatel Shanghai Bell Co., Ltd.	96.11.01	Product Sales	None
Sales Contract	Siemens Home and Office Communication Devices GmbH & Co. KG	96.07.25	Product Sales	None
Distributorship Agreement	Taiden Japan Co., Ltd	96.12.05	Product Sales	None
Procurement Contract	Kyocera Asia Pacific Ltd	96.06.01	Product Sales	None
Procurement Contract	Asahi Kasei EMD Corporation	96.06.01	Product Sales	None

Note: The contract shall be extended automatically upon expiration.

## Six. Financial Information

### I. Five-Year Financial Summary

(I) Based on IFRS

#### Condensed Balance Sheet

Unit: NTD thousand

Item	Year	Financial information for the most recent 5 years					Up to March 31, 2023 of the current year Finance data
		2022	2021	2020	2019	2018	
Current Assets		832,451	809,111	629,105	658,573	547,307	N/A
Property, plant and equipment		69,286	80,834	73,822	81,704	102,999	
Intangible assets		792	1,035	679	294	43	
Other assets		1,384,095	1,135,342	978,769	955,145	1,147,516	
Total assets		2,286,624	2,026,322	1,682,375	1,695,716	1,797,865	
Current liabilities	Before distribution	428,958	425,176	320,631	334,577	306,049	
	After distribution	Note	568,677	328,831	334,577	336,420	
Noncurrent liabilities		114,010	86,898	74,937	52,713	72,287	
Total liabilities	Before distribution	542,968	512,074	395,568	417,290	378,336	
	After distribution	Note	655,575	403,768	417,290	408,707	
Equity attributable to shareholders of the parent		1,743,656	1,514,248	1,286,807	1,278,426	1,419,529	
Capital stock		683,338	683,338	683,338	683,338	769,464	
Capital surplus		408,346	408,346	408,346	408,346	383,168	
Retained earnings	Before distribution	732,935	518,631	285,595	282,037	339,363	
	After distribution	Note	374,130	277,395	282,037	308,992	
Other equity		(80,963)	(96,067)	(90,472)	(95,295)	(49,540)	
Treasury shares		0	0	0	0	(22,926)	
Non-controlling interests		0	0	0	0	0	
Total equity	Before distribution	1,743,656	1,514,248	1,286,807	1,278,426	1,419,529	
	After distribution	Note	1,370,747	1,278,607	1,278,426	1,389,158	

Note: The appropriation of earnings for 2022 is subject to the resolution of the shareholders' meeting.

## Condensed Statement of Comprehensive Income

Unit: NTD thousand

Item \ Year	Financial information for the most recent 5 years					Up to March 31, 2023 of the current year Finance data
	2022	2021	2020	2019	2018	
Operating revenue	1,202,369	1,117,624	778,779	757,101	817,468	N/A
Gross profit	348,880	263,001	107,386	132,281	132,784	
Income from operations	158,614	95,459	(19,193)	9,766	(11,052)	
Non-operating income and expenses	265,110	152,408	20,846	(24,924)	143,675	
Income before income tax	423,724	247,867	1,653	(15,158)	132,623	
Continuing operations						
Net profit of the period	358,855	213,208	4,412	(20,507)	120,180	
Loss from discontinuing operations	0	0	0	0	0	
Net profit (loss) for the period	358,855	213,208	4,412	(20,507)	120,180	
Other comprehensive income (net, after tax) for the period	14,054	22,433	3,969	(52,203)	(13,568)	
Total comprehensive income of the period	372,909	235,641	8,381	(72,710)	106,612	
Net income attributable to shareholders of the parent	358,855	213,208	4,412	(20,507)	120,180	
Net income attributable to non-controlling interests	0	0	0	0	0	
Total comprehensive income attributable to shareholders of the parent	372,909	235,641	8,381	(72,710)	106,612	
Total comprehensive income attributable to noncontrolling interests	0	0	0	0	0	
Earnings per share	5.25	3.12	0.06	(0.28)	1.60	



## Consolidated Condensed Balance Sheet

Unit: NTD thousand

Year		Financial information for the most recent 5 years					Up to March 31, 2023 of the current year Finance data(Note 1)
		2022	2021	2020	2019	2018	
Current assets		1,983,513	1,905,612	1,408,643	1,360,968	1,489,067	1,935,157
Property, plant and equipment		425,923	370,912	401,017	424,816	441,090	437,953
Intangible assets		3,390	4,183	13,033	15,638	3,649	3,878
Other assets		157,107	124,616	147,797	174,067	143,709	136,730
Total assets		2,569,933	2,405,323	1,970,490	1,975,489	2,077,515	2,513,718
Current liabilities	Before distribution	630,175	734,522	532,065	540,641	546,878	516,184
	After distribution	Note 2	878,023	540,265	540,641	577,249	516,184
Noncurrent liabilities		196,102	156,553	151,618	156,422	111,109	192,711
Total liabilities	Before distribution	826,277	891,075	683,683	697,063	657,986	708,895
	After distribution	Note 2	1,034,576	691,883	697,063	688,357	708,895
Equity attributable to shareholders of the parent		1,743,656	1,514,248	1,286,807	1,278,426	1,419,529	1,804,823
Capital stock		683,338	683,338	683,338	683,338	769,464	683,338
Capital surplus		408,346	408,346	408,346	408,346	383,168	408,346
Retained earnings	Before distribution	732,935	518,631	285,595	282,037	339,363	791,155
	After distribution	Note 2	375,130	277,395	282,037	308,992	791,155
Other equity		(80,963)	(96,067)	(90,472)	(95,295)	(49,540)	(78,016)
Treasury shares		0	0	0	0	(22,926)	0
Non-controlling interests		0	0	0	0	0	0
Total equity	Before distribution	1,743,656	1,514,248	1,286,807	1,278,426	1,419,529	1,804,823
	After distribution	Note 2	1,370,747	1,278,607	1,278,426	1,389,158	1,804,823

Note 1: The financial information for the first quarter of 2023 has been reviewed by the CPAs.

Note 2: The appropriation of earnings for 2022 is subject to the resolution of the shareholders' meeting.

## Consolidated Condensed Statement of Comprehensive Income

Unit: NTD thousand

Item \ Year	Financial information for the most recent 5 years					Up to March 31, 2023 of the current year Finance data(Note)
	2022	2021	2020	2019	2018	
Operating revenue	2,369,419	2,268,680	1,584,878	1,532,516	1,523,733	517,572
Gross profit	813,654	651,566	309,291	257,240	284,830	173,302
Income from operations	422,570	302,708	6,683	(28,348)	(44,386)	75,621
Non-operating income and expenses	67,466	(330)	3,861	15,091	193,969	3,132
Income before tax	490,036	302,378	10,544	(13,257)	149,583	78,753
Continuing operations						
Net profit from continuing operations	358,855	213,208	4,412	(20,507)	120,180	58,220
Loss from discontinuing operations	0	0	0	0	0	0
Net profit (loss) for the period	358,855	213,208	4,412	(20,507)	120,180	58,220
Other comprehensive income (net, after tax) for the period	14,054	22,433	3,969	(52,203)	(13,568)	2,947
Total comprehensive income of the period	372,909	235,641	8,381	(72,710)	106,612	61,167
Net income attributable to shareholders of the parent	358,855	213,208	4,412	(20,507)	120,180	58,220
Net income attributable to non-controlling interests	0	0	0	0	0	0
Total comprehensive income attributable to shareholders of the parent	372,909	235,641	8,381	(72,710)	106,612	61,167
Total comprehensive income attributable to noncontrolling interests	0	0	0	0	0	0
Earnings per share	5.25	3.12	0.06	(0.28)	1.60	0.85

Note 1: The financial information for the first quarter of 2023 has been reviewed by the CPAs.

(II) Based on ROC GAAP : N/A.

The Company's financial information for 2018–2021 and 1Q 2022 is based on IFRSs.

(III) Auditors' Opinions

Year	Accounting Firm	CPA	Audit Opinion
2008	Deloitte & Touche	Fang Hsiao-Ping, Yu Wei-An	Unqualified Opinion with Explanatory Language
2009	Deloitte & Touche	Fang Hsiao-Ping, Chang, Keng-Hsi	Unqualified Opinion with Explanatory Language
2010	Deloitte & Touche	Fang Hsiao-Ping, Chang, Keng-Hsi	Unqualified Opinion
2011	Deloitte & Touche	Yu Cheng-Chuan, Chang, Keng-Hsi	Unqualified Opinion with Explanatory Language
2012	Deloitte & Touche	Yu Cheng-Chuan, Chang, Keng-Hsi	Unqualified Opinion
2013	Deloitte & Touche	Yu Cheng-Chuan, Chang, Keng-Hsi	
2014	Deloitte & Touche	Yu Cheng-Chuan, Chang, Keng-Hsi	
2015	Deloitte & Touche	Yu Cheng-Chuan, Chen Chung-Chung	
2016	Deloitte & Touche	Yu Cheng-Chuan, Chen Chung-Chung	
2017	Deloitte & Touche	Chen, Chiang-Hsun, Chen Chung-Chung	
2018	Deloitte & Touche	Chen, Chiang-Hsun, Chen Chung-Chung	
2019	Deloitte & Touche	Chen, Chiang-Hsun, Chen Chung-Chung	
2020	Deloitte & Touche	Chen, Chiang-Hsun, Chen Chung-Chung	
2021	Deloitte & Touche	Chen, Chiang-Hsun, Chen Chung-Chung	
2022	Deloitte & Touche	Chen, Chiang-Hsun, Liang, Sheng-Tai	

## II. Five-Year Financial Analysis

### (I) Parent company only financial analysis - IFRSs

Analysis		Year	Financial analysis for the most recent 5 years					Up to March 31, 2023 of the current yea
		2022	2021	2020	2019	2018		
Capital structure (%)	Debt ratio	23.75	25.27	23.51	24.61	21.04	N/A	
	Long-term fund to property, plant and equipment ratio	2,529.58	1,879.21	1,752.76	1,574.82	1,378.20		
Solvency %	Current ratio	194.06	190.30	196.21	196.84	178.83		
	Quick ratio	134.74	139.46	155.58	142.99	116.59		
	Times interest earned	17,380.75	12,837.26	179.55%	-668.66%	6,894.21		
Operating performance analysis	Average collection turnover (times)	3.89	4.03	3.77	3.73	3.84		
	Days sales outstanding	94	92	97	98	95		
	Average inventory turnover (times)	3.14	3.99	3.85	3.41	4.01		
	Average payment turnover (times)	6.67	6.63	7.75	8.09	7.87		
	Average inventory turnover days	116	91	95	107	91		
	Property, plant and equipment turnover (times)	16.02	14.45	10.01	8.20	8.74		
	Total assets turnover (times)	0.56	0.60	0.46	0.43	0.46		
Profitability	Return on assets (%)	16.73	11.58	0.36	(1.08)	6.91		
	Return on equity (%)	22.03	15.22	0.34	(1.52)	8.72		
	As a percentage of paid-in capital (%)	Operating income	23.21	13.97	(2.81)	1.43		(1.44)
		Pre-tax income	62.01	36.27	0.24	(2.22)		17.24
	Profit margin (%)	29.85	19.08	0.57	(2.71)	14.70		
Earnings per share (\$)	5.25	3.12	0.06	(0.28)	1.60			
Cash flow	Cash flow ratio (%)	50.50	5.03	5.53	14.68	(0.46)		
	Cash flow adequacy ratio (%)	64.15	25.45	26.85	56.51	61.83		
	Cash flow reinvestment ratio (%)	3.59	0.75	1.20	1.31	(1.47)		
Leverage	Operating leverage	2.73	3.41	(10.75)	18.90	(17.04)		
	Financial leverage	1.02	1.02	0.90	1.25	0.85		
<p>Explanation of change percentage in the parent company only financial analysis for the most recent two years:</p> <ol style="list-style-type: none"> <li>1. Times interest earned: The change is due to the increase in profit for the period.</li> <li>2. Operating capabilities: Due to the long revenue and customers' strong purchasing power, the Company shortened the delivery period by stocking inventory so that customers' demand would not be affected, resulting in an increase in inventory amount. However, since the inventory turnover turned quickly, the average number of sales days increased.</li> <li>3. Profitability: The change was mainly due to the increase in gross profit for the period, which led to an increase in net operating profit for the period. In addition, the increase in non-operating income from investment income resulted in an increase in net income before income tax for the period.</li> <li>4. Cash flow: Compared to the previous period, the increase in cash flow for the period is mainly due to the increase in net income before tax for the period. As a result, the net cash inflow from operating activities increased, and the cash flow ratio also increased accordingly. The increase in the cash reinvestment ratio compared to the previous period was due to the increase in cash inflow from operating activities in 2022.</li> </ol>								

## (II) Consolidated financial analysis - IFRSs

Analysis		Year					Up to March 31, 2023 of the current yea(Note)	
		Financial analysis for the most recent 5 years						
		2022	2021	2020	2019	2018		
Capital Structure Analysis (%)	Debt ratio	32.15	37.05	34.70	35.29	31.67	28.20	
	Long-term fund to property, plant and equipment ratio	417.53	414.11	329.56	309.56	321.82	419.12	
Solvency %	Current ratio	314.76	259.44	264.75	251.73	272.29	374.90	
	Quick ratio	215.16	188.04	187.53	179.20	191.77	263.82	
	Times interest earned	15,318.51	9174.97	354.44	(137.41)	3,827.46	9,028.91	
Operating performance analysis	Average collection turnover (times)	3.99	4.26	4.00	4.03	3.89	4.01	
	Days sales outstanding	91	86	91	91	94	91	
	Average inventory turnover (times)	2.26	2.75	2.36	2.32	3.22	1.91	
	Average payment turnover (times)	6.56	6.94	7.68	7.15	6.99	9.04	
	Average inventory turnover days	161.74	132.64	154.69	157.52	113.26	191.25	
	Property, plant and equipment turnover (times)	5.95	5.88	3.84	3.54	3.43	4.79	
Profitability	Total assets turnover (times)	0.95	1.04	0.80	0.76	0.77	0.81	
	Return on assets (%)	14.53	9.87	0.39	(0.79)	6.22	9.27	
	Return on equity (%)	22.03	15.22	0.34	(1.52)	8.72	13.13	
	As a percentage of paid-in capital (%)	Operating income	61.84	44.3	0.98	(4.15)	(5.77)	44.27
		Pre-tax income	71.71	44.25	1.54	(1.94)	19.44	46.10
	Profit margin (%)	15.15	9.4	0.28	(1.34)	7.89	11.25	
Earnings per share (\$)	5.25	3.12	0.06	(0.28)	1.60	0.85		
Cash flow	Cash flow ratio (%)	62.67	31.23	12.96	26.22	1.18	14.84	
	Cash flow adequacy ratio (%)	92.45	70.52	60.09	91.64	92.81	141.00	
	Cash flow reinvestment ratio (%)	8.92	9.05	3.20	5.38	(0.69)	2.64	
Leverage	Operating leverage	2.74	3.1	80.85	(18.83)	(12.66)	2.60	
	Financial leverage	1.01	1.01	2.63	0.84	0.92	1.01	
<p>Explanation of change percentage in the consolidated financial analysis for the most recent two years:</p> <ol style="list-style-type: none"> <li>1. Times interest earned: The change is due to the increase in profit for the period.</li> <li>2. Operating capacity: In addition to the increase in customer demand and sales revenue in the period, since the Company shortened the delivery period by stocking inventory, the amount of inventory increased. Therefore, the average number of sales days increased.</li> <li>3. Profitability: The change was mainly due to the increase in sales revenue and the increase in net operating profit for the period, which resulted in the increase in net income before income tax for the period.</li> <li>4. Cash flow: Compared to the previous period, the increase in cash flow for the period is mainly due to the increase in net income before tax for the period. As a result, the net cash inflow from operating activities increased, and the cash flow ratio also increased accordingly. The decrease in the cash reinvestment ratio compared to the previous period was due to the increase in the acquisition of financial assets at amortized cost and property and plant in 2022.</li> </ol>								

Note : The financial information for the first quarter of 2023 has been reviewed by the CPAs.

Note: The formulations for financial analysis are as follows.

1. Capital structure

(1) Debt ratio = total liabilities / total assets

(2) Long-term fund to property, plant and equipment ratio = (shareholders' equity + noncurrent liabilities) / net property, plant and equipment

2. Solvency

- (1) Current ratio = current assets / current liabilities
  - (2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities
  - (3) Times interest earned = earnings before interest and taxes / interest expenses
3. Operating performance analysis
- (1) Average collection turnover (including accounts receivable and notes receivable originated from operation) = net sales / average trade receivables (including accounts receivable and notes receivable originated from operation)
  - (2) Days sales outstanding = 365 / average collection turnover
  - (3) Average inventory turnover = cost of sales / average inventory
  - (4) Turnover rate of accounts payable (including accounts payable and notes payable arising from operations) = Cost of goods sold / Average balance of accounts payable (including accounts payable and notes payable arising from operations) for each period.
  - (5) Days' sales in inventory = 365 / Average Inventory Turnover
  - (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment
  - (7) Total assets turnover = net sales / average total assets
4. Profitability
- (1) Return on total assets = (net income + interest expenses \* (1 - effective tax rate)) / average total assets
  - (2) Return on Equity = Net Income after tax / Average Equity
  - (3) Net margin = net income / net sales
  - (4) Earnings per share = (net income attributable to shareholders of the parent - preferred stock dividend) / weighted average number of shares outstanding
5. Cash flow
- (1) Cash flow ratio = net cash provided by operating activities / current liabilities
  - (2) Cash flow adequacy ratio = five-year sum of cash from operations / five-year sum of capital expenditures, inventory additions, and cash dividend
  - (3) Cash flow reinvestment ratio = (cash provided by operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other noncurrent assets + working capital)
6. Leverage
- (1) Operating leverage = (net sales - variable cost) / income from operations
  - (2) Financial leverage = income from operations / (income from operations - interest expenses)

(III) Based on ROC GAAP: The Company's financial information for 2018 - 2021 and 1Q 2022 is based on IFRSs.

### III. Audit Committee's Report for the Most Recent Year

## Audit Committee's Review Report

Among the business reports, financial statements, and profit distribution proposals prepared by the company's board of directors, the financial statements and consolidated financial statements were audited by the CPAs Chiang-Shun Chen and Jackie Chen of Deloitte Taiwan an audit report has been issued. The Audit Committee has audited the aforesaid financial statements, business reports, and surplus distribution proposals, and no discrepancy was found. A report is prepared and submitted for examination pursuant to Articles 14-4 of the Securities and Exchange Act and 219 of the Company Act.

Submitted to

Taitien Electronics Co., Ltd. 2023 General Shareholders' Meeting

Taitien Electronics Co., Ltd.

Convener of Audit Committee: Hsiao-Ping Fang

March 23, 2023

- IV. Latest Consolidated Financial Report and CPA Audit Report: Attachment I.**
- V. Latest Parent Company Only Financial Report and CPA Audit Report: Attachment II.**
- VI. Financial difficulties for the company and its affiliated companies in the most recent year and as of the date of publication for this annual report: None**



## Seven. Review of Financial Conditions, Financial Performance, and Risk Management

### I. Analysis of Financial Status

Unit: NTD thousand

Year Items	2022	2021	Difference	
			Amount	%
Current assets	1,983,513	1,905,612	77,901	4
Property, plant and equipment	425,923	370,912	55,011	15
Other assets (including long-term equity investments and intangible assets)	160,497	128,799	31,698	25
Total assets	2,569,933	2,405,323	164,610	7
Current liabilities	630,175	734,522	(104,347)	(14)
Other liabilities	196,102	156,553	39,549	25
Total liabilities	826,277	891,075	(64,798)	(7)
Capital shares	683,338	683,338	0	0
Capital surplus	408,346	408,346	0	0
Retained earnings	732,935	518,631	214,304	41
Other equity- others	(80,963)	(96,067)	15,104	(16)
Total equity	1,743,656	1,514,248	229,408	15
Analytical explanation of changes in percentage				
1. Other assets (including long-term equity investments and intangible assets): The change was mainly due to the increase in other non-current assets.				
2. Other liabilities: The change was mainly due to the increase in deferred income tax liabilities				
3. Changes in retained earnings: The change was mainly due to the increase in undistributed earnings.				

### II. Financial Performance

#### 1. Analysis of Financial Performance

Unit: NTD thousand

Items	Year	2022	2021	Increased/decreased amount	Change ratio (%)
Operating costs	1,555,765	1,617,114	(61,349)	(4)	
Gross profit	813,654	651,566	162,088	25	
Operating expenses	391,084	348,858	42,226	12	
Operating profit	422,570	302,708	119,862	40	
Non-operating income and expenses	67,466	(330)	67,796	(20,544)	
Net income before tax	490,036	302,378	187,658	62	
Income tax expenses	131,181	89,170	42,011	47	
Cumulative effect of changes in accounting principles	0	0	0	0	
Net profit (loss) after tax	358,855	213,208	145,647	68	
Analytical explanation of changes in percentage					
1. Gross profit: Please refer to the change in gross profit.					
2. Non-operating income and expenses: the change is due to the increase in net foreign currency exchange gain for the period.					
3. Net income before tax and net income after tax: Since the operating profit increased during the period, the net profit before and after tax also increased significantly.					

## 2. Analysis table of changes in consolidated operating gross profit

Unit: NTD thousand

Items	Change between previous and subsequent periods	Reason for difference			
		Price difference	Cost price difference	Sales portfolio difference	Volume difference
Crystal	(31,866)	100,889	(44,920)	(24,875)	(62,960)
Crystal Oscillator	200,861	215,123	(56,300)	149,138	(107,100)
Others	(6,907)	—	—	—	—
Total	162,088	—	—	—	—
Remarks	<p>During the period, the demand for quartz components slowed down due to customers' high inventory levels, resulting in a significant decrease in sales volume and an unfavorable volume variance.</p> <p>Quartz oscillator products are still in demand in specific markets and are sold at higher prices, which resulted in favorable price differences. However, the higher cost of raw materials for products in this particular market resulted in unfavorable cost price differences</p>				

### III. Cash flow

#### 1. Consolidated cash liquidity analysis for the coming year

Items	Year		
	2022	2021	Increase (decrease) amount
Cash flow ratio	62.67%	31.23%	31.44%
Cash flow adequacy ratio	92.45%	70.52%	24.23%
Cash flow reinvestment ratio	8.92%	9.05%	(0.16%)
Analytical explanation of changes in percentage			
<p>1. Compared with the previous period, the cash flow ratio for the current period increased mainly due to the increase in net income before income tax, which led to the increase in net cash inflow from operating activities. Concomitantly, the cash flow ratio also increased.</p> <p>2. The cash flow adequacy ratio increased from the previous period due to the expansion of production capacity, increased capital expenditures and the acquisition of financial assets at amortized cost during the period.</p> <p>3. As explained in the cash flow ratio, the decline in the cash reinvestment ratio compared to the previous period was caused by the increase in capital expenditures due to the expansion of production capacity in 2022.</p>			

#### 2. Improvement plan for lack of liquidity: none

#### 3. Cash liquidity analysis for the coming year:

Unit: NTD thousand

Beginning cash Balance (1)	Estimated annual net cash inflow from operating activities	Estimated annual cash outflow (3)	Estimated remaining (shortfall) cash amount (1) + (2) - (3)	Remedy for estimated cash shortage	
				Investment plan	Investment plan
631,942	315,934	475,115	472,761	-	-
Analysis of changes in cash flows for the current year (the coming year):					
<p>1. Operating activities: Operating conditions are expected to grow continuously in the current year, which will result in an increase in net cash inflows from operating activities.</p> <p>2. Investment activities: The Company intends to replace its equipment and expand its production capacity, and therefore has plans to purchase additional equipment, which resulted in an increase in net cash outflow from investing activities.</p> <p>3. Financing activities: In 2022, the Company's net cash outflow from financing activities was relatively low, as its operating conditions continued to improve.</p> <p>4. Remedy for estimated cash shortage and liquidity analysis: In 2022, the operating conditions are expected to recover continuously; profitability is expected to improve; and cash is still sufficient to meet operating needs.</p>					

**IV. The annual report shall describe the effect upon financial operations of any major capital expenditures during the most recent fiscal year: None.**

**V. The annual report shall describe the Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year:**

1. Equity investment policy for the most recent year: Expanding production and sales in the field of communication products.
2. Main reasons for profitability: The increase in profit was due to the increase in customer demand and sales revenue, as well as the increase in gross profit due to the strict control of costs and expenses. Consequently, the profit also increased significantly.
3. Improvement: None.
4. Investment plans for the coming year: None

**VI. Analysis of Risk Management:**

(I) The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:

1. The effect upon the Company's profits (losses) of interest rate fluctuations, and response measures to be taken in the future.

In 2022, the Company's interest income amounted to \$3,775 thousand—0.16% of operating revenue, which was mainly due to the use of funds from bank deposits; in 2022, interest expense amounted to \$3,220 thousand—0.14% of operating revenues, which was mainly due to borrowings from bank financing. In summary, the Company's interest income and interest expense as a percentage of operating income for the most recent year are still small; therefore, the risk of changes in interest rates is limited. In addition, the Company regularly evaluates bank borrowing rates and maintains good relationships with banks to obtain more favorable rates and reduce interest expenses.

2. Impact of exchange rate changes on the Company's profit and loss in the recent year and response measures in the future

The Company's export exceeded more than half of its annual revenue in 2022. Therefore, changes in foreign exchange rates are closely related to the Company's operating income. Accordingly, the Company adopts a conservative and prudent approach to managing foreign exchange risk in order to minimize the impact of exchange rate fluctuations on the Company's operating profit.

The specific measures taken by the Company to reduce the impact of exchange rate changes on revenue and profitability are as follows:

- (1) The Company shall collect information on exchange rate fluctuations and maintain close contact with banks to fully grasp the trend of the exchange rate and take prompt measures to exchange foreign currency.
- (2) The Company shall adequately offset receipts and payments in the same currency to directly reduce the risk of exchange rate fluctuations.
- (3) The Company opened foreign currency deposit accounts and adjusted its foreign

exchange positions in a timely manner to avoid foreign exchange risk.

(4) Regarding allocation for foreign exchange, the Company shall use its own foreign exchange income to cover foreign exchange expenses in order to effectively reduce the exchange risk.

(5) The Company shall take exchange differences into consideration when quoting sales prices in order to protect the reasonable profit of the Company.

3. The effect upon the Company's profits (losses) of changes in the inflation rate, and response measures to be taken in the future.

The Company has not experienced any significant impact on its operations and profitability due to inflation.

(II) Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

1. Policy regarding high-risk investments, highly leveraged investments; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

The Company mainly focuses on the operation and development of its own business. It has not made any investment in other high-risk industries. Moreover, the Company has always operated prudently and does not make highly leveraged investments. Therefore, the Company has not made any high-risk investments.

2. Policy regarding loans to other parties; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

Currently, the Company has no loans of funds to others. If there is a need to lend funds to others in the future, the Company will follow the procedures of loans of funds to others under the internal control of the financing cycle and the regulations governing loans of funds to others.

3. Policy regarding endorsement/guarantee; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

The Company only provides endorsements/guarantee to its subsidiaries, namely Taitien USA, Inc., Wintron Electronics Co., Ltd. (Zhengzhou), and Pletronics, Inc. Regarding the endorsement/guarantee matters, all procedures are evaluated in accordance with the Company's "endorsement/guarantee regulations." However, the aforementioned endorsement/guarantee has not caused any profit or loss to the Company.

4. Policy regarding derivative commodity transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

The Company's derivative trading policy is based on the principle of conservatism and prudence. The purpose of trading is to hedge the market risk caused by fluctuations in exchange rates and interest rates. It is not for arbitrage or speculative purposes. In Addition to following the relevant laws and regulations promulgated by the competent authorities and generally accepted accounting principles, the Company will also follow the derivative transaction related regulations established by the Company.

(III) Research and development work to be carried out in the future

1. The Company has 6 R&D projects; two of them have been completed; and 4 of them are still in progress in 2022.

Currency: NTD

Item	R&D plan name	Current progress	Estimated time for mass production	R&D expenses to be invested	Key factors for success
1	Ultra Low Power OCXO	50%	2023.08	\$5,000 thousand	Mechanical design of low power thermostatic oscillators
2	DT-5151, Timing Module, 1.5uSec. for 24 hrs Holdover	80%	2023.07	\$500 thousand	Ultra-high precision thermostatic technology and high precision timekeeping technology
3	3225 Low g-sensitivity Crystal	10%	2022.12	\$2,000 thousand	Low G-sensitivity Crystal design
4	3225 High Precision TCXO	30%	2023.10	\$3,500 thousand	Miniaturized chip design

2 - R&D plans for the future

(1) The estimated R&D expenditure for 2023 is NT\$13,200 thousand.

Currency: NTD

Item	R&D plan name	Current progress	Estimated time for mass production	R&D expenses to be invested	Key factors for success
1	3225/2520 Molded Programmable Differential XO	70%	2023.04	\$1,000 thousand	Miniaturized packaging design
2	7050/5032 +/-50ppb, -40°C ~ 105°C TCXO	10%	2023.12	\$1,000 thousand	High precision temperature compensation technology
3	7050/5032 +/-0.5ppm, -55°C ~ 125°C TCXO	80%	2023.09	\$200 thousand	Wide temperature thermal measurement compensation technology

(IV) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The Company follows applicable laws and regulations at home and abroad. It pays prompt attention to the policy trends and regulatory changes at home and abroad in its industry. Thus, the Company's financial operations have not been affected by major policy and legal changes at home and abroad in recent years.

(V) Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

The Company has superior product development and process improvement technologies, and is actively engaged in market development. Therefore, since the Company's establishment, the Company has not encountered any technological or industry changes that have significantly impacted the Company's finances.

To address information security risks, the Company regularly reviews the effectiveness of information security risk management in light of changes in the internal

and external information security environment, while considering the balance between costs, benefits and risks.

(VI) The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The Company has always had a good corporate image. It is actively strengthening its internal management to improve management quality and performance. Furthermore, the Company is committed to maintaining its corporate image and complying with relevant laws and regulations. To date, no significant changes in the Company's corporate image have resulted in a corporate crisis.

(VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans  
Expected benefits: to integrate the Group's subsidiaries and maximize the effectiveness of the equity investments to increase investment gain.

Potential risks: The execution will be in accordance with the relevant laws and regulations and the Company's internal management rules.

Response measures: The execution will be in accordance with the relevant laws and regulations and the Company's internal management rules.

(VIII) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

The Company has no plans to expand its plants for the most recent year and up to the date of publication. Therefore, it is not applicable.

(IX) Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

1. Purchase: The Company has no significant concentration of purchases.
2. Sales: The Company has no significant concentration of sales.

(X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

The shareholdings of the Company's directors and supervisors have been stable during the last few years, and there have been no major transfers or swaps of shares.

(XI) Effects of, Risks Relating to and Response to the Changes in Management Rights

During the most recent year and up to the publication date of the annual report, there was no change in the operating rights of the Company.

(XII) List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main

parties to the dispute, and the status of the dispute as of the date of publication of the annual report : None

(XIII) Other Major Risks

1. Risk management policy:

The Company's risk management policy is to establish a comprehensive risk management objective. A point, line and surface risk management network can be achieved through appropriate organizational planning, the departmental objective planning and management in the vertical direction, and the connection of departments in the horizontal direction. By doing so, the Company is able to ensure that the overall objectives of the business are carried out, while identifying and controlling potential risks.

2. Risk management organizational structure :

According to the functional planning of the organization, each organizational unit has its own corresponding risk control domain, which is summarized as follows:

Sales department: The department is responsible for collecting market information, establishing and promoting the coordination between production and sales, keeping track of market trends and customer needs, and further satisfying customers' maximum needs.

R&D department: Based on market feedback, the department develops innovative technologies to meet customers' latest development needs and provide the best solutions.

Manufacturing department: Safety control of operation sites, appropriate production strain adjustment, and production manpower deployment management; supply chain maintenance and management to ensure the incoming supply and smooth shipment.

Quality assurance department: product quality risk control, document data security management, hazardous material control plan.

Finance & accounting department: The department plans and maintains sound financial quality, and it also controls and manages financial risks in response to changes in the exchange rates market.

Management department: Allocation and utilization of human resources, establishment and maintenance of environmental safety and health, control of public information, and public relations and external liaison.

Audit office: The office sets up audit plans based on the risk assessment results, regularly audits the appropriateness of each unit's operations and management, maintains the appropriate risk management mechanism, and prepares a report on the audit results for submission.

3. Information security risk evaluation analysis and its response measures:

- (1) For the company's data, a data backup mechanism has been established, and the backup media will be sent to off-site storage. Furthermore, regular restoration walkthroughs are conducted to ensure data security.

- (2) We have established information security regulations and regularly promote information security concepts to raise employees' awareness of information security, reduce the chance of data leakage, and ensure the confidentiality and security of company data.
- (3) During 2022 and up to the date of publication of the annual report, the Company has not identified any material cyber attacks or incidents that have had or are likely to have a material adverse effect on the Company's business and operations, nor has it been involved in any legal cases or regulatory investigations in connection therewith.

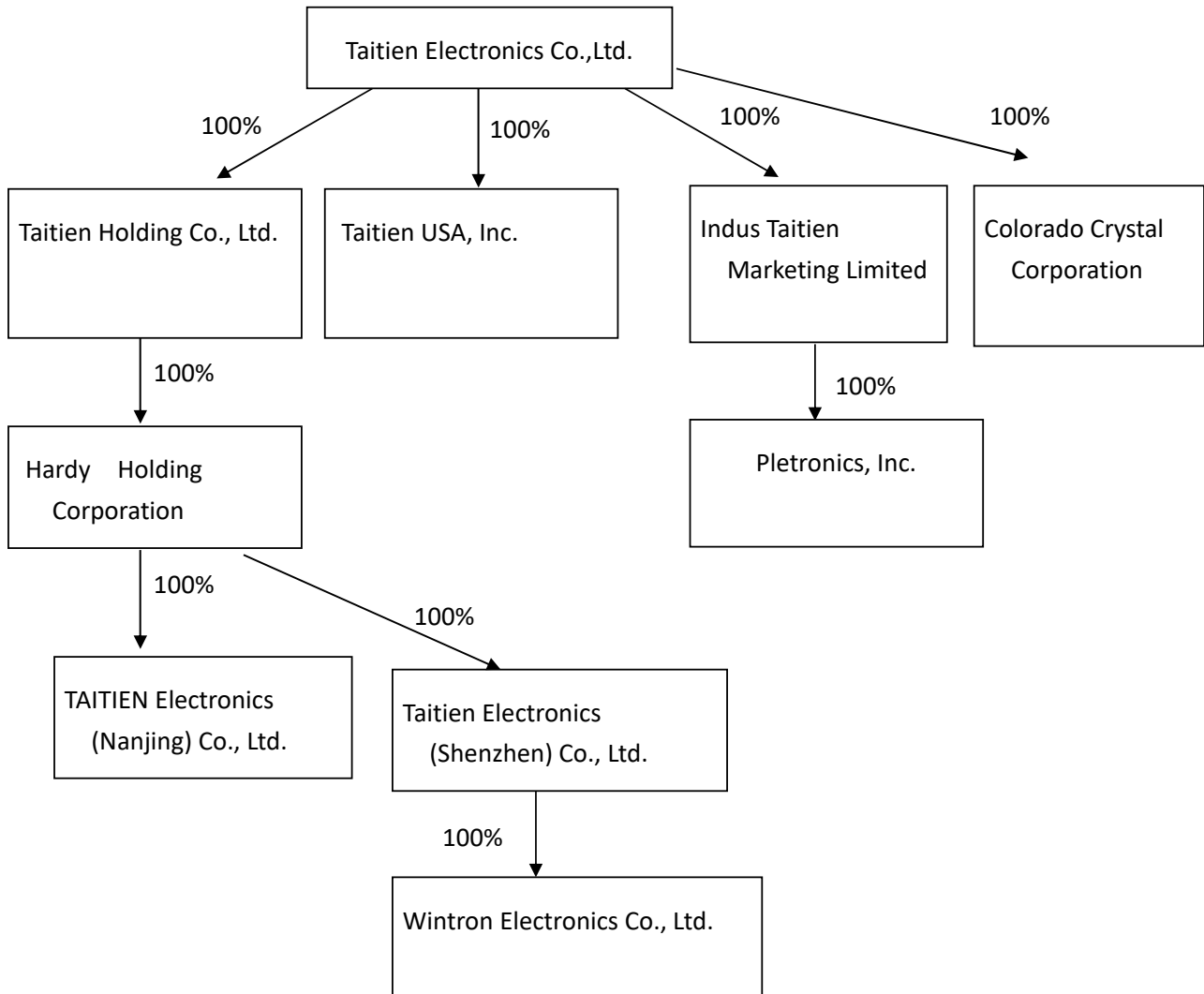
**VII. Other important matters: Please refer to the notes to the financial statements in Appendices I and II.**



## Eight. Special Disclosure

### I. Summary of Affiliated Companies

#### (I) Organizational chart of affiliated companies



(II) Basic information of affiliated companies

Unit: NT\$ thousand/foreign currency \$

Company name	Date of incorporation	Address	Paid-in capital	Main business or products
Taitien Electronics Co., Ltd.	89.03.23	No.5, Shutan Street, Shulin Dist., New Taipei City 238, Taiwan R.O.C.	683,338	(I) Electronic Parts and Components Manufacturing (II) Wholesale of Electronic Materials (III) Retail Sale of Electronic Materials (IV) International Trade (V) General Instrument Manufacturing (VI) Data Storage Media Units Manufacturing (VII) Other Electrical Engineering and Electronic Machinery Equipment Manufacturing (programmable logic controllers)
Indus Taitien Marketing Limited	87.03.30	Omar Hodge Building, Wickhams Cay I, P.O.Box 362, Road Town, Tortola, British Virgin Islands	US\$ 50,000	Investment business
Taitien Holding Company Limited	89.08.29	Omar Hodge Building, Wickhams Cay I, P.O.Box 362, Road Town, Tortola, British Virgin Islands	US\$ 14,126,824	Investment business
Hardy Holding Corporation	86.09.16	Omar Hodge Building, Wickhams Cay I, P.O.Box 362, Road Town, Tortola, British Virgin Islands	US\$ 13,880,974	Investment business

Company name	Date of incorporation	Address	Paid-in capital	Main business or products
Colorado Crystal Corporation	57.11.14	2303 West 8th Street, Loveland Colorado 80537 USA	US\$ 3,278,427	Manufacture and sale of electronic components
Taitien Electronics (Nanjing) Co., Ltd.	86.03.27	Jiangning Economic & Technology Development Zone, No.18, Chi-Tian Road, Nanjing, Jiangsu, China 211100	US\$ 8,700,000	Production of various quartz-related products
Taitien USA, Inc.	90.12.17	3720 Oceanic Way Ste 210 Oceanside, CA 92056 USA.	US\$ 3,200,000	Electronic component sales
Taitien Electronics (Shenzhen) Co., Ltd.	93.08.05	8F, Block 7, Nanyou Tian' an Industrial Estate, Nanshan Dist., Shenzhen, Guangdong, China 518054	US\$ 4,800,000	Production and operation of quartz crystal oscillators and quartz crystal resonators.
Wintron Electronics Co., Ltd.	91.01	2# High-Technology industrial park 129 Fifth street Zhengzhou National Economic & Technological Development Area Henan Province, P. R. China 450016	US\$ 1,200,000	Design, manufacturing and sales of frequency control components, transducers, electronic measuring instruments, and complete system.
Pietronics, Inc.	68.10.18	19013 36th Avenue West Lynnwood, WA 98036 USA	US\$ 41,000	Manufacture and sale of electronic components.

(III) Circumstances concluded as the existence of the controlling and subordinate relation: None.

(IV) Industry and division of labor of the overall affiliated companies:

The business covered by the operations of the entire affiliates include:

1. Production of various quartz-related products
2. International Trade
3. Investment

For details of the main business or products of each affiliated company, please refer to the preceding (II) List of basic information of each affiliated company.

For the entire affiliated companies, TAITIEN Electronics Co., Ltd. is responsible for the production and development of high end quartz related products. TAITIEN Electronics (Nanjing), TAITIEN Electronics (Shenzhen), and Wintron Inc. (Zhengzhou) are responsible for the production of other quartz products and domestic sales in China, which are then sold to various customers by TAITIEN Electronics. Taitien USA, Inc. specializes in trading and sales of various quartz products. Colorado Crystal Corporation and Pletronics, Inc. are responsible for manufacturing and selling electronic components.

## (V) Information on directors, supervisors and general managers of affiliated companies

Unit: Foreign dollars/shares

Company name	Title	Name or representative	Shares held	
			Numbers of shareholding or capital contribution	Numbers of shareholding or capital contribution
Taitien Electronics Co., Ltd.	Chairman and general manager	Sheng-Tai Song	10,400,618 shares	15.22%
	Director	Justine Song	-	-
	Director	Tien-Hao Wang	-	-
	Director	Teh-Chang Yao	-	-
	Independent Director	Hsiao-Ping Fan	15,000 shares	0.02%
	Independent Director	Yu-Tun Wu	-	-
Indus Taitien Marketing Limited	Independent Director	Tung-Te Li	6,200 shares	0.01%
	Director	Representative of TAITIEN Electronics Co., Ltd. :	50,000 shares	100.00%
Taitien Holding Company Limited	Director	Sheng-Tai Song	-	-
		Li-chu Yang	-	-
Hardy Holding Corporation	Director	Representative of TAITIEN Electronics Co., Ltd. :	14,126,824 shares	100.00%
		Sheng-Tai Song	-	-
Taitien USA, Inc.	Director	Representative of Taitien Holding Company Limited:	13,880,974 shares	100.00%
		Sheng-Tai Song	USD 3,200,000	100.00%
		Representative of TAITIEN Electronics Co., Ltd. :		
		Sheng-Tai Song		

Unit: Foreign dollars/shares

Company name	Title	Name or representative	Shares held	
			Numbers of shareholding or capital contribution	Numbers of shareholding or capital contribution
Colorado Crystal Corporation	Director	Representative of TAITIEN Electronics Co., Ltd. Sheng-Tai Song PEI-YING SONG Miguel Troester	385,094 shares	100.00%
Taitien Electronics (Nanjing) Co., Ltd.	Director	Representative of Hardy Holding Corporation :  Sheng-Tai Song Wen-Tseng Chih Yu-Hsien Li Chih-Yi Teng	USD 8,700,000	100.00%
Taitien Electronics (Shenzhen) Co., Ltd.	Director	Representative of Hardy Holding Corporation :  Sheng-Tai Song YI-MING YE Wen-Tseng Chih Chih-Yi Teng	USD 4,800,000	100.00%
Wintron Electronics Co., Ltd.	Director	Representative of Taitien Electronics (Shenzhen) Co., Ltd. : Sheng-Tai Song	USD 1,200,000	100.00%
Pletronics, Inc.	Director	Representative of Indus Taitien Marketing Limited Sheng-Tai Song PEI-YING SONG	41,000 shares	100.00%

(VI) Business overview of affiliates

Unit: NT\$ thousand or foreign currency, except for earnings per share, which are in NT\$

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Income from operations	Profit/loss of the period	Earnings per share
Taitien Electronics Co., Ltd.	683,338	2,026,322	512,074	1,514,248	1,117,624	95,459	213,208	3.12
Indus Taitien Marketing Limited	1,384 USD 50,000	2,286,624	542,968	1,743,656	1,202,369	95,459	358,855	5.25
Taitien Holding Company Limited	557,110 USD 20,126,824	USD 2,807,800	-	USD 2,807,800	USD -	-USD 1,180	-USD 796,638	-USD 15.93
Hardy Holding Corporation	550,305 USD 19,880,974	USD 38,515,674	USD -	USD 38,515,674	USD -	-USD 3,450	USD 6,189,693	USD 0.31
Taitien USA, Inc.	88,576 USD 3,200,000	USD 38,424,738	USD -	USD 38,424,738	USD -	-USD 185	USD 6,192,902	USD 0.31
Taitien Electronics (Nanjing) Co., Ltd.	406,896 USD 14,700,000	USD 1,616,493	USD 741,752	USD 874,741	USD 6,831,057	18,991	16,053	5.02
Taitien Electronics (Shenzhen) Co., Ltd.	132,864 USD 4,800,000	CNY 258,915,423	CNY 74,387,474	CNY 184,527,949	CNY 313,945,614	CNY 48,303,653	CNY 39,405,285	NA
Colorado Crystal Corporation	91,337 USD 3,278,427	CNY 116,949,421	CNY 33,813,397	CNY 83,136,024	CNY 70,199,793	-CNY 1,469,803	CNY 3,739,267	NA
Wintron Electronics Co., Ltd.	86,530 CNY 19,931,000	USD 1,029,645	USD 135,972	USD 893,673	USD 1,302,530	USD 33,572	USD 34,537	2.67
Pietronics, Inc.	1,135 USD 41,000	CNY 47,361,803	CNY 6,401,695	CNY 40,960,108	CNY 33,812,122	CNY 2,696,041	CNY 3,135,128	USD 0.09
		127,243	42,120	85,123	209,136	28,940	23,687	577.73

Note: Foreign currency exchange rates are as follows:

Balance sheet date exchange rate NTD/USD = 1/ 30.7100; average exchange rate NTD/USD = 1/ 29.8050

The exchange rates as of the balance sheet date are TWD/CNY = 1/ 4.4094; the average exchange rate is TWD/CNY = 1/ 4.4347

(VII) Information on endorsement/guarantees, loans of funds to others and derivative transactions for affiliated companies

1. The Company's affiliated companies are not engaged in endorsement and guarantee.
2. The Company's affiliated companies have not lent funds to others.
3. The Company's affiliated companies are not engaged in derivative commodity transactions.

## **II. Consolidated financial statements of affiliated enterprises**

### Declaration of consolidated financial statements of affiliated enterprises

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

Sincerely.

Company : Taitien Electronics Co., Ltd.

Chairman: Sheng-Tai Song

March 23, 2023



**III. Affiliation Report: N/A.**

**IV. Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose the date on which the placement was approved by the board of directors or by a shareholders meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, the reasons why the private placement method was necessary, and, for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of securities, the implementation progress of the plan, and the realization of the benefits of the plan.**  
**8.2 Private Placement Securities in the Most Recent Years: None.**

**V. Company stock holding or disposition status by a subsidiary in the most recent year and as of the publication date of this annual report: None.**

**VI. Other supplementary information:**

(I) Unfulfilled TPEX commitment items:

1. In the future, we pledge to sign a contract when trading with Taiden JP, Zhengzhou HungTron and Shenzhen Hwitek. The contract's content shall include the transaction price setting method as well as receiving and payment conditions. The board must approve the setting and changes of the directors' contract. Taitien Electronics' audit staff must inspect the transactions between the Taitien Group and the aforesaid companies each quarter. Moreover, a CPA shall review the audit staff's works every quarter and verify whether the preceding operations comply with the internal control system and are effectively executed.
2. We pledge that if the financial reports of the overseas subsidiaries are audited by other CPAs as the basis to recognize the investment profit or loss and formulate consolidated statements in the future, said companies' CPAs must issue an audit report on their financial statements without mentioning other CPAs.
3. We pledge that after the TPEX listing, the full-time auditors of Taitien (Shenzhen), Taitien (Nanjing) and Zhengzhou WINTRON shall be maintained.
4. We pledge that when Taitien Holding Company Ltd. (Hereafter "Taitien Holding") and Hardy Holding Corp. (hereafter "Hardy Holding") shall establish the following rules or implement the subsequent revisions according to the "Acquisition or Disposal of Asset Handling Procedures." Major information shall be disclosed on the Market Observation Post System and reported to this center for reference.
  - (1) Said companies shall not abandon the capital increase for Taitien Holding in the future years. Before said companies' capital increase or disposal is abandoned in the future, it must be approved by said companies and resolved by Taitien Holding's

board of directors.

- (2) Taitien Holding shall not abandon the capital increase for Hardy Holding in future years. Before said companies' capital increase or disposal is abandoned in the future, it must be approved by said company and resolved by Taitien Holding and Hardy Holding's board of directors.
- (3) Hardy Holding shall not abandon the capital increase for Taitien Electronics (Nanjing) in future years. Before said companies' capital increase or disposal is abandoned in the future, it must be approved by said company and resolved by Taitien Holding and Hardy Holding's board of directors.
- (4) Hardy Holding shall not abandon the capital increase for Taitien Electronics (Shenzhen) in the future years. Before said companies' capital increase or disposal is abandoned in the future, it must be approved by said company and resolved by Taitien Holding and Hardy Holding's board of directors. In addition, with the increase in the company's net value or the government's investment limit for mainland China relaxes, the equity of Taitien Electronics (Shenzhen) shall be gradually bought back. The purchase price must be approved by a special board of directors' resolution, and the equity of other Taitien Electronics (Shenzhen) shareholders can only be sold to the company.

**VII. Matters occurred in the most recent year and as of the publication date of the annual report that has a significant impact on the shareholders' equity or securities prices pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Taitien Electronics Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Taitien Electronics Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of 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. 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 matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is described as follows:

#### Occurrence of Sales Revenue from Major Customers

The Group's sales revenue is concentrated in customers with significant sales amounts (hereinafter referred to as major customers), and some major customers have sales growth rates that are higher than the group average this year. Considering that revenue recognition inherently carries a high risk of fraud and that management may be under pressure to achieve expected financial goals, we deemed the occurrence of sales revenue from major customers that meet the above indicators as a key audit matter. For the relevant explanation of accounting policies and notes to the financial statements, refer to Notes 4 and 24.

Our audit procedures for the key audit matters were as follows:

1. We understood the design and implementation of the internal controls related to the recognition of sales revenue, and designed appropriate audit procedures on internal controls related to the major customers in order to evaluate and test the effectiveness of the design and implementation of the Group's internal controls.
2. We performed substantive tests on the revenue transactions of the major customers for the current year. The procedures include selecting appropriate samples verifying external transaction documents and checking subsequent collection to confirm the occurrence of sales transactions.
3. We compared the changes in revenue, gross margin rate, turnover rate of accounts receivable and credit conditions of above-mentioned major customers and evaluated the reasonableness of the changes.

#### **Other Matter**

We have also audited the parent company only financial statements of Taitien Electronics Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, 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.

### **Auditors' Responsibilities for 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 is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. 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. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on 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 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare 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.

The engagement partners on the audits resulting in this independent auditors' report are Chiang Hsun Chen and Sheng Tai Liang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 23, 2023

Notice to Readers

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

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

# TAITIEN ELECTRONICS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 631,942	25	\$ 645,433	27
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	29,887	1	30,311	1
Financial assets at amortized cost - current (Notes 4 and 9)	147,170	6	52,098	2
Notes receivable (Notes 4, 11 and 24)	6,826	-	11,203	1
Trade receivables (Notes 4, 11 and 24)	531,029	21	632,176	26
Other receivables (Notes 4 and 11)	7,751	-	9,222	-
Current tax assets (Notes 4 and 26)	299	-	294	-
Inventories (Notes 4 and 12)	602,172	23	497,675	21
Prepayments (Note 19)	25,463	1	26,750	1
Other current assets	974	-	450	-
Total current assets	1,983,513	77	1,905,612	79
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	15,432	1	21,303	1
Financial assets at amortized cost - non-current (Notes 4, 9 and 33)	200	-	200	-
Property, plant and equipment (Notes 4, 14, 32 and 34)	425,923	17	370,912	15
Right-of-use assets (Notes 4, 15 and 32)	55,958	2	39,170	2
Investment properties (Notes 4 and 16)	725	-	1,076	-
Goodwill (Notes 4 and 17)	-	-	-	-
Intangible assets (Notes 4 and 18)	3,390	-	4,183	-
Deferred tax assets (Notes 4 and 26)	46,563	2	44,985	2
Other non-current assets (Note 19)	38,229	1	17,882	1
Total non-current assets	586,420	23	499,711	21
<b>TOTAL</b>	<b>\$ 2,569,933</b>	<b>100</b>	<b>\$ 2,405,323</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 4 and 20)	\$ 184,000	7	\$ 235,360	10
Contract liabilities (Note 24)	14,616	-	11,020	-
Trade payables	172,562	7	301,742	13
Other payables (Note 21)	159,128	6	140,212	6
Current tax liabilities (Notes 4 and 26)	81,113	3	32,252	1
Lease liabilities - current (Notes 4, 15 and 32)	16,693	1	12,533	1
Other current liabilities (Note 21)	2,063	-	1,403	-
Total current liabilities	630,175	24	734,522	31
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 26)	100,018	4	69,519	3
Lease liabilities - non-current (Notes 4, 15 and 32)	34,713	1	21,724	1
Deferred revenue - non-current (Notes 21 and 28)	6,480	-	7,261	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	38,581	2	41,556	2
Other non-current liabilities (Note 21)	16,310	1	16,493	-
Total non-current liabilities	196,102	8	156,553	6
Total liabilities	826,277	32	891,075	37
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)</b>				
Share capital				
Ordinary shares	683,338	27	683,338	28
Capital surplus	408,346	16	408,346	17
Retained earnings				
Legal reserve	156,224	6	132,101	6
Special reserve	96,067	4	95,295	4
Unappropriated earnings	480,644	18	291,235	12
Total retained earnings	732,935	28	518,631	22
Other equity	(80,963)	(3)	(96,067)	(4)
Total equity attributable to owners of the Company	1,743,656	68	1,514,248	63
Total equity	1,743,656	68	1,514,248	63
<b>TOTAL</b>	<b>\$ 2,569,933</b>	<b>100</b>	<b>\$ 2,405,323</b>	<b>100</b>

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

# TAITIEN ELECTRONICS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 24)	\$ 2,369,419	100	\$ 2,268,680	100
OPERATING COSTS (Notes 12, 25 and 32)	<u>(1,555,765)</u>	<u>(66)</u>	<u>(1,617,114)</u>	<u>(71)</u>
GROSS PROFIT	<u>813,654</u>	<u>34</u>	<u>651,566</u>	<u>29</u>
OPERATING EXPENSES (Notes 25 and 32)				
Selling and marketing expenses	(123,108)	(5)	(102,871)	(5)
General and administrative expenses	(204,059)	(8)	(195,903)	(9)
Research and development expenses	(64,727)	(3)	(49,625)	(2)
Expected credit gain (loss) (Note 11)	<u>810</u>	<u>-</u>	<u>(459)</u>	<u>-</u>
Total operating expenses	<u>(391,084)</u>	<u>(16)</u>	<u>(348,858)</u>	<u>(16)</u>
PROFIT FROM OPERATIONS	<u>422,570</u>	<u>18</u>	<u>302,708</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 25 and 32)				
Interest income	3,755	-	2,644	-
Other income	12,672	1	14,724	1
Other gains and losses	54,259	2	(14,366)	(1)
Finance costs	<u>(3,220)</u>	<u>-</u>	<u>(3,332)</u>	<u>-</u>
Total non-operating income and expenses	<u>67,466</u>	<u>3</u>	<u>(330)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	490,036	21	302,378	13
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(131,181)</u>	<u>(6)</u>	<u>(89,170)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>358,855</u>	<u>15</u>	<u>213,208</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 22)	(1,313)	-	3,659	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income (Notes 4 and 23)	(4,923)	-	24,812	1
Income tax related to items that will not be reclassified subsequently to profit or loss (Notes 4 and 26)	<u>740</u>	<u>-</u>	<u>(566)</u>	<u>-</u>
	<u>(5,496)</u>	<u>-</u>	<u>27,905</u>	<u>1</u>

(Continued)



## TAITIEN ELECTRONICS CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 23)	\$ 25,920	1	\$ (6,849)	-
Unrealized (loss) gain on investments in debt instruments at fair value through other comprehensive income (Notes 4 and 23)	(1,482)	-	8	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 26)	(4,888)	-	1,369	-
	<u>19,550</u>	<u>1</u>	<u>(5,472)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>14,054</u>	<u>1</u>	<u>22,433</u>	<u>1</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 372,909</u>	<u>16</u>	<u>\$ 235,641</u>	<u>10</u>
<b>EARNINGS PER SHARE (Note 27)</b>				
Basic	<u>\$ 5.25</u>		<u>\$ 3.12</u>	
Diluted	<u>\$ 5.17</u>		<u>\$ 3.10</u>	

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

(Concluded)

**TAITIEN ELECTRONICS CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company										
	Shares	Share Capital	Capital Surplus	Legal Reserve	Retained Earnings			Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
					Special Reserve	Special Reserve	Special Reserve				
BALANCE, JANUARY 1, 2021	68,334	\$ 683,338	\$ 408,346	\$ 131,745	\$ 95,295	\$ 58,555	\$ (84,919)	\$ (5,553)	\$ 1,286,807		
Appropriation of 2020 earnings (Note 23)	-	-	-	356	-	(356)	-	-	-		
Legal reserve	-	-	-	-	-	(8,200)	-	-	-		
Cash dividends	-	-	-	-	-	-	-	-	(8,200)		
Net profit for the year ended December 31, 2021	-	-	-	-	-	213,208	-	-	213,208		
Other comprehensive income for the year ended December 31, 2021 (Note 23)	-	-	-	-	-	2,928	(5,478)	24,983	22,433		
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	216,136	(5,478)	24,983	235,641		
Disposal of the investment in equity instruments at fair value through other comprehensive income (Note 23)	-	-	-	-	-	25,100	-	(25,100)	-		
BALANCE, DECEMBER 31, 2021	68,334	683,338	408,346	132,101	95,295	291,235	(90,397)	(5,670)	1,514,248		
Appropriation of 2021 earnings (Note 23)	-	-	-	24,123	-	(24,123)	-	-	-		
Legal reserve	-	-	-	-	772	(772)	-	-	-		
Special reserve	-	-	-	-	-	(143,501)	-	-	(143,501)		
Cash dividends	-	-	-	-	-	-	-	-	-		
Net profit for the year ended December 31, 2022	-	-	-	-	-	358,855	-	-	358,855		
Other comprehensive income for the year ended December 31, 2022 (Note 23)	-	-	-	-	-	(1,050)	20,736	(5,632)	14,054		
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	357,805	20,736	(5,632)	372,909		
BALANCE, DECEMBER 31, 2022	68,334	\$ 683,338	\$ 408,346	\$ 156,224	\$ 96,067	\$ 480,644	\$ (69,661)	\$ (11,302)	\$ 1,743,656		

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

# TAITIEN ELECTRONICS CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 490,036	\$ 302,378
Adjustments for:		
Depreciation expense	96,070	100,003
Amortization expense	1,166	733
Expected credit (gain) loss	(810)	459
Net gain on fair value changes of financial assets at fair value through profit or loss	(1,870)	(6,043)
Finance costs	3,220	3,332
Interest income	(3,755)	(2,644)
Dividend income	(2,919)	(359)
Loss on disposal of property, plant and equipment	13	2,609
Gain on disposal of right-of-use assets	-	(16)
Write-down of inventories	2,043	-
Impairment loss recognized on non-financial assets	-	9,033
Net (gain) loss on foreign currency exchange	(27,592)	16,820
Realized gain on deferred revenue	(900)	(873)
Changes in operating assets and liabilities:		
Notes receivable	4,377	(8,970)
Trade receivables	112,772	(229,192)
Other receivables	1,763	(3,521)
Inventories	(99,060)	(98,393)
Prepayments	(5,217)	(17,512)
Other current assets	(521)	(165)
Contract liabilities	3,426	4,956
Trade payables	(136,116)	140,190
Trade payables to related parties	-	(1,868)
Other payables	18,822	46,952
Deferred revenue	-	928
Other current liabilities	660	(11)
Net defined benefit liabilities	(4,288)	(3,567)
Cash generated from operations	451,320	255,259
Interest received	3,476	2,632
Interest paid	(3,280)	(3,459)
Income tax paid	(56,598)	(25,077)
Net cash generated from operating activities	<u>394,918</u>	<u>229,355</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(2,764)	(4,118)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	31,260
Purchase of financial assets at amortized cost	(96,364)	-

(Continued)

## TAITIEN ELECTRONICS CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Purchase of financial assets at fair value through profit or loss	\$ -	\$ (45,603)
Proceeds from sale of financial assets at fair value through profit or loss	5,058	37,018
Payments for property, plant and equipment	(117,210)	(47,559)
Proceeds from disposal of property, plant and equipment	315	2,985
Increase in refundable deposits	(154)	(275)
Payments for intangible assets	(321)	(927)
Increase in prepayments for equipment	(27,426)	(15,402)
Dividends received	<u>2,919</u>	<u>359</u>
Net cash used in investing activities	<u>(235,947)</u>	<u>(42,262)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	39,000	91,289
Repayments of short-term borrowings	(91,550)	(105,663)
Proceeds of guarantee deposits received	-	5,010
Refunds of guarantee deposits received	(443)	-
Repayments of the principal portion of lease liabilities	(16,674)	(16,236)
Dividend paid to owners of the company	<u>(143,501)</u>	<u>(8,200)</u>
Net cash used in financing activities	<u>(213,168)</u>	<u>(33,800)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>40,706</u>	<u>(18,790)</u>
NET (DECREASE)INCREASE IN CASH AND CASH EQUIVALENTS	(13,491)	134,503
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>645,433</u>	<u>510,930</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 631,942</u>	<u>\$ 645,433</u>

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

(Concluded)

# TAITIEN ELECTRONICS CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Taitien Electronics Co., Ltd. (the “Company”), founded in March 2000, is primarily involved in the following business activities:

- a. Electronics components manufacturing.
- b. Wholesale of electronic materials.
- c. Retail Sale of electronic materials.
- d. International trading business.
- e. General instruments manufacturing.
- f. Data storage media units manufacturing.
- g. Other electrical engineering and electronic machinery equipment manufacturing (programmable controller).

The Company’s shares have been listed on the mainboard of the Taipei Exchange (TPEX) since April 24, 2008.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 23, 2023.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. New IFRSs issued but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

##### b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

##### c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13, Table 6 and Table 7 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entities, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.



f. Inventories

Inventories consist of raw materials, finished goods, work in progress and merchandise are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rental or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, investment properties, right-of-use assets, and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment properties, right-of-use assets and intangible assets (except for Goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (after deducting amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

## 1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

### a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in debt instruments and in equity instruments at FVTOCI.

#### i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and interest earned are recognized in interest income, respectively; remeasurement gains or losses on such financial assets are recognized in other gains and losses. Fair value is determined in the manner described in Note 31.

#### ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables (excluding tax refund receivable), other receivables from related parties, time deposits with original maturities over 3 months, and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including cash and cash equivalents, notes receivable, trade receivables (including related parties), other receivables (including related parties, excluding income tax refund receivable), refundable deposits and financial assets at amortized cost-current and non-current).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indications that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss directly or by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

## 1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of quartz crystals; sales of quartz crystals are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. When the customer initially purchases the goods, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

## n. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

### The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

### The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term lease and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprise the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

### 1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

### 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.



The Group considers the possible impact of the recent development of the COVID-19 pandemic and its economic environment implications when making its critical accounting estimates on cash flow, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The Group's accounting policies, estimates and underlying assumptions have already been evaluated by the management of the Group, and there were no critical accounting judgements and key sources of estimation uncertainty.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 281	\$ 160
Checking accounts and demand deposits	<u>631,661</u>	<u>645,273</u>
	<u>\$ 631,942</u>	<u>\$ 645,433</u>

The market rate intervals of cash in bank at the end of the year were as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Cash in bank	0.0001%-1.15%	0.0001%-0.35%

## 7. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>\$ 29,887</u>	<u>\$ 30,311</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
<u>Non-current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	\$ 12,440	\$ 17,235
Investments in debt instruments at fair value through other comprehensive income (FVTOCI)	<u>2,992</u>	<u>4,068</u>
	<u>\$ 15,432</u>	<u>\$ 21,303</u>

a. Investments in equity instruments at FVTOCI

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	\$ 7,409	\$ 9,947
Foreign investments		
Unlisted shares	<u>5,031</u>	<u>7,288</u>
	<u>\$ 12,440</u>	<u>\$ 17,235</u>

These investments in equity instruments for Yongchuang Investment, Taiwan Crystal Superior Technology Co., Ltd. and YanTai MDH Technology Co., Ltd. are held for medium- to long-term strategic purposes, and are expected to generate long-term returns. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

b. Investments in debt instruments at FVTOCI

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Non-current</u>		
Foreign investments		
Overseas bonds	<u>\$ 2,992</u>	<u>\$ 4,068</u>

The Group purchased the corporate bonds issued by Apple Inc. in April 2021 with a maturity date of August 20, 2060, a coupon rate of 2.55% and an effective interest rate of 2.91%.

Refer to Note 10 for information relating to the credit risk management and impairment of investments in debt instruments at FVTOCI.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 147,170</u>	<u>\$ 52,098</u>
<u>Non-current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 200</u>	<u>\$ 200</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.47% - 4.11% and 0.84% - 2.30% per annum as of December 31, 2022 and 2021, respectively.

- b. Refer to Note 33 for information relating to financial assets at amortized cost pledged as security.
- c. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

#### 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at FVTOCI and as at amortized cost were as follows:

December 31, 2022

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	\$ 4,466	\$ 147,370	\$ 151,836
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	4,466	<u>\$ 147,370</u>	151,836
Adjustment to fair value	<u>(1,474)</u>		<u>(1,474)</u>
	<u>\$ 2,992</u>		<u>\$ 150,362</u>

December 31, 2021

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	\$ 4,060	\$ 52,298	\$ 56,358
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	4,060	<u>\$ 52,298</u>	56,358
Adjustment to fair value	<u>8</u>		<u>8</u>
	<u>\$ 4,068</u>		<u>\$ 56,366</u>

In order to minimize credit risk, the Group has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to the degree of risk of default. The credit rating information may be obtained from independent rating agencies where available, and if such information is not available, the credit management committee uses other publicly available financial information to rate the debtors.

In consideration of an analysis of the debtor's current financial position and the forecasted direction of economic conditions in the industry, the Group forecasts both 12-month expected credit losses or lifetime expected credit losses of debt instrument investments.

The Group's current credit risk grading mechanism and the gross carrying amounts of debt instrument investments classified by credit category and the corresponding expected loss rates were shown below:

December 31, 2022

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)	Expected Loss Rate	Gross Carrying Amount
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs	0%	\$ 150,362

December 31, 2021

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)	Expected Loss Rate	Gross Carrying Amount
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs	0%	\$ 56,366

**11. NOTES RECEIVABLE, TRADE RECEIVABLES, OTHER RECEIVABLES AND OVERDUE RECEIVABLES**

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Notes receivable</u>		
Notes receivable - operating	\$ 6,826	\$ 11,203
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 534,891	\$ 637,857
Less: Allowance for impairment loss	<u>(3,862)</u>	<u>(5,681)</u>
	<u>\$ 531,029</u>	<u>\$ 632,176</u>
<u>Other receivables</u>		
Income tax refund receivable	\$ 5,252	\$ 8,636
Interest receivable	694	421
Others	<u>1,805</u>	<u>165</u>
	<u>\$ 7,751</u>	<u>\$ 9,222</u>

(Continued)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Overdue receivables (Note)</u>		
Overdue receivables	\$ -	\$ 429
Less: Allowance for impairment loss	<u>-</u>	<u>(429)</u>
	<u>\$ -</u>	<u>\$ -</u> (Concluded)

Note: The overdue receivables are included under other non-current assets (Note 19).

### **Notes Receivable**

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for notes receivables at an amount equal to lifetime expected credit losses (ECLs). The expected credit losses on notes receivables are estimated by reference to the past default records of the debtor, an analysis of the debtor's current financial position, and economic conditions. As of December 31, 2022 and 2021, the notes receivable were not overdue and the Group assessed the expected credit loss rate of notes receivable as 0%.

### **Trade Receivables**

The average credit period of the sales of goods was 30 to 150 days, and no interest was charged on trade receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default records of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of receivables based on the Group's provision matrix:

December 31, 2022

	<b>Not Overdue</b>	<b>Overdue within 90 Days</b>	<b>Overdue 91-180 Days</b>	<b>Overdue 181 Days</b>	<b>Total</b>
Expected credit loss rate	0.01%	0.45%	14.15%	100%	
Gross carrying amount	\$ 459,703	\$ 57,872	\$ 16,009	\$ 1,307	\$ 534,891
Loss allowance (Lifetime ECLs)	<u>(30)</u>	<u>(259)</u>	<u>(2,266)</u>	<u>(1,307)</u>	<u>(3,862)</u>
Amortized cost	<u>\$ 459,673</u>	<u>\$ 57,613</u>	<u>\$ 13,743</u>	<u>\$ -</u>	<u>\$ 531,029</u>

December 31, 2021

	<b>Not Overdue</b>	<b>Overdue within 90 Days</b>	<b>Overdue 91-180 Days</b>	<b>Overdue 181 Days</b>	<b>Total</b>
Expected credit loss rate	0.24%	1.49%	25.66%	100%	
Gross carrying amount	\$ 575,660	\$ 56,539	\$ 2,954	\$ 3,133	\$ 638,286
Loss allowance (Lifetime ECLs)	<u>(1,379)</u>	<u>(840)</u>	<u>(758)</u>	<u>(3,133)</u>	<u>(6,110)</u>
Amortized cost	<u>\$ 574,281</u>	<u>\$ 55,699</u>	<u>\$ 2,196</u>	<u>\$ -</u>	<u>\$ 632,176</u>

The movements of the loss allowance of trade receivables and overdue receivables were as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 6,110	\$ 6,980
Add: Net remeasurement of loss allowance	-	459
Less: Amounts Written-off	(1,832)	(1,220)
Less: Net remeasurement of loss allowance reversed	(810)	-
Foreign exchange gains and losses	<u>394</u>	<u>(109)</u>
Balance at December 31	<u>\$ 3,862</u>	<u>\$ 6,110</u>

**Other Receivables**

The other receivables were mainly income tax refund receivable and interest receivable. The Group only transacts with counterparties with good credit ratings. The Group continues to monitor the conditions of the receivables and refers to the past default records of the debtor and the analysis of the debtor's current financial position in determining whether the credit risk of the other receivables increased significantly since initial recognition as well as in measuring the expected credit losses. As of December 31, 2022 and 2021, the Group assessed the expected credit loss rate of other receivables as 0%.

## 12. INVENTORIES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Merchandise	\$ 110,498	\$ 132,996
Finished goods	124,810	83,646
Work in progress	84,942	93,803
Raw materials and supplies	278,460	182,457
Inventories in transit	<u>3,462</u>	<u>4,773</u>
	<u>\$ 602,172</u>	<u>\$ 497,675</u>

The nature of the cost of goods sold is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Cost of inventories sold	\$ 1,547,005	\$ 1,614,766
Inventory write-downs	2,043	-
Unallocated production overhead	<u>6,717</u>	<u>2,348</u>
	<u>\$ 1,555,765</u>	<u>\$ 1,617,114</u>

## 13. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Percentage of Ownership		Remark
			(%)		
			2022	2021	
Taitien Electronic Co., Ltd.	Indus Taitien Marketing Ltd.	Holding company	100.00	100.00	Exchange rate risk.
	Taitien Holding Co., Ltd.	Holding company	100.00	100.00	Exchange rate risk.
	Taitien USA, Inc.	Sales of electronics components	100.00	100.00	Exchange rate risk.
	Colorado Crystal Corporation	Production and sales of electronic components	100.00	100.00	Exchange rate risk.
Indus Taitien Marketing Ltd.	Pletronics, Inc.	Production and sales of electronic components	100.00	100.00	Exchange rate risk.
Taitien Holding Co., Ltd.	Hardy Holding Corporation	Holding company	100.00	100.00	Exchange rate risk.
Hardy Holding Corporation	Taitien Electronic (Nanjing) Ltd.	Manufacturing of crystal related products and equipment	100.00	100.00	Exchange rate risk and political risk arising from cross-strait relations.
	Taitien Electronic (Shenzhen) Ltd.	Manufacturing of crystal related products and equipment	100.00	100.00	Exchange rate risk and political risk arising from cross-strait relations.
Taitien Electronic (Shenzhen) Ltd.	Wintron Electronics Ltd.	Manufacturing and selling of frequency control components, sensor components, electronic measurement instruments and machine system design	100.00	100.00	Exchange rate risk and political risk arising from cross-strait relations. (Note)

Note: On November 11, 2021, Taitien Electronic (Shenzhen) Ltd.'s board of directors resolved to inject RMB20,000 thousand into Wintron Electronics Ltd. by cash. As of December 31, 2022, Taitien Electronic (Shenzhen) Ltd. injected RMB20,000 thousand.

Any transaction, account balance, revenue and expense between the consolidated entities are eliminated and not shown on the consolidated financial statements.

## 14. PROPERTY, PLANT AND EQUIPMENT

### Assets Used by the Group

	Land	Building	Machinery and Equipment	Transportation Equipment	Office Building	Other Equipment	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 23,286	\$ 139,143	\$ 878,368	\$ 4,131	\$ 31,273	\$ 81,548	\$ 272	\$ 1,158,021
Additions	-	1,195	39,822	-	319	7,629	182	49,147
Disposals	-	(2,437)	(22,016)	-	(924)	(5,164)	-	(30,541)
Reclassified (Note)	-	-	9,993	-	-	-	(257)	9,736
Effect of foreign currency exchange differences	(8)	(671)	(7,803)	(29)	(687)	(856)	(1)	(10,055)
Balance at December 31, 2021	<u>\$ 23,278</u>	<u>\$ 137,230</u>	<u>\$ 898,364</u>	<u>\$ 4,102</u>	<u>\$ 29,981</u>	<u>\$ 83,157</u>	<u>\$ 196</u>	<u>\$ 1,176,308</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ 7,709	\$ 123,912	\$ 533,068	\$ 2,309	\$ 28,996	\$ 61,010	\$ -	\$ 757,004
Disposals	-	(2,180)	(18,730)	-	(833)	(4,846)	-	(26,589)
Depreciation expense	-	7,263	67,526	759	498	6,939	-	82,985
Reclassified (Note)	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	(611)	(6,000)	(18)	(669)	(706)	-	(8,004)
Balance at December 31, 2021	<u>\$ 7,709</u>	<u>\$ 128,384</u>	<u>\$ 575,864</u>	<u>\$ 3,050</u>	<u>\$ 27,992</u>	<u>\$ 62,397</u>	<u>\$ -</u>	<u>\$ 805,396</u>
Carrying amount at December 31, 2021	<u>\$ 15,569</u>	<u>\$ 8,846</u>	<u>\$ 322,500</u>	<u>\$ 1,052</u>	<u>\$ 1,989</u>	<u>\$ 20,760</u>	<u>\$ 196</u>	<u>\$ 390,912</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 23,278	\$ 137,230	\$ 898,364	\$ 4,102	\$ 29,981	\$ 83,157	\$ 196	\$ 1,176,308
Additions	-	-	41,696	1,381	748	5,454	65,735	115,014
Disposals	-	-	(7,070)	(395)	(490)	(2,160)	-	(10,115)
Reclassified (Note)	-	-	7,329	-	24	46	7,127	14,526
Effect of foreign currency exchange differences	30	1,931	26,932	81	2,540	3,114	(413)	34,215
Balance at December 31, 2022	<u>\$ 23,308</u>	<u>\$ 139,161</u>	<u>\$ 967,251</u>	<u>\$ 5,169</u>	<u>\$ 32,803</u>	<u>\$ 89,611</u>	<u>\$ 72,645</u>	<u>\$ 1,329,948</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ 7,709	\$ 128,384	\$ 575,864	\$ 3,050	\$ 27,992	\$ 62,397	\$ -	\$ 805,396
Disposals	-	-	(6,861)	(355)	(459)	(2,112)	-	(9,787)
Depreciation expense	-	2,500	68,701	530	355	6,762	-	78,848
Reclassified (Note)	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	2,098	22,352	71	2,484	2,563	-	29,568
Balance at December 31, 2022	<u>\$ 7,709</u>	<u>\$ 132,982</u>	<u>\$ 660,056</u>	<u>\$ 3,296</u>	<u>\$ 30,372</u>	<u>\$ 69,610</u>	<u>\$ -</u>	<u>\$ 904,025</u>
Carrying amount at December 31, 2022	<u>\$ 15,599</u>	<u>\$ 6,179</u>	<u>\$ 307,195</u>	<u>\$ 1,873</u>	<u>\$ 2,431</u>	<u>\$ 20,001</u>	<u>\$ 72,645</u>	<u>\$ 425,923</u>

Note: Transferred from other non-current asset prepayments for equipment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	20-39 years
Others	1-10 years
Machinery and equipment	2-15 years
Transportation equipment	4-5 years
Office equipment	2-10 years
Other equipment	2-10 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 34.



## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amount</u>		
Land (includes land use rights)	\$ 16,994	\$ 12,091
Building	38,681	26,368
Transportation equipment	<u>283</u>	<u>711</u>
	<u>\$ 55,958</u>	<u>\$ 39,170</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 31,655</u>	<u>\$ 1,209</u>
Disposal of right-of-use assets	<u>\$ -</u>	<u>\$ (487)</u>
Depreciation charge for right-of-use assets		
Land (includes land use rights)	\$ 2,604	\$ 2,113
Building	13,976	14,272
Transportation equipment	<u>427</u>	<u>427</u>
	<u>\$ 17,007</u>	<u>\$ 16,812</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2022 and 2021.

### b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amount</u>		
Current	<u>\$ 16,693</u>	<u>\$ 12,533</u>
Non-current	<u>\$ 34,713</u>	<u>\$ 21,724</u>

Ranges of discount rates for lease liabilities were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Land	1.3%	1.3%
Building	1.22%-2.28%	1.36%-3.78%
Transportation equipment	1.3%	1.3%

### c. Material lease activities and terms as lessee

The Group leases land to build its plant and buildings as staff dormitories and plant. The lease period is 2-50 years, and the rent shall be paid according to the amount signed in the contract. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

The Group's leases as lessor of investment properties under operating leases are set out in Notes 16.

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 6,490</u>	<u>\$ 5,746</u>
Expenses relating to low-value asset leases	<u>\$ 283</u>	<u>\$ 157</u>
Total cash outflow for leases	<u>\$ (24,168)</u>	<u>\$ (22,926)</u>

The Group's leases of certain parking space, plants and staff dormitories qualify as short-term lease and leases of certain photocopiers qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

**16. INVESTMENT PROPERTIES**

	<b>Completed Investment Properties</b>	
	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Cost</u>		
Balance at January 1	\$ 3,254	\$ 2,958
Effect of foreign currency exchange differences	<u>(1,200)</u>	<u>296</u>
Balance at December 31	<u>\$ 2,054</u>	<u>\$ 3,254</u>
<u>Accumulated depreciation</u>		
Balance at January 1	\$ 2,178	\$ 1,786
Depreciation expense	215	206
Effect of foreign currency exchange differences	<u>(1,064)</u>	<u>186</u>
Balance at December 31	<u>\$ 1,329</u>	<u>\$ 2,178</u>
Carry Amount at December 31	<u>\$ 725</u>	<u>\$ 1,076</u>

The rental period of investment properties is 6 years.

Except for the aforementioned recognized depreciation, the Group did not have significant addition, disposal and impairment of investment properties during the years ended December 31, 2022 and 2021.

The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2022 was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Year 1	\$ 5,401	\$ 5,322
Year 2	2,475	5,322
Year 3	<u>-</u>	<u>2,432</u>
	<u>\$ 7,876</u>	<u>\$ 13,076</u>

To reduce the residual asset risk related to the plant at the end of the relevant lease, the Group follows its general risk management strategy in relation to the lease.

The abovementioned investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	20 years
Others	3 years

The investment properties are not valued by an independent valuer but valued by the Group's management using the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and by the discounted cash flow analysis. The significant unobservable inputs used include discount rates. The appraised fair value is as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Fair value of investment properties	\$ 20,287	\$ 17,709
Discount rate	14.67%	16.42%

All of the Group's investment properties are freehold properties.

## 17. GOODWILL

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Cost</u>		
Balance at January 1	\$ 8,909	\$ 9,166
Effect of foreign currency exchange differences	<u>975</u>	<u>(257)</u>
Balance at December 31	<u>\$ 9,884</u>	<u>\$ 8,909</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	\$ 8,909	\$ -
Impairment loss recognized	-	9,033
Effect of foreign currency exchange differences	<u>975</u>	<u>(124)</u>
Balance at December 31	<u>\$ 9,884</u>	<u>\$ 8,909</u>
Carrying amount at January 1	<u>\$ -</u>	<u>\$ 9,166</u>
Carrying amount at December 31	<u>\$ -</u>	<u>\$ -</u>

The Group acquired Pletronics Inc. on June 3, 2019 and recognized goodwill of \$10,173 thousand. The equity value of Pletronics Inc. as acquired by the Group was based on the report issued by an expert. The difference between the investment cost and the fair value of the identifiable assets obtained on the acquisition date which is not amortized assets was classified as goodwill. The recoverable amount of Pletronics Inc. was lower than the related carrying amount, and an impairment loss of \$9,033 thousand was recognized for the year ended December 31, 2021. The recoverable amount of Pletronics Inc. was determined based on a value in use calculation that used the cash flow projections in the financial budgets approved by management covering a 5-year period; the discount rate was 14.67%. Other key assumptions included budgeted revenue and budgeted gross margin. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.

## 18. OTHER INTANGIBLE ASSETS

	<b>Computer Software</b>	<b>Other</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2021	\$ 31,169	\$ 11,890	\$ 43,059
Additions	927	-	927
Disposals	(3,384)	-	(3,384)
Effect of foreign currency exchange differences	<u>(32)</u>	<u>(64)</u>	<u>(96)</u>
Balance at December 31, 2021	<u>\$ 28,680</u>	<u>\$ 11,826</u>	<u>\$ 40,506</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2021	\$ 27,307	\$ 11,885	\$ 39,192
Amortization expense	729	4	733
Disposals	(3,384)	-	(3,384)
Effect of foreign currency exchange differences	<u>(155)</u>	<u>(63)</u>	<u>(218)</u>
Balance at December 31, 2021	<u>\$ 24,497</u>	<u>\$ 11,826</u>	<u>\$ 36,323</u>
Carrying amount at December 31, 2021	<u>\$ 4,183</u>	<u>\$ -</u>	<u>\$ 4,183</u>
<u>Cost</u>			
Balance at January 1, 2022	\$ 28,680	\$ 11,826	\$ 40,506
Additions	321	-	321
Effect of foreign currency exchange differences	<u>34</u>	<u>185</u>	<u>219</u>
Balance at December 31, 2022	<u>\$ 29,035</u>	<u>\$ 12,011</u>	<u>\$ 41,046</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2022	\$ 24,497	\$ 11,826	\$ 36,323
Amortization expense	1,166	-	1,166
Effect of foreign currency exchange differences	<u>(18)</u>	<u>185</u>	<u>167</u>
Balance at December 31, 2022	<u>\$ 25,645</u>	<u>\$ 12,011</u>	<u>\$ 37,656</u>
Carrying amount at December 31, 2022	<u>\$ 3,390</u>	<u>\$ -</u>	<u>\$ 3,390</u>

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3-10 years
Others	10-15 years

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
An analysis of amortization by function		
Operating costs	\$ 526	\$ 157
General and administrative expenses	<u>640</u>	<u>576</u>
	<u>\$ 1,166</u>	<u>\$ 733</u>

## 19. OTHER ASSETS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Current</u>		
Prepayments		
Prepayment for purchase	\$ 17,546	\$ 20,084
Prepayment for insurance	1,356	1,058
Others	<u>6,561</u>	<u>5,608</u>
	<u>\$ 25,463</u>	<u>\$ 26,750</u>
<u>Non-current</u>		
Other non-current assets		
Refundable deposits	\$ 2,688	\$ 2,480
Prepayments for equipment	35,541	15,402
Overdue receivables (Note 11)	<u>-</u>	<u>-</u>
	<u>\$ 38,229</u>	<u>\$ 17,882</u>

## 20. BORROWINGS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unsecured borrowings	<u>\$ 184,000</u>	<u>\$ 235,360</u>

The range of interest rates on bank loans were 1.39%-1.72% and 0.98%-1.310% per annum as of December 31, 2022 and 2021, respectively.

## 21. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 84,624	\$ 67,806
Payables for compensation of employees	32,416	18,975
Payables for remuneration of directors	6,946	4,220
Payables for professional service fees	3,448	4,423
Payables for VAT	3,433	1,197
Payable for insurance	2,439	2,169
Payables for miscellaneous items	2,297	1,298
Payables for consumables	1,954	3,786
Payable for pension cost	1,393	1,326
Payables for repair	1,343	962
Payables for commission	1,254	2,122
Payables for equipment (Note 29)	134	2,330
Others	<u>17,447</u>	<u>29,598</u>
	<u>\$ 159,128</u>	<u>\$ 140,212</u>
Other liabilities		
Receipts under custody	<u>\$ 2,063</u>	<u>\$ 1,403</u>
<u>Non-current</u>		
Deferred revenue		
Government grants (Note 28)	<u>\$ 6,480</u>	<u>\$ 7,261</u>
Other liabilities		
Guarantee deposits	<u>\$ 16,310</u>	<u>\$ 16,493</u>

## 22. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in mainland China and the United States are members of a state-managed retirement benefit plan operated by the government of mainland China and the United States. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

### b. Defined benefit plan

The defined benefit plan adopted by the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring

committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plan are as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 111,726	\$ 104,066
Fair value of plan assets	<u>(73,145)</u>	<u>(62,510)</u>
Deficit	38,581	41,556
Asset ceiling	<u>-</u>	<u>-</u>
Net defined benefit liabilities	<u>\$ 38,581</u>	<u>\$ 41,556</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2021	<u>\$ 109,402</u>	<u>\$ (60,620)</u>	<u>\$ 48,782</u>
Service cost			
Current service cost	1,189	-	1,189
Net interest expense (income)	<u>547</u>	<u>(315)</u>	<u>232</u>
Recognized in profit or loss	<u>1,736</u>	<u>(315)</u>	<u>1,421</u>
Return on plan assets (excluding amounts included in net interest)	-	(747)	(747)
Actuarial loss - changes in demographic assumptions	2,340	-	2,340
Actuarial gain - experience adjustments	<u>(5,252)</u>	<u>-</u>	<u>(5,252)</u>
Recognized in other comprehensive income	<u>(2,912)</u>	<u>(747)</u>	<u>(3,659)</u>
Benefits paid	<u>(4,160)</u>	4,160	-
Contributions from the employer	<u>-</u>	<u>(4,988)</u>	<u>(4,988)</u>
Balance at December 31, 2021	<u>104,066</u>	<u>(62,510)</u>	<u>41,556</u>
Service cost			
Current service cost	940	-	940
Net interest expense (income)	<u>520</u>	<u>(325)</u>	<u>195</u>
Recognized in profit or loss	<u>1,460</u>	<u>(325)</u>	<u>1,135</u>
Return on plan assets (excluding amounts included in net interest)	-	(4,887)	(4,887)
Actuarial gain changes in demographic Assumptions	(8,147)	-	(8,147)
Actuarial loss experience adjustments	<u>14,347</u>	<u>-</u>	<u>14,347</u>
Recognized in other comprehensive income	<u>6,200</u>	<u>(4,887)</u>	<u>1,313</u>
Benefits paid	<u>-</u>	<u>-</u>	<u>-</u>
Contributions from the employer	<u>-</u>	<u>(5,423)</u>	<u>(5,423)</u>
Balance at December 31, 2022	<u>\$ 111,726</u>	<u>\$ (73,145)</u>	<u>\$ 38,581</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate	1.38%	0.500%
Expected rate of salary increase	2.75%	2.750%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate		
0.25% increase	<u>\$ (2,170)</u>	<u>\$ (2,423)</u>
0.25% decrease	<u>\$ 2,238</u>	<u>\$ 2,506</u>
Expected rate of salary increase/decrease		
0.25% increase	<u>\$ 2,169</u>	<u>\$ 2,409</u>
0.25% decrease	<u>\$ (2,114)</u>	<u>\$ (2,342)</u>

The above sensitivity analysis presented may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Expected contributions to the plan for the next year	<u>\$ 5,775</u>	<u>\$ 4,920</u>
Average duration of the defined benefit obligation	7.9 years	9.5 years



## 23. EQUITY

### a. Share capital

#### Ordinary shares

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Shares authorized (in thousands of shares)	<u>120,000</u>	<u>120,000</u>
Amount of shares authorized	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Shares issued and fully paid (in thousands of shares)	<u>68,334</u>	<u>68,334</u>
Amount of shares issued and fully paid	<u>\$ 683,338</u>	<u>\$ 683,338</u>

### b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)</u>		
Issuance of ordinary shares	\$ 374,069	\$ 374,069
Treasury share transactions	3,978	3,978
Employee share options	578	578
Expired share options	20	20
<u>May only be used to offset a deficit</u>		
Changes in equity of subsidiaries accounted for using the equity method (Note 2)	26,075	26,075
Others	<u>3,626</u>	<u>3,626</u>
	<u>\$ 408,346</u>	<u>\$ 408,346</u>

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Group's paid-in capital each year).

Note 2: Such capital surplus is recognized from the changes in capital surplus of subsidiaries accounted for using the equity method.

### c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles of Incorporation of the Company after the amendments, when the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distributed as dividends and bonus to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 25 (g).

The Company's dividend policy is based on the principle of stability and balance, and takes into consideration the future operating and development capital needs and sound financial conditions. Out of the dividends and bonuses distributed to shareholders in the current year, at least 50% shall be distributed as cash dividends. However, the board of directors may adjust the ratio according to the working capital needs of the current year, and submit it to the shareholders in their meeting for resolution.

According to the Company Act No. 237, the Company shall recognize as legal reserve 10% of the remaining profit, until the accumulated legal reserve equals the total amount of paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company is required to make appropriation to or reversal from the special reserve for the items referred to in Rule No. 1010012865 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs". The FSC issued Rule No. 1090150022 on March 31, 2021, and Rule No. 1010012865 was repealed on December 31, 2021.

The appropriations of earnings for 2021 and 2020 approved in the shareholders' meetings on June 17, 2022 and August 27, 2021, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Legal reserve	<u>\$ 24,123</u>	<u>\$ 356</u>
Special reserve	<u>\$ 772</u>	<u>\$ -</u>
Cash dividends	<u>\$ 143,501</u>	<u>\$ 8,200</u>
Cash dividends per share (NT\$)	\$ 2.10	\$ 0.12

The appropriations of earnings for 2022, which were proposed by the Company's board of directors on March 23, 2023, were as follows:

	<b>For the Year Ended December 31, 2022</b>
Legal reserve	<u>\$ 35,781</u>
Reverse of special reserve	<u>\$ 15,104</u>
Cash dividends	<u>\$ 239,168</u>
Cash dividends per share (NT\$)	\$ 3.5

The appropriation of earnings for 2022 will be presented for approval by the Company's shareholders meeting to be held on June 16, 2023 (expected).

d. Special reserve

(1) In accordance with the provisions of Article 41, Paragraph 1 of the Securities and Exchange Act, the special reserve shall be set aside for the net debit balance of shareholders' equity recorded in the current year. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses. (2) The special reserve is set aside and reversed in accordance with the provisions of "Questions and Answers on the Application of IFRSs to the special Surplus Reserve".

The special reserves recognized as of December 31, 2022 and 2021 was as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Listed in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act	\$ 80,617	\$ 79,845
First application of Rule issued by the FSC transferred to retained earnings	<u>15,450</u>	<u>15,450</u>
	<u>\$ 96,067</u>	<u>\$ 95,295</u>

e. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ (90,397)	\$ (84,919)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	25,920	(6,849)
Income tax effect	<u>(5,184)</u>	<u>1,371</u>
Other comprehensive income (loss) recognized for the year	<u>20,736</u>	<u>(5,478)</u>
Balance at December 31	<u>\$ (69,661)</u>	<u>\$ (90,397)</u>

2) Unrealized valuation gain on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ (5,670)	\$ (5,553)
Recognized for the year		
Unrealized (loss) gain - debt instruments	(1,482)	8
Unrealized (loss) gain - equity instruments	(4,923)	24,812
Income tax effect	<u>773</u>	<u>163</u>
Other comprehensive (loss) income recognized for the year	<u>(5,632)</u>	<u>24,983</u>
Reclassification adjustments		
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(25,100)</u>
Balance at December 31	<u>\$ (11,302)</u>	<u>\$ (5,670)</u>

## 24. REVENUE

a. Contract information

Revenue from the sale of goods

The main operating revenue of the Group is from the sale of SMD crystals and SMD oscillators. All goods are sold at their respective fixed amounts as agreed in the contracts.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable and trade receivables (Note 11)	<u>\$ 537,855</u>	<u>\$ 643,379</u>	<u>\$ 409,401</u>
Contract liabilities - current			
Sale of goods	<u>\$ 14,616</u>	<u>\$ 11,020</u>	<u>\$ 6,088</u>

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods was summarized as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Sale of goods	<u>\$ 9,608</u>	<u>\$ 5,016</u>

c. Disaggregation of revenue

For information on disaggregation of revenue, please refer to Note 38.

## 25. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

a. Interest income

	<u>For the Year Ended December 31</u>	
	2022	2021
Bank deposits	\$ 1,008	\$ 564
Investments in financial assets at amortized cost	1,521	1,137
Financial assets at FVTPL	1,102	904
Investments in debt instruments at FVTOCI	<u>124</u>	<u>39</u>
	<u>\$ 3,755</u>	<u>\$ 2,644</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2022	2021
Rental income	\$ 5,852	\$ 5,559
Government grants	2,510	4,619
Dividends	2,919	359
Others	<u>1,391</u>	<u>4,187</u>
	<u>\$ 12,672</u>	<u>\$ 14,724</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Loss on disposal of property, plant and equipment	\$ (13)	\$ (2,609)
Gain on disposal of right-of-use assets	-	16
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	1,870	6,043
Loss on impairment of goodwill	-	(9,033)
Net foreign exchange gains (losses)	53,209	(7,353)
Others	<u>(807)</u>	<u>(1,430)</u>
	<u>\$ 54,259</u>	<u>\$ (14,366)</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loans	\$ 2,499	\$ 2,545
Interest on lease liabilities	<u>721</u>	<u>787</u>
	<u>\$ 3,220</u>	<u>\$ 3,332</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 78,848	\$ 82,985
Right-of-use assets	17,007	16,812
Investment properties	215	206
Intangible assets	<u>1,166</u>	<u>733</u>
	<u>\$ 97,236</u>	<u>\$ 100,736</u>
 An analysis of depreciation by function		
Operating costs	\$ 81,614	\$ 84,293
Operating expenses	<u>14,456</u>	<u>15,710</u>
	<u>\$ 96,070</u>	<u>\$ 100,003</u>
 An analysis of amortization by function		
Operating costs	\$ 526	\$ 157
Operating expenses	<u>640</u>	<u>576</u>
	<u>\$ 1,166</u>	<u>\$ 733</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term benefits	\$ 507,836	\$ 425,522
Post-employment benefits (Note 22)		
Defined contribution plan	36,320	30,395
Defined benefit plan	1,135	1,421
Termination benefits	414	65
Other employee benefits	<u>92,268</u>	<u>80,070</u>
	<u>\$ 637,973</u>	<u>\$ 537,473</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 356,667	\$ 298,882
Operating expenses	<u>281,306</u>	<u>238,591</u>
	<u>\$ 637,973</u>	<u>\$ 537,473</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles of Incorporation, the Company accrues compensation of employees at rates between 5% to 15%, and remuneration of directors at rates of no higher than 2% of net profit before income tax, compensation of employees and remuneration of directors.

The compensation of employees and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 23, 2023 and March 24, 2022, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	7%	7%
Remuneration of directors	1.5%	1.6%

Amount

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Cash</b>	<b>Shares</b>	<b>Cash</b>	<b>Shares</b>
Compensation of employees	\$ 32,416	\$ -	\$ 18,975	\$ -
Remuneration of directors	6,946	-	4,220	-

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recognized as a change in the accounting estimate and recorded in the following year.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Foreign exchange gains	\$ 99,008	\$ 26,390
Foreign exchange losses	<u>(45,799)</u>	<u>(33,743)</u>
Net foreign exchange gains (losses)	<u>\$ 53,209</u>	<u>\$ (7,353)</u>

**26. INCOME TAXES RELATING TO CONTINUING OPERATIONS**

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 107,817	\$ 58,726
Adjustments for prior years	(4,833)	(913)
Income tax on unappropriated earnings	<u>3,641</u>	<u>241</u>
	<u>106,625</u>	<u>58,054</u>
Deferred tax		
In respect of the current year	<u>24,556</u>	<u>31,116</u>
Income tax expense recognized in profit or loss	<u>\$ 131,181</u>	<u>\$ 89,170</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Profit before tax from continuing operations	<u>\$ 490,036</u>	<u>\$ 302,378</u>
Income tax expense calculated at the statutory rate	\$ 98,007	\$ 60,476
Nondeductible expenses in determining taxable income	319	2,736
Tax-exempt income	(160)	(185)
Income tax on unappropriated earnings	3,641	241
Deferred income tax not recognized prior years and adjusted in the current year	-	(5,689)
Unrecognized loss carryforwards and deductible temporary differences	(1,250)	(9,866)
Effect of different tax rates of group entities operating in other jurisdictions	35,456	42,370
Adjustments for prior years' income tax	<u>(4,832)</u>	<u>(913)</u>
Income tax expense recognized in profit or loss	<u>\$ 131,181</u>	<u>\$ 89,170</u>

The tax rate applied to subsidiaries in China is 25%. Tax rates applied to other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

The tax rates for the subsidiaries located in the United States are based on the US federal tax rate of 21%; California state tax rate of 8.84%; Virginia state tax rate of 6.00% and Colorado state tax rate of 4.63%.

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (5,184)	\$ 1,371
Remeasurement of defined benefit plan	263	(731)
Fair value changes of financial assets at FVTOCI	296	(2)
Share of other comprehensive income of subsidiary accounted for using the equity method	<u>477</u>	<u>165</u>
Total income tax recognized in other comprehensive income	<u>\$ (4,148)</u>	<u>\$ 803</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets		
Tax refund receivable	<u>\$ 299</u>	<u>\$ 294</u>
Current tax liabilities		
Income tax payable	<u>\$ 81,113</u>	<u>\$ 32,252</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Difference</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>					
Temporary differences					
Capitalizing expenditures	\$ 303	\$ (129)	\$ -	\$ -	\$ 174
Allowance for impairment loss	148	(138)	-	3	13
Unrealized loss on foreign exchange	1,582	1,005	-	-	2,587
					(Continued)



	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Compre- hensive Income</b>	<b>Exchange Difference</b>	<b>Closing Balance</b>
Inventory write-downs	\$ 20,824	\$ 3,446	\$ -	\$ 179	\$ 24,449
Unamortized fixed manufacturing overheads	23	1,102	-	-	1,125
Payables for annual leave	295	24	-	2	321
Unrealized gain on affiliated company transaction	633	849	-	-	1,482
Defined benefit obligations	9,403	(858)	263	-	8,808
Fair value changes of financial assets at FVTOCI	105	-	477	-	582
Fair value changes of debt instruments at FVTOCI	-	-	294	-	294
Exchange differences on the translation of the financial statements of foreign operations	9,646	-	(5,184)	-	4,462
Fair value changes of financial assets at FVTPL	208	214	-	-	422
Deferred revenue	<u>1,815</u>	<u>-</u>	<u>-</u>	<u>29</u>	<u>1,844</u>
	<u>\$ 44,985</u>	<u>\$ 5,515</u>	<u>\$ (4,150)</u>	<u>\$ 213</u>	<u>\$ 46,563</u>

Deferred tax liabilities

Temporary differences					
Unrealized gain on foreign exchange	\$ 729	\$ 3,757	\$ -	\$ -	\$ 4,486
Net gain on investments accounted for using the equity method	39,818	22,139	-	-	61,957
Depreciation expense tax difference	28,970	4,175	-	430	33,575
Fair value changes of debt instruments at FVTOCI	<u>2</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
	<u>\$ 69,519</u>	<u>\$ 30,071</u>	<u>\$ (2)</u>	<u>\$ 430</u>	<u>\$ 100,018</u> (Concluded)

For the year ended December 31, 2021

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Compre- hensive Income</b>	<b>Exchange Difference</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>					
Temporary differences					
Capitalizing expenditures	\$ 233	\$ 70	\$ -	\$ -	\$ 303
Allowance for impairment loss	150	-	-	(2)	148
Unrealized loss on foreign exchange	1,497	85	-	-	1,582
Inventory write-downs	20,581	309	-	(66)	20,824
Unamortized fixed manufacturing overheads	720	(697)	-	-	23
Payables for annual leave	200	96	-	(1)	295
Unrealized gain on affiliated company transaction	58	575	-	-	633
Defined benefit obligations	10,848	(714)	(731)	-	9,403
Fair value changes of financial assets at FVTOCI	-	-	105	-	105
Exchange differences on the translation of the financial statements of foreign operations	8,275	-	1,371	-	9,646
Fair value changes of financial assets at FVTPL	-	208	-	-	208
Deferred revenue	<u>1,810</u>	<u>14</u>	<u>-</u>	<u>(9)</u>	<u>1,815</u>
	<u>44,372</u>	<u>(54)</u>	<u>745</u>	<u>(78)</u>	<u>44,985</u>
Loss carryforwards	<u>10,604</u>	<u>(10,602)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
	<u>\$ 54,976</u>	<u>\$ (10,656)</u>	<u>\$ 745</u>	<u>\$ (80)</u>	<u>\$ 44,985</u>

Deferred tax liabilities

Temporary differences					
Unrealized gain on foreign exchange	\$ 556	\$ 173	\$ -	\$ -	\$ 729
Unrealized gains on equity investments	18,394	21,424	-	-	39,818
Depreciation expense tax difference	30,267	(1,137)	-	(160)	28,970
Fair value changes of debt instruments at FVTOCI	-	-	2	-	2
Fair value changes of financial assets at FVTOCI	<u>60</u>	<u>-</u>	<u>(60)</u>	<u>-</u>	<u>-</u>
	<u>\$ 49,277</u>	<u>\$ 20,460</u>	<u>\$ (58)</u>	<u>\$ (160)</u>	<u>\$ 69,519</u>

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Loss carryforwards		
Expiry in 2034	\$ 3,214	\$ 3,449
Expiry in 2035	21,535	22,248
Expiry in 2036	4,108	4,686
Expiry in 2038	-	288
Expiry in 2039	-	1,164
Expiry in 2040	3,326	2,998
Expiry in 2041	<u>564</u>	<u>835</u>
	<u>\$ 32,747</u>	<u>\$ 35,668</u>
Deductible temporary differences		
Allowance for impairment loss	\$ 28	\$ 1,190
Inventory write-downs	9,964	9,810
Gain or loss on investments in subsidiaries and associates accounted for using the equity method	<u>154,471</u>	<u>188,153</u>
	<u>\$ 164,463</u>	<u>\$ 199,153</u>

- f. Carryforwards as of December 31, 2022 comprised:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 3,214	2034
21,535	2035
4,108	2036
3,326	2040
<u>564</u>	2041
<u>\$ 32,747</u>	

- g. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2022 and 2021, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$301,780 thousand and \$177,079 thousand, respectively.

- h. Income tax assessments

- 1) The tax authorities have assessed the income tax returns of the Company through 2020.
- 2) Other overseas group entities are not involved in any material action regarding taxation.

## 27. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Basic earnings per share	<u>\$ 5.25</u>	<u>\$ 3.12</u>
Diluted earnings per share	<u>\$ 5.17</u>	<u>\$ 3.10</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

### Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Earnings used in the computation of basic earnings per share	<u>\$ 358,855</u>	<u>\$ 213,208</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 358,855</u>	<u>\$ 213,208</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	68,334	68,334
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>1,035</u>	<u>455</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>69,369</u>	<u>68,789</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 28. GOVERNMENT GRANTS

- a. In 2021 and 2020, the subsidiary Taitien Electronic (Nanjing) Ltd. received a government grant of \$928 thousand and \$7,740 thousand for its purchase of technical equipment. The amount was recognized as deferred revenue and subsequently transferred to profit or loss over the useful life of the related asset. This policy resulted in a credit to other income of \$900 thousand and \$873 thousand during the years ended December 31, 2022 and 2021, respectively.
- b. In 2021, the subsidiary Taitien Electronic (Nanjing) Ltd. received a government grant of \$3,039 thousand as pandemic subsidy from the Nanjing Jiangning (National) Economic and Technological Development Zone Administrative Committee. The amount was recognized during the years ended December 31, 2021 as other income.

## 29. CASH FLOW INFORMATION

### a. Non-cash transactions

For the years ended December 31, 2022 and 2021, the Group entered into the following non-cash investing and financing activities which were not reflected in the statements of cash flows:

- As of December 31, 2022 and 2021, the unpaid amounts from the Group's acquisition of property, plant and equipment were \$134 thousand and \$2,330 thousand, respectively, and were recognized in other payables - payables for equipment.

### b. Changes in liabilities arising from financing activities

#### For the year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes				Exchange Rate Changes	Others	Closing Balance
			New Leases	Disposal	Interest Expense				
Short-term borrowings	\$ 235,360	\$ (52,550)	\$ -	\$ -	\$ -	\$ 1,190	\$ -	\$ 184,000	
Lease liabilities	34,257	(16,674)	31,655	-	721	2,168	(721)	51,406	
Guarantee deposits received	16,493	(443)	-	-	-	260	-	16,310	
	<u>\$ 286,110</u>	<u>\$ (69,667)</u>	<u>\$ 31,655</u>	<u>\$ -</u>	<u>\$ 721</u>	<u>\$ 3,618</u>	<u>\$ (721)</u>	<u>\$ 251,716</u>	

#### For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes				Exchange Rate Changes	Others	Closing Balance
			New Leases	Disposal	Interest Expense				
Short-term borrowings	\$ 251,200	\$ (14,374)	\$ -	\$ -	\$ -	\$ (1,466)	\$ -	\$ 235,360	
Lease liabilities	50,555	(16,236)	1,209	(503)	787	(768)	(787)	34,257	
Guarantee deposits received	11,546	5,010	-	-	-	(63)	-	16,493	
	<u>\$ 313,301</u>	<u>\$ (25,600)</u>	<u>\$ 1,209</u>	<u>\$ (503)</u>	<u>\$ 787</u>	<u>\$ (2,297)</u>	<u>\$ (787)</u>	<u>\$ 286,110</u>	

## 30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remained unchanged in the current year.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, and other equity).

The management of the Group periodically reviews its capital structure. As part of the review, the management considers the cost of capital, financial ratios required by loans, and related risks in determining the proper structure for its capital. Followed the management's suggestion, the Group balances its overall capital structure by adjusting the amount of dividends paid to the shareholders, issuing new shares, buyback shares, and obtaining financing facilities from financial institutions.

### 31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The Group's management believes that the carrying amounts of financial assets and financial liabilities recognized in the financial statements which are not measured at fair value approximates their fair value or that the fair value of such assets and liabilities cannot be reliably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

<u>December 31, 2022</u>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Non-derivative financial assets				
Mutual funds	<u>\$ 29,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,887</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares in domestic market	\$ -	\$ -	\$ 7,409	\$ 7,409
Unlisted shares in foreign market	-	-	5,031	5,031
Investments in debt instruments				
Foreign corporate bonds	<u>2,992</u>	<u>-</u>	<u>-</u>	<u>2,992</u>
	<u>\$ 2,992</u>	<u>\$ -</u>	<u>\$ 12,440</u>	<u>\$ 15,432</u>
<u>December 31, 2021</u>				
Financial assets at FVTPL				
Non-derivative financial assets				
Mutual funds	<u>\$ 30,311</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,311</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares in domestic market	\$ -	\$ -	\$ 9,947	\$ 9,947
Unlisted shares in foreign market	-	-	7,288	7,288
Investments in debt instruments				
Foreign corporate bonds	<u>4,068</u>	<u>-</u>	<u>-</u>	<u>4,068</u>
	<u>\$ 4,068</u>	<u>\$ -</u>	<u>\$ 17,235</u>	<u>\$ 21,303</u>

There were no transfers between Levels 1 and 2 in 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2022	\$ 17,235
Recognized in other comprehensive loss	(4,923)
Effect of foreign currency exchange differences	<u>128</u>
Balance at December 31, 2022	<u>\$ 12,440</u>

For the year ended December 31, 2021

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2021	\$ 23,457
Disposal	(31,260)
Recognized in other comprehensive income	24,812
Effect of foreign currency exchange differences	<u>226</u>
Balance at December 31, 2021	<u>\$ 17,235</u>

3) Valuation technology and inputs applied for Level 3 fair value measurement

The fair value of unlisted (over-the-counter) company stocks held by the Group is estimated using the asset approach and the market approach. The asset approach uses the net asset value measured by the fair value of the latest financial statements of the investment target, and calculates the fair value of the stock after considering the liquidity discount parameter. The market approach uses to the market transaction price of comparable companies with similar business and industrial attributes of the investment target, and calculates the fair price of the stock after considering the liquidity discount parameters.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 29,887	\$ 30,311
Financial assets measured at amortized cost (1)	1,322,354	1,344,176
Financial assets at FVTOCI		
Equity instruments	12,440	17,235
Debt instruments	2,992	4,068
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	400,749	598,114

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables from related parties, other receivables excluding income tax refund receivable and refundable deposits.
- 2) The balances include financial liabilities, which comprise short-term loans, trade payables to related parties, other payables (excluding payable for salaries and bonuses, compensation of employees, remuneration of directors, payable for insurance and pension cost), and other payables to related parties.

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables, notes payable, trade payables, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which exposed the Company to foreign currency risk. The Group assesses the net risk position of non-functional currency denominated sales and purchases periodically and adjusts its non-functional cash position on the basis of its assessment.

The carrying amounts of the Group's foreign-currency-denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 35.

Sensitivity analysis

The Group was mainly exposed to the USD, JPY and CNY.



The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	<b>USD Impact</b>		<b>JPY Impact</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Profit or loss	\$ 24,573 (i)	\$ 21,826 (i)	\$ (1,091) (ii)	\$ 509 (ii)
			<b>CNY Impact</b>	
			<b>For the Year Ended</b>	
			<b>December 31</b>	
			<b>2022</b>	<b>2021</b>
Profit or loss			\$ 6,399 (iii)	\$ 2,498 (iii)

- i. The result was mainly attributable to the exposure on outstanding cash and cash equivalents, financial assets at FVTOCI, trade receivables, trade payables and short-term borrowings in USD that were not hedged at the end of the year.
- ii. The result was mainly attributable to the exposure on outstanding cash and cash equivalents, trade receivables and trade payables in JPY that were not hedged at the end of the year.
- iii. The result was mainly attributable to the exposure on outstanding cash and cash equivalents, financial assets at amortized cost, trade receivables and trade payables in CNY that were not hedged at the end of the year.

The above results of the Group's tests of sensitivity to changes in foreign exchange rates during the current period were mainly due to the increase in financial assets in USD, the increase in financial liabilities in JPY and the increase in financial assets in CNY.

b) Interest rate risk

The Group is exposed to interest rate risk because the Group's bank balances, lease liabilities and borrowings are at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 147,170	\$ 52,098
Financial liabilities	235,406	214,257
Cash flow interest rate risk		
Financial assets	585,587	607,030
Financial liabilities	-	55,360

#### Sensitivity analysis

The sensitivity analysis below is based on the Group's exposure to interest rates of non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the year was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$5,856 thousand and \$5,517 thousand, respectively.

For the year ended December 31, 2022, the Group's sensitivity to interest rates decreased during the current period mainly due to the decrease in floating assets.

#### c) Other price risk

The price risk of the Group's investments in mutual funds, overseas bonds and equity instruments mainly comes from financial assets at FVTPL and financial assets at FVTOCI. The investments in mutual funds, overseas bonds and equity instruments are strategic investments, and the Group manages risks by holding low-risk portfolio products.

#### Sensitivity analysis

The sensitivity analysis below is based on the exposure to fund price risk and equity instrument investment price risk at the end of year.

If fund prices had been 1% higher/lower, the pre-tax profit or loss for the years ended December 31, 2022 and 2021 would have increased/decreased by \$299 thousand and \$303 thousand, as a result of the changes in fair value of financial assets at FVTPL.

If the fair value of overseas bonds and equity securities had been 1% higher/lower, the other comprehensive income before tax for the years ended December 31, 2022 and 2021 would have increased/decreased by \$154 thousand and \$213 thousand, respectively.

The Group's sensitivity to fund price had not changed significantly from the prior year. The Group's sensitivity to overseas bonds and equity prices decreased due to the change in prices of such equity securities.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the accounting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to failure of counterparties to discharge their obligations and due to the financial guarantees provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The policies adopted by the Group are applicable only to transactions with reputable counterparties. Where necessary, sufficient collateral must be obtained to reduce the risk of financial losses. The Group evaluates major customers by establishing complete basic customer data files, using other publicly available financial and non-financial information, and referring to each other's past transaction records. The Group continues to monitor the credit risk insurance and the credit ratings of the counterparties and controls the credit risk through the counterparty credit limits that are reviewed and approved by the responsible supervisor every year.

The Group will continue to evaluate the financial status of the accounts receivable customers and review the recoverable amount of the accounts receivable to ensure that the uncollectible accounts receivable have been included in the appropriate impairment loss.

The Group's concentration of credit risk of 52% and 58% of the total credit risk as of December 31, 2022 and 2021, respectively, was attributable to the Group's major customers.

## 3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had available unutilized bank loan facilities set out in (b) below.

### a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1 Month to 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 139,116	\$ 60,128	\$ 1,195	\$ 16,310	\$ -
Lease liabilities	1,417	2,782	13,220	35,460	-
Fixed interest rate liabilities	-	115,339	69,454	-	-
	<u>\$ 140,533</u>	<u>\$ 178,249</u>	<u>\$ 83,869</u>	<u>\$ 51,770</u>	<u>\$ -</u>

Additional information on the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 17,419</u>	<u>\$ 35,460</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1 Month to 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 255,273	\$ 88,078	\$ 2,910	\$ 16,493	\$ -
Lease liabilities	1,283	2,461	9,321	22,531	-
Fixed interest rate liabilities	70,054	-	110,434	-	-
Variable interest rate liabilities	-	27,747	27,838	-	-
	<u>\$ 326,610</u>	<u>\$ 118,286</u>	<u>\$ 150,503</u>	<u>\$ 39,024</u>	<u>\$ -</u>

Additional information on the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 13,065</u>	<u>\$ 22,531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unsecured bank overdraft facilities, reviewed annually:		
Amount used	\$ 184,000	\$ 235,360
Amount unused	<u>338,840</u>	<u>273,040</u>
	<u>\$ 522,840</u>	<u>\$ 508,400</u>

## 29. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in the other notes, details of transactions between the Company and related parties are as follows:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Tai Tien Electronic Co., Ltd.	Substantive related party
Wan-an County Huan-Jin Electronics Co., Ltd.	Substantive related party

b. Cost of goods sold

Line Item	Related Party Category/Name	<u>For the Year Ended December 31</u>	
		2022	2021
Substantive related party	Others	\$ <u>        </u> -	\$ <u>1,696</u>

The purchase prices and payment terms to related parties were not significantly different from those of non-related parties. The payment term is 60 days after the purchase of goods.

c. Acquisition of property, plant and equipment

Line Item	Related Party Category/Name	<u>For the Year Ended December 31</u>	
		2022	2021
Substantive related party	Wan-an County Huan-Jin Electronics Co., Ltd.	\$ <u>        </u> -	\$ <u>    697</u>

d. Lease arrangements

Acquisition right-of-use assets

The Group leases land for a lease period of 5 years to build the plant, and the rent is paid according to the amount signed in the contract. Upon termination of the lease term, the Group shall have no preferential right to purchase the land, and it is agreed that the Group shall not sublease or transfer the leased land without the consent of the lessor.

Line Item	Related Party Category/Name	<u>December 31</u>	
		2022	2021
Right-of-use assets	Others Tai Tien Electronic Co., Ltd.	\$ <u>11,317</u>	\$ <u>  6,273</u>
Lease liabilities - current	Others Tai Tien Electronic Co., Ltd.	\$ <u>  2,591</u>	\$ <u>  1,890</u>
Lease liabilities - non-current	Others Tai Tien Electronic Co., Ltd.	\$ <u>  8,883</u>	\$ <u>  4,506</u>

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Interest expense</u>		
Others		
Others	\$ <u>132</u>	\$ <u>94</u>
<u>Depreciation expense</u>		
Others		
Others	\$ <u>2,369</u>	\$ <u>1,882</u>
<u>Lease expense</u>		
Others		
Others	\$ <u>48</u>	\$ <u>48</u>

The Group leases land and business premises in the industrial parks from the related party, Tai Tien Electronic Co., Ltd. The terms of the lease contract are based on the general market conditions, and the monthly rent is paid before the end of each month.

e. Remuneration of key management personnel

The remuneration of key management personnel are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 42,627	\$ 28,680
Share-based payment	<u>635</u>	<u>616</u>
	\$ <u>43,262</u>	\$ <u>29,296</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and with reference to market trends.

### 33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The amounts of restricted assets of the Group that were provided as guarantees are as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Pledged deposits (classified as financial assets at amortized cost)	\$ <u>200</u>	\$ <u>200</u>

### 34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group at December 31, 2022 and 2021 were as follows:

- a. Unrecognized commitments were as follows

	<u>December 31</u>	
	2022	2021
Acquisition of property, plant and equipment	<u>\$ 31,678</u>	<u>\$ 70,236</u>

- b. Taitien Electronic (Nanjing) Ltd.'s relocation compensation agreement

In cooperation with Nanjing Jiangning (National) Economic and Technological Development Zone's urban planning in Jiangsu Province, China, the subsidiary Taitien Electronic (Nanjing) Ltd. signed an agreement with Nanjing Jiangning (National) Economic and Technological Development Zone Administrative Committee on the relocation compensation of assets such as land use rights, buildings, attachments and equipment on April 24, 2022. The compensation amount was RMB84,913 thousand. Taitien Electronic (Nanjing) Ltd. planned to submit the relevant application and carry out the relocation before the end of December 2023.

### 35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies are as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount (In NTD)
<u>Financial assets</u>			
Monetary items			
USD	\$ 12,462	30.710 (USD:NTD)	\$ 382,713
JPY	19,719	0.232 (JPY:NTD)	4,583
CNY	29,641	4.409 (CNY:NTD)	130,702
USD	6,661	6.965 (USD:CNY)	204,554
JPY	67,631	0.053 (JPY:CNY)	15,718
<u>Financial liabilities</u>			
Monetary items			
USD	2,577	30.710 (USD:NTD)	79,131
JPY	57,890	0.232 (JPY:NTD)	13,454
CNY	616	4.409 (CNY:NTD)	2,715
USD	543	6.965 (USD:CNY)	16,668
JPY	98,301	0.053 (JPY:CNY)	22,846
JPY	25,051	0.008 (JPY:USD)	5,822

December 31, 2021

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In NTD)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 15,569	27.680 (USD:NTD)	\$ 430,945
JPY	91,872	0.2405 (JPY:NTD)	22,095
CNY	19,783	4.341 (CNY:NTD)	85,889
USD	6,626	6.3757 (USD:CNY)	183,414
JPY	121,130	0.0554 (JPY:CNY)	29,133
<u>Financial liabilities</u>			
Monetary items			
USD	3,899	27.680 (USD:NTD)	107,929
JPY	71,332	0.2405 (JPY:NTD)	17,155
CNY	8,277	4.341 (CNY:NTD)	35,935
USD	2,525	6.3757 (USD:CNY)	69,902
JPY	99,320	0.0554 (JPY:CNY)	23,888

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange losses (gains) were \$53,209 thousand and \$(7,353) thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of functional currencies.

### 36. OTHERS

Contracts have been signed for the transactions between Taitien Electronics Co., Ltd. and Taiden JP Limited, Taitien Electronics (Thailand) Co., Ltd., Zhengzhou Huajing Electronics Co., Ltd., Shenzhen Yijing Co., Ltd., and Henan Dali Electronics Co., Ltd., where the transaction price, terms of payment, and other transaction conditions were laid out. The compliance test is carried out by the internal auditors on a quarterly basis. The relevant internal audit plan and implementation are reviewed by certified accountants to ensure that the Group's transactions with each company are carried out in accordance with the agreed contracts.

### 37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (Table 1)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)



- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
  - 9) Trading in derivative instruments (None)
  - 10) Other: Business relationships and inter-company transactions between the parent company and the subsidiaries (Table 5)
- b. Information on investees (Table 6)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income and limit on the amount of investment in the mainland China area (Table 7).
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 8):
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)
- e. In accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the following disclosures should be made about the controlling company and the subsidiaries individually:
- 1) Elimination of transactions between the controlling company and subsidiaries and between subsidiaries (Table 5).

- 2) Information about accommodations of funds or endorsements (Table 1)
  - 3) Information about derivative instrument transactions (None)
  - 4) Significant contingencies (None)
  - 5) Significant events after the reporting period (None)
  - 6) Names, quantities, costs, market prices (if not available, disclose net worth per share), capital proportions and the highest shareholding percentages of the securities (Tables 2, 6 and 7)
  - 7) Others (None)
- f. The subsidiaries holding the parent company's shares should list clearly the Company's name, number of shares held, the total amounts and the related reasons: None.

### 38. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Subsidiaries in different geographical areas are considered as separate operating segments. The reporting segments of the Group are the headquarters, Shenzhen factory, Nanjing factory and others. Specifically, the Group's reportable segments were as follows:

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Segment Revenue		Segment Profit or Loss	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Headquarters	\$ 809,229	\$ 853,176	\$ 203,477	\$ 130,861
Shenzhen factory	265,539	247,929	(12,747)	(10,675)
Nanjing factory	700,545	750,219	214,214	190,238
Others	594,106	417,356	60,888	20,750
Continuing operations	<u>\$ 2,369,419</u>	<u>\$ 2,268,680</u>	465,832	331,174
Interest income			3,755	2,644
Other revenue			12,672	14,724
Other gains and losses			54,259	(14,366)
General administration expenses and remuneration of director			(3,220)	(3,332)
Finance costs			<u>(43,262)</u>	<u>(28,466)</u>
Profit before tax (continuing operations)			<u>\$ 490,036</u>	<u>\$ 302,378</u>

The abovementioned revenue was generated from the transactions between entities in the Group and the third parties. All inter-segment transactions for the years ended December 31, 2022 and 2021 were eliminated upon consolidation.

Segment profit represents the profit before tax earned by each segment without allocation of general administration expenses and remuneration of directors, interest income, other revenue, other gains and losses, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Total segment assets and liabilities

The measure of assets and liabilities of the Group is not reported to the chief operating decision maker. Therefore, the information of segment assets and liabilities does not need to be disclosed.

c. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
SMD crystals	\$ 647,599	\$ 890,446
SMD oscillators	1,609,426	1,257,705
Others	<u>112,394</u>	<u>120,529</u>
	<u>\$ 2,369,419</u>	<u>\$ 2,268,680</u>

d. Geographical information

The Group operates in four principal geographical areas - Taiwan, Asia, Americas and Europe.

The Group's revenue from continuing operations from external customers by location of customers and information about its non-current assets by location of assets are detailed below:

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Taiwan	\$ 206,388	\$ 133,934	\$ 92,093	\$ 92,367
Asia	1,489,684	1,711,532	394,254	300,679
Americas	431,292	260,732	37,878	40,177
Europe	230,037	142,765	-	-
Others	<u>12,018</u>	<u>19,717</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,369,419</u>	<u>\$ 2,268,680</u>	<u>\$ 524,225</u>	<u>\$ 433,223</u>

Non-current assets exclude financial instruments, goodwill and deferred tax assets.

d. Information about major customers

There was no single customer that contributed 10% or more to the revenue in the consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021.

## TAITIEN ELECTRONICS CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 3)											
0	Taitien Electronic Co., Ltd.	Taitien Electronic (Nanjing) Ltd. Pietronics, Inc. Taitien USA, Inc. Wintron Electronics Ltd.	c. c. b. c.	\$ 523,097 523,097 523,097 523,097	\$ 59,440 31,750 31,750 63,500	\$ - 30,710 30,710 61,420	\$ - - - -	\$ - - - -	0.00% 1.76% 1.76% 3.52%	\$ 697,462 697,462 697,462 697,462	Yes Yes Yes Yes	No No No No	Yes No No Yes	

Note 1: The total amount of the guarantees provided by Taitien Electronics Co., Ltd. to subsidiaries shall not exceed 40% of Taitien Electronics Co., Ltd.'s net worth based on its most recent audited financial statements.

Note 2: The total amount of the guarantees provided by Taitien Electronics Co., Ltd. to individual subsidiaries shall not exceed 30% of Taitien Electronics Co., Ltd.'s net worth based on its most recent audited financial statements.

Note 3: The seven types of relationships between the endorser/guarantor and endorsee/guarantee indicated as numbers in the table above are as follows:

- Having a business relationship.
- The endorser/guarantor owns directly more than 50% of the ordinary shares of the endorsee/guarantee.
- The endorsee/guarantee owns directly or indirectly more than 50% of the ordinary shares of the endorser/guarantor.
- The endorser/guarantor owns directly or indirectly more than 50% of the ordinary shares of the endorsee/guarantee.
- Mutually endorsed/guaranteed companies for the construction project based on the construction contract.
- Due to joint venture, each shareholder provides endorsements/guarantees to the endorsee/guarantee in proportion to its ownership.
- Companies in the same industry that are liable for joint endorsements/guarantees of the preconstruction house contract under the consumer protection law.

Note 4: The listed amounts were eliminated upon consolidation.

TABLE 2

## TAITIEN ELECTRONICS CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Maximum Number of Shares During the Period	Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)		
Taitien Electronic Co., Ltd.	Fund PIMCO Funds: Global Investors Series plc Dynamic Multi Asset Fund Class E (USD hedged)/Accumulation AB FCP I-Global High Yield Portfolio Class EA Shares USD PineBridge ESG Quantitative Income and Growth Fund N9 CN Y Allianz Global Investors Income and Growth Fund Franklin Income A (Mdis) USD	None	Financial assets at FVTPL - current	21,739	\$ 7,698	-	\$ 7,698	Note 1
	Corporate bond Apple Inc.	None	Financial assets at FVTPL - current	15,396	4,563	-	4,563	Note 1
	Shares Yongshuang Investment Taiwan Crystal Superior Technology Co., Ltd.	None	Financial assets at FVTPL - current	244,990	10,179	-	10,179	Note 1
	Equity Investment YanTai MDH Technology Co., Ltd.	None	Financial assets at FVTPL - current	16,413	4,204	-	4,204	Note 1
		None	Financial assets at FVTPL - current	10,582	3,243	-	3,243	Note 1
		None	Financial assets at FVTOCI - non-current	160,000	2,992	-	2,992	Note 1
		None	Financial assets at FVTOCI - non-current	1,000,000	7,409	2.53	7,409	Note 1
		None	Financial assets at FVTOCI - non-current	275,000	-	18.33	-	Note 1
Taitien Electronic (Shenzhen) Ltd.		None	Financial assets at FVTOCI - non-current	762,700	5,031	1.24	5,031	Note 1

Note 1: All of the marketable securities held are not pledged as collateral.

Note 2: For the information about subsidiaries, associates and joint ventures, refer to Table 6 and Table 7.

TABLE 3

## TAITIEN ELECTRONICS CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Transaction Details			Abnormal Transaction			Notes Receivable (Payable)/Trade Receivables (Payables) Ending Balance	% of Total
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms		
Purchases										
Taitien Electronic Co., Ltd.	Taitien Electronic (Nanjing) Ltd.	Parent company	Purchases	\$ 442,448	62	Net 45-60 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	\$ (63,377)	67
Taitien Electronic (Shenzhen) Ltd.	Taitien Electronic (Nanjing) Ltd.	The same parent company	Purchases	222,307	92	105 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	(112,343)	98
Taitien Electronic (Nanjing) Ltd.	Taitien Electronic Co., Ltd.	Parent company	Purchases	187,728	20	Net 45-90 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	(69,150)	35
Taitien USA, Inc.	Taitien Electronic Co., Ltd.	Parent company	Purchases	145,950	95	Net 45-90 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	(16,350)	95
Sales										
Taitien Electronic Co., Ltd.	Taitien USA, Inc.	Parent company	Sales	(147,773)	12	Net 45-90 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	16,350	6
				(Note 1)						
				(187,997)	16	Net 45-90 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	69,150	25
				(Note 2)						
				(442,750)	32	Net 45-60 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	63,401	21
				(Note 3)					(Note 4)	
				(222,307)	16	105 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	112,343	37

Note 1: Taitien USA, Inc. recognized \$145,950 thousand as purchases and \$1,823 thousand as manufacturing costs.

Note 2: Taitien Electronic (Nanjing) Ltd. recognized \$187,728 thousand as purchases and \$269 thousand as research and development expenses.

Note 3: Taitien Electronic Co., Ltd. recognized \$442,448 thousand as purchases, \$214 thousand as manufacturing costs and \$88 thousand as research and development expenses.

Note 4: Taitien Electronic Co., Ltd. recognized \$63,377 thousand as trade payables to related parties and \$24 thousand as other payables to related parties.

Note 5: The listed amounts were eliminated upon consolidation.

**TABLE 4**

**TAITIEN ELECTRONICS CO., LTD. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance (Note 2)	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note 1)	Allowance for Impairment Loss
					Amount	Actions Taken		
Taitien Electronic (Nanjing) Ltd.	Taitien Electronic (Shenzhen) Ltd.	The same parent company	\$ 112,343	2.77	\$ -	-	\$ 63,181	\$ -

Note 1: The amount received in the subsequent period as of March 23, 2023.

Note 2: The listed amounts were eliminated upon consolidation.

TABLE 5

## TAITIEN ELECTRONICS CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No	Company Name	Related Party	Relationship	Transaction Details			Percentage of Consolidated Net Revenue or Total Assets (%) (Note 2)
				Financial Statement Accounts	Amount (Note 1)	Transaction terms	
0	Taitien Electronic Co., Ltd.	Taitien Electronic (Nanjing) Co., Ltd.	The parent company to the sub-sub-subsidiary	Sales	\$ 187,997 (Note 3)	Price set based on cost-plus pricing. Payment is due net 45-90 days on the condition that each related party resells the goods to a third party.	8
				Trade receivables - related parties	69,150	Price set based on cost-plus pricing. Payment is due net 45-90 days on the condition that each related party resells the goods to a third party.	3
				Sales	147,773		6
				Trade receivables - related parties	16,350	Price set based on cost-plus pricing. Payment is due net 45-60 days on the condition that each related-party resells the goods to a third party.	1
				Sales	53,851		2
				Endorsements and guarantees	30,710	Price set based on cost-plus pricing. Payment is due net 45-60 days on the condition that each related-party resells the goods to a third party.	1
Endorsements and guarantees	30,710	1					
Endorsements and guarantees	61,420		2				
1	Taitien Electronic (Nanjing) Co., Ltd.	Taitien Electronic Co., Ltd.	The sub-sub-subsidiary to the parent company	Sales	442,750 (Note 4)	Price set based on cost-plus pricing. The credit period is net 45-60 days.	19
				Trade receivables - related parties	63,401	Price set based on cost-plus pricing. The credit period is net 105 days.	2
				Sales	222,307		9
				Trade receivables - related parties	112,343	Price set based on the contract. The credit period is net 45-60 days.	4
Sales	25,131	1					
2	Taitien Electronic (Shenzhen) Co., Ltd.	Wintron Electronics Co., Ltd.	The subsidiary to the subsidiary	Sales	24,836	Price set based on cost-plus pricing. The credit period is net 45-60 days.	1
				Investments accounted for using the equity method	72,146	Cash injection.	3
				Sales	10,517	Price set based on cost-plus pricing. The credit period is net 45-60 days.	-

(Continued)



Business relationships between parent and subsidiaries:

Taitien Electronic Co., Ltd., Colorado Crystal Corporation, and Pletronics, Inc. are mainly engaged in the production and sales of electronics components; Taitien USA, Inc. is mainly engaged in sales of electronics components; Taitien Electronic (Nanjing) Ltd. and Taitien Electronic (Shenzhen) Ltd. are mainly engaged in the manufacturing of crystal related products and equipment; Wintron Electronics Ltd. is mainly engaged in the manufacturing and selling of frequency control components, sensor components, electronic measurement instruments and machine system design. Taitien Holding Co., Ltd., Hardy Holding Corporation and Indus Taitien Marketing Ltd. are mainly holding company.

Note 1: The transaction has been eliminated upon consolidation.

Note 2: Regarding the percentage of transaction amount to consolidated total operating revenue or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenue for income statement accounts.

Note 3: Taitien Electronic (Nanjing) Ltd. recognized \$187,728 thousand as purchases and \$269 thousand as research and development expenses.

Note 4: Taitien Electronic Co., Ltd. recognized \$442,448 thousand as purchases, \$214 thousand as manufacturing costs and \$88 thousand as research and development expenses.

Note 5: Transactions with amounts above \$10 million are listed in this table.

(Concluded)

TABLE 6

## TAITIEN ELECTRONICS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, or Otherwise Stated)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022		Net Income/(Loss) of the Investee	Share of Profit/(Loss) of Investee	Remark
				December 31, 2022	December 31, 2021	Number of Shares (In Thousands)	Carrying Amount			
Taitien Electronic Co., Ltd.	Indus Taitien Marketing Ltd.	Tortola, British Virgin Islands	Holding company	\$ 7,631	\$ 7,631	50,000	\$ 80,863	\$ 23,654	\$ 20,821 (Note 1)	Subsidiary
	Taitien Holding Co., Ltd.	Tortola, British Virgin Islands	Holding company	652,265	652,265	20,126,824	1,171,925	184,484	181,005 (Note 1)	Subsidiary
	Taitien USA, Inc.	California, USA	Sales of electronics components	104,209	104,209	3,200,000	26,863	16,053	16,085 (Note 1)	Subsidiary
	Colorado Crystal Corporation	Colorado, USA	Production, and sales of electronics components	78,187	78,187	385,094	43,265	1,030	1,030 (Note 1)	Subsidiary
Taitien Holding Co., Ltd.	Hardy Holding Corporation	Tortola, British Virgin Islands	Holding company	610,546 (US\$ 19,881)	610,546 (US\$ 19,881)	19,880,974	1,180,032 (US\$ 38,425)	184,582 (US\$ 6,193)	184,582 (US\$ 6,193)	Subsidiary
Indus Taitien Marketing Ltd.	Pletronics, Inc.	Washington state, USA	Production, and sales of electronics components	100,084 (US\$ 3,259)	100,084 (US\$ 3,259)	41,000	85,128 (US\$ 2,772)	23,695 (US\$ 795)	23,695 (US\$ 795)	Subsidiary

Note 1: These were transactions between subsidiaries and upstream transactions of the unrealized profit and realized profit.

Note 2: The highest number of shares held of each investee during the period is the same as those held at the end of the period, and all the shares held are not pledged as collateral.

Note 3: For information on investments in mainland China, refer to Table 7.

Note 4: The above original investment amount is calculated by the original investment exchange rate. The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of December 31, 2022: US\$1=NT\$30.7100, RMB1=NT\$4.4094; net income items denominated in foreign currencies are translated using the average exchange rate of 2022: US\$1=NT\$29.8050, RMB1=NT\$4.4347.

Note 5: The transaction has been eliminated upon consolidation.

## TAITIEN ELECTRONICS CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, current profit and loss and recognized investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Taitien Electronic (Nanjing) Ltd.	Manufacturing of crystal related products and equipments	\$ 451,437 (US\$ 14,700)	b. 1)	\$ 452,543 (US\$ 14,736)	\$ -	\$ -	\$ 452,543 (US\$ 14,736)	\$ 174,747 (US\$ 5,863)	100	\$ 174,866 (US\$ 5,867)	\$ 813,569 (US\$ 26,492)	\$ -
Taitien Electronic (Shenzhen) Ltd.	Manufacturing of crystal related products and equipments	147,408 (US\$ 4,800)	b. 2)	159,661 (US\$ 5,199)	-	-	159,661 (US\$ 5,199)	16,572 (US\$ 556)	100	9,687 (US\$ 325)	363,299 (US\$ 11,830)	-
Wintron Electronics Ltd.	Manufacturing and selling of frequency control components, sensor components, electronic measuring instruments and machine system design	176,073 (RMB 39,931)	c.	-	-	-	-	13,903 (RMB 3,135)	100	13,903 (RMB 3,135)	180,611 (RMB 40,960)	-

2. Limit on the amount of investments in the mainland China area:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 5)
\$ 612,204 (US\$ 19,935)	\$ 612,204 (US\$ 19,935)	\$ 1,046,194

Note 1: The method of investment includes the following:

- a. Direct investment in mainland China.
- b. Indirect investment in mainland China through companies registered in a third region.
  - 1) Taitien Electronic (Nanjing) Ltd. was invested through Hardy Holding Corporation.
  - 2) Taitien Electronic (Shenzhen) Ltd. was invested through Hardy Holding Corporation.
- c. Other method.

Wintron Electronics Ltd. was invested through Taitien Electronic (Shenzhen) Ltd.

(Continued)

Note 2: The method of the investment income (loss) recognition includes the following:

- a. The basis for investment income (loss) recognition is from the financial statements audited and attested by the parent company's CPA in the ROC.
- b. These were transactions between subsidiaries and upstream transactions of the unrealized profit and realized profit.

Note 3: The above original investment amount is calculated by the original investment exchange rate. The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of December 31, 2022: US\$1=NT\$30.7100, RMB1=NT\$4.4094; net income items denominated in foreign currencies are translated using the average exchange rate of 2022: US\$1=NT\$29.8050, RMB1=NT\$4.4347.

Note 4: All amounts of the investee companies' paid-in capital were not pledged.

Note 5: Calculated by the 60% of consolidated net worth according to letter No. 09704604680 issued by Ministry of Economic Affairs.

Note 6: As of December 31, 2022, the paid-in capital of Wintron Electronics Ltd. was increased in RMB20,000 thousand. The reason for the difference between the paid-in capital is that Taitien Electronic (Shenzhen) Ltd. would conduct follow-on offering amounting to RMB2,000 thousand agreed by the board of directors on November 11, 2021.

Note 7: In March 2023, the paid-in capital of Hardy Holding Corporation will increase by US\$6,000 thousand. The reason for the difference between the paid-in capital is that Taitien Electronic (Nanjing) Ltd. will conduct cash capital reduction amounting to US\$6,000 thousand back to shareholder Hardy Holding Corporation agreed by the board of directors on November 10, 2022. Received the notice of registration documents approved by the Bureau of Nanjing Jiangning municipal administration for market regulation on January 10, 2023. Taitien Electronic (Nanjing) Ltd. remitted the capital to Hardy Holding Corporation in March 2023.

Note 8: The highest number of shares held of each investee during the period is the same as those held at the end of the period, and all the shares held are not pledged as collateral.

Note 9: The transaction has been eliminated upon consolidation.

(Concluded)

TABLE 8

**TAITIEN ELECTRONICS CO., LTD. AND SUBSIDIARIES**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE YEAR ENDED DECEMBER 31, 2022**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. There were the amounts and percentages of the purchases, also the amounts and percentages displayed in the ending balance of the related payables.
2. There were the amounts and percentages of the sales, also the amounts and percentages displayed in the ending balance of the related receivables.

Related Party	Transaction Type	Amount	% to Total Sales or Purchases	Transaction Details			Comparison with Normal Transactions	Notes Receivable (Payable)/Trade Receivables (Payables)		Unrealized (Gain) Loss
				Price	Payment Terms	Ending Balance		Ending Balance	%	
Taitien Electronic (Nanjing) Co., Ltd.	Sales	\$(187,997)	(16)	Price set based resale deducting spread rate	Net 45-90 days from the end of the month of when invoice is issued	Net 30-150 days from the end of the month of when invoice is issued	\$ 69,150	25	\$ 2,589	
	Purchases	442,448	62	Price set based resale deducting spread rate	Net 45-60 days from the end of the month of when invoice is issued	Net 30-150 days from the end of the month of when invoice is issued	(63,377)	(67)	5,341	
Taitien Electronic (Shenzhen) Co., Ltd.	Purchases	10,517	1	Price set based resale deducting spread rate	Net 45-60 days from the end of the month of when invoice is issued	Net 30-150 days from the end of the month of when invoice is issued	(2,042)	(2)	21	
Wintron Electronics Co., Ltd.	Sales	(3,249)	-	Price set based resale deducting spread rate	Net 45-60 days from the end of the month of when invoice is issued	Net 30-150 days from the end of the month of when invoice is issued	-	-	-	
	Purchases	2,670	-	Price set based resale deducting spread rate	Net 45-60 days from the end of the month of when invoice is issued	Net 30-150 days from the end of the month of when invoice is issued	(1,236)	(1)	61	

3. There was no other information relating to the amount and the profits/losses incurred from the proceeds from property transactions.
4. Refer to Table 1 for information relating to the ending balance and purposes of notes endorsements/guarantees or the collaterals provided.
5. There was no other information relating to the maximum balance and ending balance of financing facility, the rate intervals and the gross amounts of interest in the period.
6. There was no other transaction that had a significant impact on the gains or losses for the period, such as the rendering or receipt of services.

**TAITIEN ELECTRONICS CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng-Tai Song	9,800,618	14.34
Jia Yu Investment Corp.	7,283,636	10.65

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to the Market Observation Post System.

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Taitien Electronics Co., Ltd.

### **Opinion**

We have audited the accompanying financial statements of Taitien Electronics Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of 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. 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 matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's financial statements for the year ended December 31, 2022 is described as follows:

### Occurrence of Sales Revenue from Major Customers

The Company's sales revenue is concentrated in customers with significant sales amounts (hereinafter referred to as major customers), and some major customers have sales growth rates that are higher than the group average this year. Considering that revenue recognition inherently carries a high risk of fraud and that management may be under pressure to achieve expected financial goals, we deemed the occurrence of sales revenue from major customers that meet the above indicators as a key audit matter. For the relevant explanation of accounting policies and notes to the financial statements, refer to Notes 4 and 22.

Our audit procedures for the key audit matters were as follows:

1. We understood the design and implementation of the internal controls related to the recognition of sales revenue, and designed appropriate audit procedures on internal controls related to the major sales customers in order to evaluate and test the effectiveness of the design and implementation of the Company's internal controls.
2. We performed substantive tests on the revenue transactions of the major sales customers for the current year. The procedures include selecting appropriate samples verifying external transaction documents and checking subsequent collection to confirm the occurrence of sales transactions.
3. We compared the changes in revenue, gross margin rate, turnover rate of accounts receivable and credit conditions of above-mentioned major customers and evaluated the reasonableness of the changes.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 financial statements.



As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare 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.

The engagement partners on the audits resulting in this independent auditors' report are Chiang Hsun Chen and Sheng Tai Liang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 23, 2023

Notice to Readers

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

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

# TAITIEN ELECTRONICS CO., LTD.

## BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 118,217	5	\$ 159,544	8
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 28)	29,887	1	30,311	1
Financial assets at amortized cost - current (Notes 4, 9 and 10)	147,170	6	52,098	3
Notes receivable (Notes 4, 11 and 22)	1,352	-	516	-
Trade receivables (Notes 4, 11 and 22)	181,799	8	262,651	13
Trade receivables from related parties (Notes 4, 22 and 29)	91,843	4	79,155	4
Other receivables (Notes 4 and 11)	7,692	-	8,351	-
Other receivables from related parties (Notes 4 and 29)	-	-	25	-
Current tax assets (Notes 4 and 24)	-	-	294	-
Inventories (Notes 4 and 12)	244,030	11	214,888	11
Prepayments (Note 17)	10,461	1	1,266	-
Other current assets (Note 17)	-	-	12	-
Total current assets	<u>832,451</u>	<u>36</u>	<u>809,111</u>	<u>40</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 28)	10,401	1	14,015	1
Financial assets at amortized cost - non-current (Notes 4, 9, 10 and 30)	200	-	200	-
Investments accounted for using the equity method (Notes 4 and 13)	1,322,746	58	1,080,270	53
Property, plant and equipment (Notes 4, 14 and 31)	69,286	3	80,834	4
Right-of-use assets (Notes 4, 15 and 29)	12,109	1	6,984	-
Other intangible assets (Notes 4 and 16)	792	-	1,035	-
Deferred tax assets (Notes 4 and 24)	28,733	1	30,358	2
Other non-current assets (Note 17)	9,906	-	3,515	-
Total non-current assets	<u>1,454,173</u>	<u>64</u>	<u>1,217,211</u>	<u>60</u>
<b>TOTAL</b>	<u>\$ 2,286,624</u>	<u>100</u>	<u>\$ 2,026,322</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 18)	\$ 184,000	8	\$ 180,000	9
Contract liabilities (Note 22)	9,727	1	3,609	-
Trade payables	28,178	1	49,115	2
Trade payables to related parties (Note 29)	66,655	3	112,018	6
Other payables (Note 19)	91,581	4	70,648	4
Other payables to related parties (Note 29)	679	-	2,971	-
Current tax liabilities (Notes 4 and 24)	42,790	2	3,093	-
Lease liabilities - current (Notes 4, 15 and 29)	3,285	-	2,319	-
Other current liabilities (Note 19)	2,063	-	1,403	-
Total current liabilities	<u>428,958</u>	<u>19</u>	<u>425,176</u>	<u>21</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 24)	66,443	3	40,549	2
Lease liabilities - non-current (Notes 4, 15 and 29)	8,986	-	4,793	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	38,581	2	41,556	2
Total non-current liabilities	<u>114,010</u>	<u>5</u>	<u>86,898</u>	<u>4</u>
Total liabilities	<u>542,968</u>	<u>24</u>	<u>512,074</u>	<u>25</u>
<b>EQUITY (Note 21)</b>				
Share capital				
Ordinary shares	<u>683,338</u>	<u>30</u>	<u>683,338</u>	<u>34</u>
Capital surplus	<u>408,346</u>	<u>18</u>	<u>408,346</u>	<u>20</u>
Retained earnings				
Legal reserve	156,224	7	132,101	7
Special reserve	96,067	4	95,295	5
Unappropriated earnings	480,644	21	291,235	14
Total retained earnings	<u>732,935</u>	<u>32</u>	<u>518,631</u>	<u>26</u>
Other equity	<u>(80,963)</u>	<u>(4)</u>	<u>(96,067)</u>	<u>(5)</u>
Total equity	<u>1,743,656</u>	<u>76</u>	<u>1,514,248</u>	<u>75</u>
<b>TOTAL</b>	<u>\$ 2,286,624</u>	<u>100</u>	<u>\$ 2,026,322</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

## TAITIEN ELECTRONICS CO., LTD.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
SALES REVENUES (Notes 4, 22 and 29)	\$ 1,202,369	100	\$ 1,117,624	100
COST OF GOODS SOLD (Notes 12, 23 and 29)	<u>(853,489)</u>	<u>(71)</u>	<u>(854,623)</u>	<u>(77)</u>
GROSS PROFIT	348,880	29	263,001	23
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	(7,304)	-	(3,147)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (Note 4)	<u>3,147</u>	<u>-</u>	<u>477</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>344,723</u>	<u>29</u>	<u>260,331</u>	<u>23</u>
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	(66,221)	(6)	(60,518)	(6)
General and administrative expenses	(81,209)	(7)	(70,165)	(6)
Research and development expenses	(39,293)	(3)	(34,189)	(3)
Expected credit gain	<u>614</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>(186,109)</u>	<u>(16)</u>	<u>(164,872)</u>	<u>(15)</u>
PROFIT FROM OPERATIONS	<u>158,614</u>	<u>13</u>	<u>95,459</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 23)	3,156	-	2,159	-
Other income (Notes 4, 23 and 29)	4,842	-	1,238	-
Other gains and losses (Notes 23 and 29)	36,466	3	(4,548)	-
Finance costs (Notes 23 and 29)	(2,452)	-	(1,946)	-
Share of profit or loss of subsidiaries, associates and joint ventures (Note 4)	<u>223,098</u>	<u>19</u>	<u>155,505</u>	<u>14</u>
Total non-operating income and expenses	<u>265,110</u>	<u>22</u>	<u>152,408</u>	<u>14</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	423,724	35	247,867	22
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(64,869)</u>	<u>(5)</u>	<u>(34,659)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>358,855</u>	<u>30</u>	<u>213,208</u>	<u>19</u>

(Continued)

# TAITIEN ELECTRONICS CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE INCOME</b>				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 20)	\$ (1,313)	-	\$ 3,659	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income (Notes 4 and 21)	(2,538)	(1)	239	-
Share of the other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using the equity method (Notes 4 and 21)	(2,385)	-	24,573	2
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 24)	<u>740</u>	<u>-</u>	<u>(566)</u>	<u>-</u>
	<u>(5,496)</u>	<u>(1)</u>	<u>27,905</u>	<u>2</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 21)	25,920	2	(6,849)	-
Unrealized (loss) gain on investments in debt instruments at fair value through other comprehensive income (Notes 4 and 21)	(1,482)	-	8	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 21 and 24)	<u>(4,888)</u>	<u>-</u>	<u>1,369</u>	<u>-</u>
	<u>19,550</u>	<u>2</u>	<u>(5,472)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>14,054</u>	<u>1</u>	<u>22,433</u>	<u>2</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 372,909</u>	<u>31</u>	<u>\$ 235,641</u>	<u>21</u>
<b>EARNINGS PER SHARE (Note 25)</b>				
Basic	<u>\$ 5.25</u>		<u>\$ 3.12</u>	
Diluted	<u>\$ 5.17</u>		<u>\$ 3.10</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)

**TAITIEN ELECTRONICS CO., LTD.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	Shares	Share Capital	Capital Surplus	Legal Reserve	Retained Earnings		Other Equity			Total Equity
					Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE, JANUARY 1, 2021	68,334	\$ 683,338	\$ 408,346	\$ 131,745	\$ 95,295	\$ 58,555	\$ (84,919)	\$ (5,553)	\$ 1,286,807	
Appropriation of 2020 earnings (Note 21)	-	-	-	356	-	(356)	-	-	-	
Legal reserve	-	-	-	-	-	(8,200)	-	-	(8,200)	
Cash dividends	-	-	-	-	-	213,208	-	-	213,208	
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	
Other comprehensive income for the year ended December 31, 2021 (Notes 21 and 24)	-	-	-	-	-	2,928	(5,478)	24,983	22,433	
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	216,136	(5,478)	24,983	235,641	
Change in equity of subsidiaries and associates accounted for using the equity method	-	-	-	-	-	25,100	-	(25,100)	-	
BALANCE, DECEMBER 31, 2021	68,334	\$ 683,338	\$ 408,346	\$ 132,101	\$ 95,295	\$ 291,235	\$ (90,397)	\$ (5,670)	\$ 1,514,248	
Appropriation of 2021 earnings (Note 21)	-	-	-	24,123	-	(24,123)	-	-	-	
Legal reserve	-	-	-	-	772	(772)	-	-	-	
Special reserve	-	-	-	-	-	(143,501)	-	-	(143,501)	
Cash dividends	-	-	-	-	-	358,855	-	-	358,855	
Net profit for the year ended December 31, 2022	-	-	-	-	-	-	-	-	-	
Other comprehensive income for the year ended December 31, 2022 (Notes 21 and 24)	-	-	-	-	-	(1,050)	20,736	(5,632)	14,054	
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	357,805	20,736	(5,632)	372,909	
BALANCE, DECEMBER 31, 2022	68,334	\$ 683,338	\$ 408,346	\$ 156,224	\$ 96,067	\$ 480,644	\$ (69,661)	\$ (11,302)	\$ 1,743,656	

The accompanying notes are an integral part of the financial statements.

# TAITIEN ELECTRONICS CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 423,724	\$ 247,867
Adjustments for:		
Depreciation expenses	35,705	34,353
Amortization expenses	563	393
Expected credit gain	(614)	-
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	3,188	(1,300)
Finance costs	2,452	1,946
Interest income	(3,156)	(2,159)
Dividend income	(2,919)	(359)
Share of profit of subsidiaries, associates and joint ventures	(223,098)	(155,505)
Write-down of inventories	1,588	(648)
Unrealized gain on transactions with subsidiaries, associates and joint ventures	7,304	3,147
Realized gain on transactions with subsidiaries, associates and joint ventures	(3,147)	(477)
Net (gain) loss on foreign exchange	(7,291)	9,059
Changes in operating assets and liabilities:		
Notes receivable	(836)	72
Trade receivables	78,720	(111,871)
Trade receivables from related parties	(13,058)	(11,396)
Other receivables	933	(3,387)
Inventories	(30,730)	(87,496)
Prepayments	(9,195)	2,261
Other current assets	12	19
Contract liabilities	6,118	990
Trade payables	(21,436)	19,104
Trade payables to related parties	(43,958)	44,198
Other payables	22,731	33,224
Other payables to related parties	(2,283)	2,191
Other current liabilities	660	(11)
Net defined benefit liabilities	(4,288)	(3,567)
Cash generated from operations	217,689	20,648
Interest received	2,876	2,147
Interest paid	(2,452)	(1,946)
Income tax (paid) refunded	(1,507)	188
Net cash generated from operating activities	<u>216,606</u>	<u>21,037</u>

(Continued)

# TAITIEN ELECTRONICS CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (4,118)
Purchase of financial assets at amortized cost	(96,364)	-
Purchase of financial assets at fair value through profit or loss	(2,764)	(45,604)
Proceeds from sales of financial assets at fair value through profit or loss	-	32,276
Payments for property, plant and equipment	(19,599)	(28,369)
Proceeds from disposal of property, plant and equipment	-	-
Decrease in other receivables from related parties	25	8
Payments for intangible assets	(320)	(749)
Dividends received	2,919	359
Increase in prepayments for equipment	<u>(9,662)</u>	<u>(3,271)</u>
Net cash used in investing activities	<u>(125,765)</u>	<u>(49,468)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	39,000	35,000
Repayments of short-term borrowings	(35,000)	(35,000)
Repayment of the principal portion of lease liabilities	(3,067)	(2,289)
Cash dividends paid	<u>(143,501)</u>	<u>(8,200)</u>
Net cash used in financing activities	<u>(142,568)</u>	<u>(10,489)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>10,400</u>	<u>(6,573)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(41,327)	(45,493)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>159,544</u>	<u>205,037</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 118,217</u>	<u>\$ 159,544</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)



# TAITIEN ELECTRONICS CO., LTD.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Taitien Electronics Co., Ltd. (the “Company”), founded in March 2000, is primarily involved in the following business activities:

- a. Electronics components manufacturing
- b. Wholesale of electronic materials
- c. Retail Sale of electronic materials
- d. International trading business
- e. General instruments manufacturing
- f. Data storage media units manufacturing
- g. Other electrical engineering and electronic machinery equipment manufacturing(programmable controller)

The Company’s shares have been listed on the mainboard of the Taipei Exchange (TPEX) since April 24, 2008.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on March 23, 2023.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. New IFRSs issued but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

- a. Statement of compliance

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

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, associates and joint ventures and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, finished goods, work in progress and merchandise are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use assets, investment properties, and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (after deducting amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in debt instruments and in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and interest earned are recognized in interest income, respectively; remeasurement gains or losses on such financial assets are recognized in other gains and losses. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables, trade receivables from related parties, other receivables (excluding tax refund receivable), other receivables from related parties, time deposits with original maturities over 3 months, and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance expected credit losses on financial assets at amortized cost (including cash and cash equivalent, notes receivable, trade receivables (including related parties), other receivables (excluding income tax refund receivable), refundable deposits and financial assets at amortized cost-current and non-current).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indications that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss directly or by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.



On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

## 2) Financial liabilities

### a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

### b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

### Revenue from the sale of goods

Revenue from the sale of goods comes from sales of quartz crystal; sales of quartz crystal are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. When the customer initially purchases the goods, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

## l. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

### The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprise the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable is based on taxable profit for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the possible impact of the recent development of the COVID-19 pandemic and its economic environment implications when making its critical accounting estimates on cash flow, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The Company's accounting policies, estimates and underlying assumptions have already been evaluated by the management of the Company, and there were no critical accounting judgments and key sources of estimation uncertainty.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 251	\$ 132
Checking accounts and demand deposits	<u>117,966</u>	<u>159,412</u>
	<u>\$ 118,217</u>	<u>\$ 159,544</u>

The market rate intervals of cash in bank at the end of the year were as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Cash in bank	0.001%-1.15%	0.001%-0.05%

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>\$ 29,887</u>	<u>\$ 30,311</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Non-current</u>		
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)	\$ 7,409	\$ 9,947
Investments in debt instruments at FVTOCI	<u>2,992</u>	<u>4,068</u>
	<u>\$ 10,401</u>	<u>\$ 14,015</u>

### a. Investments in equity instruments at FVTOCI

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Non-current</u>		
Domestic investments		
Unlisted shares	<u>\$ 7,409</u>	<u>\$ 9,947</u>

These investments in equity instruments are held for medium- to long-term strategic purposes, and expected to generate long-term returns. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

### b. Investments in debt instruments at FVTOCI

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Non-current</u>		
Foreign investments		
Overseas bonds	<u>\$ 2,992</u>	<u>\$ 4,068</u>

The Company purchased the corporate bonds issued by Apple Inc. in April 2021 with a maturity date of August 20, 2060, a coupon rate of 2.55% and an effective interest rate of 2.91%.

Refer to Note 10 for information relating to the credit risk management and impairment of investments in debt instruments at FVTOCI.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 147,170	\$ 52,098
<u>Non-current</u>		
Time deposits with original maturities of more than 3 months	\$ 200	\$ 200

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.465%-4.11% and 0.84%-2.30% per annum as of December 31, 2022 and 2021, respectively.
- b. Refer to Note 30 for information relating to financial assets at amortized cost pledged as security.
- c. Refer to Note 10 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

## 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments classified as at FVTOCI and as at amortized cost were as follows:

### December 31, 2022

	<b>At FVTOCI</b>	<b>At Amortized Cost</b>	<b>Total</b>
Gross carrying amount	\$ 4,466	\$ 147,370	\$ 151,836
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	4,466	<u>\$ 147,370</u>	151,836
Adjustment to fair value	<u>(1,474)</u>		<u>(1,474)</u>
	<u>\$ 2,992</u>		<u>\$ 150,362</u>

### December 31, 2021

	<b>At FVTOCI</b>	<b>At Amortized Cost</b>	<b>Total</b>
Gross carrying amount	\$ 4,060	\$ 52,298	\$ 56,358
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	4,060	<u>\$ 52,298</u>	56,358
Adjustment to fair value	<u>8</u>		<u>8</u>
	<u>\$ 4,068</u>		<u>\$ 56,366</u>

In order to minimize credit risk, the Company has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to the degree of risk of default. The credit rating information may be obtained from independent rating agencies where available, and if such information is not available, the credit management committee uses other publicly available financial information to rate the debtors.

In consideration of an analysis of the debtor's current financial position and the forecasted direction of economic conditions in the industry, the Company forecasts both 12-month expected credit losses or lifetime expected credit losses of debt instrument investments.

The Company's current credit risk grading mechanism and the gross carrying amounts of debt instrument investments classified by credit category and the corresponding expected loss rates were shown below:

December 31, 2022

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)	Expected Loss Rate	Gross Carrying Amount
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs	0%	\$ 150,362

December 31, 2021

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)	Expected Loss Rate	Gross Carrying Amount
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs	0%	\$ 56,366

**11. NOTES RECEIVABLE, TRADE RECEIVABLES, OTHER RECEIVABLES AND OVERDUE RECEIVABLES**

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Notes receivable</u>		
Notes receivable - operating	<u>\$ 1,352</u>	<u>\$ 516</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 181,861	\$ 263,327
Less: Allowance for impairment loss	<u>(62)</u>	<u>(676)</u>
	<u>\$ 181,799</u>	<u>\$ 262,651</u>

(Continued)

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Other receivables</u>		
Income tax refund receivable	\$ 5,252	\$ 7,794
Interest receivable	695	421
Others	<u>1,745</u>	<u>136</u>
	<u>\$ 7,692</u>	<u>\$ 8,351</u>
 <u>Overdue receivables (Note)</u>		
Overdue receivables	\$ -	\$ 429
Less: Allowance for impairment loss	<u>-</u>	<u>(429)</u>
	<u>\$ -</u>	<u>\$ -</u>
		(Concluded)

Note: The overdue receivables are included under other non-current assets (Note 17).

### **Notes Receivable**

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for notes receivables at an amount equal to lifetime expected credit losses (ECLs). The expected credit losses on notes receivables are estimated by reference to the past default records of the debtor, an analysis of the debtor's current financial position, and economic conditions. As of December 31, 2022 and 2021, the notes receivable were not overdue and the Company assessed the expected credit loss rate of notes receivable as 0%.

### **Trade Receivables**

The average credit period of the sales of goods was 30 to 150 days, and no interest was charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default records of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. The Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.



The Company writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of receivables based on the Company's provision matrix:

December 31, 2022

	<b>Not Overdue</b>	<b>Overdue within 90 Days</b>	<b>Overdue 91-180 Days</b>	<b>Overdue 181 Days</b>	<b>Total</b>
Expected credit loss rate	0.00%	0.02%	3.62%	100%	
Gross carrying amount	\$ 167,484	\$ 12,775	\$ 1,602	\$ -	\$ 181,861
Loss allowance (Lifetime ECLs)	<u>(1)</u>	<u>(3)</u>	<u>(58)</u>	<u>-</u>	<u>(62)</u>
Amortized cost	<u>\$ 167,483</u>	<u>\$ 12,772</u>	<u>\$ 1,544</u>	<u>\$ -</u>	<u>\$ 181,799</u>

December 31, 2021

	<b>Not Overdue</b>	<b>Overdue within 90 Days</b>	<b>Overdue 91-180 Days</b>	<b>Overdue 181 Days</b>	<b>Total</b>
Expected credit loss rate	0.27%	0.02%	1.10%	100%	
Gross carrying amount	\$ 252,279	\$ 10,866	\$ 182	\$ 429	\$ 263,756
Loss allowance (Lifetime ECLs)	<u>(672)</u>	<u>(2)</u>	<u>(2)</u>	<u>(429)</u>	<u>(1,105)</u>
Amortized cost	<u>\$ 251,607</u>	<u>\$ 10,864</u>	<u>\$ 180</u>	<u>\$ -</u>	<u>\$ 262,651</u>

The movements of the loss allowance of trade receivables and overdue receivables were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 1,105	\$ 1,430
Less: Net remeasurement of loss allowance reversed	(614)	-
Less: Amounts written off	<u>(429)</u>	<u>(325)</u>
Balance at December 31	<u>\$ 62</u>	<u>\$ 1,105</u>

**Other Receivables**

The other receivables were mainly income tax refund receivable and interest receivable. The Company only transacts with counterparties with good credit ratings. The Company continues to monitor the conditions of the receivables and refers to the past default records of the debtor and the analysis of the debtor's current financial position in determining whether the credit risk of the other receivables increased significantly since initial recognition as well as in measuring the expected credit losses. As of December 31, 2022 and 2021, the Company assessed the expected credit loss rate of other receivables as 0%.

## 12. INVENTORIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Merchandise	\$ 90,587	\$ 91,424
Finished goods	40,363	40,166
Work in progress	24,510	17,761
Raw materials and supplies	<u>88,570</u>	<u>65,537</u>
	<u>\$ 244,030</u>	<u>\$ 214,888</u>

The nature of the cost of goods sold is as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Cost of inventories sold	\$ 846,275	\$ 853,859
Inventory write-downs	1,588	648
Unallocated production overhead	<u>5,626</u>	<u>116</u>
	<u>\$ 853,489</u>	<u>\$ 854,623</u>

## 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### Investments in subsidiaries

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Unlisted companies		
Indus Taitien Marketing Ltd.	\$ 80,693	\$ 53,051
Taitien Holding Co., Ltd.	1,171,925	978,346
Taitien USA, Inc.	26,863	9,272
Colorado Crystal Corporation	<u>43,265</u>	<u>39,601</u>
	<u>\$ 1,322,746</u>	<u>\$ 1,080,270</u>

The Company's proportion of ownership and voting rights percentages in subsidiaries at the balance sheet dates are as follows:

	<u>Proportion of Ownership and Voting Rights</u>	
	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Indus Taitien Marketing Ltd.	100%	100%
Taitien Holding Co., Ltd.	100%	100%
Taitien USA, Inc.	100%	100%
Colorado Crystal Corporation	100%	100%

Refer to Notes 5 and 6 for the details of the subsidiaries indirectly held by the Company.

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were recognized based on the audited financial statements for the years ended December 31, 2022 and 2021.

## 14. PROPERTY, PLANT AND EQUIPMENT

### Assets used by the Company

	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Other Equipment</b>	<b>Total</b>
<u>Cost</u>				
Balance at January 1, 2021	\$ 47,771	\$ 174,199	\$ 7,936	\$ 229,906
Additions	-	27,801	1,789	29,590
Disposals	-	(9,438)	(2,145)	(11,583)
Reclassified (Note)	-	9,466	-	9,466
Balance at December 31, 2021	<u>\$ 47,771</u>	<u>\$ 202,028</u>	<u>\$ 7,580</u>	<u>\$ 257,379</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2021	\$ 37,029	\$ 113,699	\$ 5,356	\$ 156,084
Disposals	-	(9,438)	(2,145)	(11,583)
Depreciation expense	1,982	28,038	2,024	32,044
Balance at December 31, 2021	<u>\$ 39,011</u>	<u>\$ 132,299</u>	<u>\$ 5,235</u>	<u>\$ 176,545</u>
Carrying amount at December 31, 2021	<u>\$ 8,760</u>	<u>\$ 69,729</u>	<u>\$ 2,345</u>	<u>\$ 80,834</u>
<u>Cost</u>				
Balance at January 1, 2022	\$ 47,771	\$ 202,028	\$ 7,580	\$ 257,379
Additions	-	16,262	1,523	17,785
Disposals	-	(5,960)	(1,704)	(7,664)
Reclassified (Note)	-	3,271	-	3,271
Balance at December 31, 2022	<u>\$ 47,771</u>	<u>\$ 215,601</u>	<u>\$ 7,399</u>	<u>\$ 270,771</u>
<u>Accumulated depreciation and impairment</u>				
Balance at January 1, 2022	\$ 39,011	\$ 132,299	\$ 5,235	\$ 176,545
Disposals	-	(5,960)	(1,704)	(7,664)
Depreciation expense	1,982	29,141	1,481	32,604
Balance at December 31, 2022	<u>\$ 40,993</u>	<u>\$ 155,480</u>	<u>\$ 5,012</u>	<u>\$ 201,485</u>
Carrying amount at December 31, 2022	<u>\$ 6,778</u>	<u>\$ 60,121</u>	<u>\$ 2,387</u>	<u>\$ 69,286</u>

Note: Transferred from other non-current assets - prepayments for equipment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	23 years
Machinery and equipment	3-6 years
Other equipment	2-5 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 31.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31</u>	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 11,317	\$ 6,273
Buildings	508	-
Transportation equipment	<u>284</u>	<u>711</u>
	<u>\$ 12,109</u>	<u>\$ 6,984</u>
	<u>For the Year Ended December 31</u>	
	2022	2021
Additions to right-of-use assets	<u>\$ 8,226</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Land	\$ 2,369	\$ 1,882
Buildings	305	-
Transportation equipment	<u>427</u>	<u>427</u>
	<u>\$ 3,101</u>	<u>\$ 2,309</u>

### b. Lease liabilities

	<u>December 31</u>	
	2022	2021
<u>Carrying amount</u>		
Current	<u>\$ 3,285</u>	<u>\$ 2,319</u>
Non-current	<u>\$ 8,986</u>	<u>\$ 4,793</u>

Range of discount rates for lease liabilities was as follows:

	<u>December 31</u>	
	2022	2021
Land	1.3%	1.3%
Buildings	1.3%	-
Transportation equipment	1.3%	1.3%

c. Material lease activities and terms

The Company leases land to build its plant and buildings as staff dormitories and plant. The lease period is 2-5 years, and the rent shall be paid according to the amount signed in the contract. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other leasing information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	<u>\$ 492</u>	<u>\$ 1,214</u>
Expenses relating to low-value asset leases	<u>\$ 142</u>	<u>\$ 137</u>
Total cash outflow for leases	<u>\$ (3,845)</u>	<u>\$ (3,746)</u>

The Company's leases of certain parking space, staff dormitories and warehouse qualify as short-term leases and leases of certain photocopiers qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

**16. OTHER INTANGIBLE ASSETS**

	<b>Computer Software</b>	
	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Cost</u>		
Balance at January 1	\$ 24,043	\$ 23,294
Additions	<u>320</u>	<u>749</u>
Balance at December 31	<u>\$ 24,363</u>	<u>\$ 24,043</u>
<u>Accumulated amortization</u>		
Balance at January 1	\$ 23,008	\$ 22,615
Amortization expenses	<u>563</u>	<u>393</u>
Balance at December 31	<u>\$ 23,571</u>	<u>\$ 23,008</u>
Carrying amount at January 1	<u>\$ 1,035</u>	<u>\$ 679</u>
Carrying amount at December 31	<u>\$ 792</u>	<u>\$ 1,035</u>

Computer software is amortized on a straight-line basis over its estimated useful life as follows:

Computer software	3 years
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	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
An analysis of amortization by function		
Operating costs	\$ 250	\$ 80
General and administrative expenses	<u>313</u>	<u>313</u>
	<u>\$ 563</u>	<u>\$ 393</u>

## 17. OTHER ASSETS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Current</u>		
Prepayments		
Prepayment for purchases	\$ 8,282	\$ -
Others	<u>2,179</u>	<u>1,266</u>
	<u>\$ 10,461</u>	<u>\$ 1,266</u>
Other current assets		
Temporary payments	<u>\$ -</u>	<u>\$ 12</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 9,662	\$ 3,271
Refundable deposits	244	244
Overdue receivables (Note 11)	<u>-</u>	<u>-</u>
	<u>\$ 9,906</u>	<u>\$ 3,515</u>

## 18. BORROWINGS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unsecured borrowings		
Line of credit borrowings	<u>\$ 184,000</u>	<u>\$ 180,000</u>

The range of interest rates on bank loans were 1.39%-1.72% and 0.98%-1.10% per annum as of December 31, 2022 and 2021, respectively.

## 19. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Other payables		
Payables for salaries and bonuses	\$ 38,105	\$ 32,313
Payables for compensation of employees	32,416	18,975
Payables for remuneration of directors	6,946	4,220
Payables for professional service fees	1,684	2,686
Payable for insurance	2,419	2,162
Payable for commission	1,138	2,011
Payables for pension cost	1,394	1,245
Payables for equipment	134	1,948
Others	<u>7,345</u>	<u>5,088</u>
	<u>\$ 91,581</u>	<u>\$ 70,648</u>
Other current liability		
Receipts under custody	<u>\$ 2,063</u>	<u>\$ 1,403</u>

## 20. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

### b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plan are as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 111,726	\$ 104,066
Fair value of plan assets	<u>(73,145)</u>	<u>(62,510)</u>
Deficit	38,581	41,556
Asset ceiling	<u>-</u>	<u>-</u>
Net defined benefit liabilities	<u>\$ 38,581</u>	<u>\$ 41,556</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2021	<u>\$ 109,402</u>	<u>\$ (60,620)</u>	<u>\$ 48,782</u>
Service cost			
Current service cost	1,189	-	1,189
Net interest expense (income)	<u>547</u>	<u>(315)</u>	<u>232</u>
Recognized in profit or loss	<u>1,736</u>	<u>(315)</u>	<u>1,421</u>
Return on plan assets (excluding amounts included in net interest)	-	(747)	(747)
Actuarial loss- changes in demographic assumptions	2,340	-	2,340
Actuarial gain- experience adjustments	<u>(5,252)</u>	<u>-</u>	<u>(5,252)</u>
Recognized in other comprehensive income	<u>(2,912)</u>	<u>(747)</u>	<u>(3,659)</u>
Benefits paid	<u>(4,160)</u>	<u>4,160</u>	<u>-</u>
Contributions from the employer	<u>-</u>	<u>(4,988)</u>	<u>(4,988)</u>
Balance at December 31, 2021	<u>104,066</u>	<u>(62,510)</u>	<u>41,556</u>
Service cost			
Current service cost	940	-	940
Net interest expense (income)	<u>520</u>	<u>(325)</u>	<u>195</u>
Recognized in profit or loss	<u>1,460</u>	<u>(325)</u>	<u>1,135</u>
Return on plan assets (excluding amounts included in net interest)	-	(4,887)	(4,887)
Actuarial gain changes in financial assumptions	(8,147)	-	(8,147)
Actuarial loss experience adjustments	<u>14,347</u>	<u>-</u>	<u>14,347</u>
Recognized in other comprehensive income	<u>6,200</u>	<u>(4,887)</u>	<u>1,313</u>
Benefits paid	<u>-</u>	<u>-</u>	<u>-</u>
Contributions from the employer	<u>-</u>	<u>(5,423)</u>	<u>(5,423)</u>
Balance at December 31, 2022	<u>\$ 111,726</u>	<u>\$ (73,145)</u>	<u>\$ 38,581</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks



- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Discount rate	1.38%	0.500%
Expected rate of salary increase	2.75%	2.750%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Discount rate		
0.25% increase	<u>\$ (2,170)</u>	<u>\$ (2,423)</u>
0.25% decrease	<u>\$ 2,238</u>	<u>\$ 2,506</u>
Expected rate of salary increase/decrease		
0.25% increase	<u>\$ 2,169</u>	<u>\$ 2,409</u>
0.25% decrease	<u>\$ (2,114)</u>	<u>\$ (2,342)</u>

The above sensitivity analysis presented may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Expected contributions to the plan for the next year	<u>\$ 5,775</u>	<u>\$ 4,920</u>
Average duration of the defined benefit obligation	7.9 years	9.5 years

## 21. EQUITY

### a. Share capital

#### Ordinary shares

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Shares authorized (in thousands of shares)	<u>120,000</u>	<u>120,000</u>
Amount of shares authorized	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>
Shares issued and fully paid (in thousands of shares)	<u>68,334</u>	<u>68,334</u>
Amount of shares issued and fully paid	<u>\$ 683,338</u>	<u>\$ 683,338</u>

b. Capital surplus

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)</u>		
Issuance of ordinary shares	\$ 374,069	\$ 374,069
Treasury share transactions	3,978	3,978
<u>May only be used to offset a deficit</u>		
Employee share options	578	578
Expired share options	20	20
Changes in equity of subsidiaries accounted for using the equity method (Note 2)	26,075	26,075
Others	<u>3,626</u>	<u>3,626</u>
	<u>\$ 408,346</u>	<u>\$ 408,346</u>

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital each year).

Note 2: Such capital surplus is recognized from the changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles of Incorporation of the Company after the amendments, when the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to Note 23 (g).

The Company's dividend policy is based on the principle of stability and balance, and takes into consideration the future operating and development capital needs and financial condition. Out of the dividends and bonuses distributed to shareholders in the current year, at least 50% shall be distributed as cash dividends. However, the board of directors may adjust the ratio according to the working capital needs of the current year, and submit it to the shareholders in their meeting for resolution.

According to the Company Act No. 237, the Company shall recognize as legal reserve 10% of the remaining profit, until the accumulated legal reserve equals the total amount of paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company is required to make appropriation to or reversal from the special reserve for the items referred to in Rule No. 1010012865 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs". The FSC issued Rule No. 1090150022 on March 31, 2021, and Rule No. 1010012865 was repealed on December 31, 2021.

The appropriations of earnings for 2021 and 2020 approved in the shareholders' meetings on June 17, 2022 and August 27, 2021, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Legal reserve	\$ 24,123	\$ 356
Special reserve	\$ 772	\$ -
Cash dividends	\$ 143,501	\$ 8,200
Cash dividends per share (NT\$)	\$ 2.10	\$ 0.12

The appropriations of earnings for 2022, which were proposed by the Company's board of directors on March 23, 2023, were as follows:

	<b>For the Year Ended December 31, 2022</b>
Legal reserve	\$ 35,781
Reverse of special reserve	\$ (15,104)
Cash dividends	\$ 239,168
Cash dividends per share (NT\$)	\$ 3.5

The appropriation of earnings for 2022 will be presented for approval by the Company's shareholders meeting to be held on June 16, 2023 (expected).

d. Special reserve

(1) In accordance with the provisions of Article 41, Paragraph 1 of the Securities and Exchange Act, the special reserve shall be set aside for the net debit balance of shareholders' equity recorded in the current year. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses. (2) The special reserve is set aside and reversed in accordance with the provisions of "Questions and Answers on the Application of IFRSs to the special Surplus Reserve".

The special reserve recognized as of December 31, 2022 and 2021 was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Listed in accordance with Article 41, Paragraph 1 of the Securities and Exchange Act	\$ 80,617	\$ 79,845
First application of Rule issued by the FSC transferred to retained earnings	<u>15,450</u>	<u>15,450</u>
	<u>\$ 96,067</u>	<u>\$ 95,295</u>

e. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (90,397)	\$ (84,919)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	25,920	(6,849)
Income tax effect	<u>(5,184)</u>	<u>1,371</u>
Other comprehensive income (loss) recognized for the year	<u>20,736</u>	<u>(5,478)</u>
Balance at December 31	<u>\$ (69,661)</u>	<u>\$ (90,397)</u>

2) Unrealized valuation gain on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (5,670)	\$ (5,553)
Recognized for the year		
Unrealized (loss) gain – debt instruments	(1,482)	8
Unrealized (loss) gain – equity instruments	(2,538)	239
Share from subsidiaries accounted for using the equity method	(2,385)	24,573
Income tax effect	<u>773</u>	<u>163</u>
Other comprehensive (loss) income recognized for the year	<u>(5,632)</u>	<u>24,983</u>
Reclassification adjustments		
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(25,100)</u>
Balance at December 31	<u>\$ (11,302)</u>	<u>\$ (5,670)</u>

## 22. REVENUE

a. Contract information

Revenue from the sale of goods

The main operating revenue of the Company is from the sale of SMD crystals and SMD oscillators. All goods are sold at their respective fixed amounts as agreed in the contracts.

b. Contract balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Notes receivable, trade receivables and trade receivables from related parties (Notes 11 and 29)	<u>\$ 274,994</u>	<u>\$ 342,322</u>	<u>\$ 220,121</u>
Contract liabilities - current			
Sale of goods	<u>\$ 9,727</u>	<u>\$ 3,609</u>	<u>\$ 2,619</u>

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods was summarized as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Sale of goods	<u>\$ 2,883</u>	<u>\$ 1,889</u>
c. Disaggregation of revenue		

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Type of goods or services		
SMD crystals	\$ 354,083	\$ 435,893
SMD oscillators	811,137	647,234
Others	<u>37,149</u>	<u>34,497</u>
	<u>\$ 1,202,369</u>	<u>\$ 1,117,624</u>

### 23. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

a. Interest income

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Bank deposits	\$ 409	\$ 79
Investments in financial assets at amortized cost	1,521	1,137
Financial assets at FVTPL	1,102	904
Investments in debt instruments at FVTOCI	<u>124</u>	<u>39</u>
	<u>\$ 3,156</u>	<u>\$ 2,159</u>

b. Other income

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Government grants	\$ 110	\$ 26
Dividends	2,919	359
Others	<u>1,813</u>	<u>853</u>
	<u>\$ 4,842</u>	<u>\$ 1,238</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	\$ (3,188)	\$ 1,300
Net foreign exchange gains (losses)	39,654	(5,698)
Others	<u>-</u>	<u>(150)</u>
	<u>\$ 36,466</u>	<u>\$ (4,548)</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loans	\$ 2,308	\$ 1,840
Interest on lease liabilities	<u>144</u>	<u>106</u>
	<u>\$ 2,452</u>	<u>\$ 1,946</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 32,604	\$ 32,044
Right-of-use assets	3,101	2,309
Intangible assets	<u>563</u>	<u>393</u>
	<u>\$ 36,268</u>	<u>\$ 34,746</u>
An analysis of depreciation by function		
Operating costs	\$ 29,964	\$ 28,992
Operating expenses	<u>5,741</u>	<u>5,361</u>
	<u>\$ 35,705</u>	<u>\$ 34,353</u>
An analysis of amortization by function		
Operating costs	\$ 250	\$ 80
Operating expenses	<u>313</u>	<u>313</u>
	<u>\$ 563</u>	<u>\$ 393</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term benefits	\$ 202,903	\$ 165,277
Post-employment benefits (Note 20)		
Defined contribution plan	5,317	4,800
Defined benefit plan	1,135	1,421
Other employee benefits	24,534	21,508
Termination benefits	<u>237</u>	<u>25</u>
	<u>\$ 234,126</u>	<u>\$ 193,031</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 112,993	\$ 91,150
Operating expenses	<u>121,133</u>	<u>101,881</u>
	<u>\$ 234,126</u>	<u>\$ 193,031</u>

g. Compensation of employees and remuneration of directors

According to the Company's Articles of Incorporation, the Company accrues compensation of employees at rates between 5% to 15%, and remuneration of directors at rates of no higher than 2% of net profit before income tax, compensation of employees and remuneration of directors.

The compensation of employees and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 23, 2023 and March 24, 2022, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	7%	7%
Remuneration of directors	1.5%	1.6%

Amount

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Cash</b>	<b>Shares</b>	<b>Cash</b>	<b>Shares</b>
Compensation of employees	\$ 32,416	\$ -	\$ 18,975	\$ -
Remuneration of directors	6,946	-	4,220	-

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recognized as a change in the accounting estimate and recorded in the following year.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Foreign exchange gains	\$ 67,738	\$ 12,177
Foreign exchange losses	<u>(28,084)</u>	<u>(17,875)</u>
Net foreign exchange gains (losses)	<u>\$ 39,654</u>	<u>\$ (5,698)</u>

**24. INCOME TAXES RELATING TO CONTINUING OPERATIONS**

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 39,876	\$ 3,233
Adjustments for prior years	(2,019)	(913)
Income tax on unappropriated earnings	<u>3,641</u>	<u>241</u>
	<u>41,498</u>	<u>2,561</u>
Deferred tax		
In respect of the current year	<u>23,371</u>	<u>32,098</u>
Income tax expense recognized in profit or loss	<u>\$ 64,869</u>	<u>\$ 34,659</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax from continuing operations	<u>\$ 423,724</u>	<u>\$ 247,867</u>
Income tax expense calculated at the statutory rate	\$ 84,745	\$ 49,573
Nondeductible expenses in determining taxable income	1,124	733
Tax-exempt income	(160)	(185)
Deferred income tax not recognized prior years and adjusted in the current year	-	(5,689)
Unrecognized deductible temporary differences	(22,463)	(9,101)
Adjustments for prior years' income tax	(2,019)	(913)
Income tax on unappropriated earnings	<u>3,642</u>	<u>241</u>
Income tax expense recognized in profit or loss	<u>\$ 64,869</u>	<u>\$ 34,659</u>



b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (5,184)	\$ 1,371
Remeasurement of defined benefit plan	263	(731)
Fair value changes of financial assets at FVTOCI	296	(2)
Share of other comprehensive income of subsidiary accounted for using the equity method	<u>477</u>	<u>165</u>
Total income tax recognized in other comprehensive income	<u>\$ (4,148)</u>	<u>\$ 803</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets		
Tax refund receivable	<u>\$ -</u>	<u>\$ 294</u>
Current tax liabilities		
Income tax payable	<u>\$ 42,790</u>	<u>\$ 3,093</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Capitalizing expenditures	\$ 303	\$ (129)	\$ -	\$ 174
Unrealized loss on foreign exchange	1,582	1,005	-	2,587
Inventory write-downs	8,304	318	-	8,622
Unamortized fixed manufacturing overheads	23	1,102	-	1,125
Payables for annual leave	151	24	-	175
Unrealized gain on affiliated company transaction	633	849	-	1,482
Defined benefit obligations	9,403	(858)	263	8,808

(Continued)

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehen- sive Income</b>	<b>Closing Balance</b>
Unrealized share of the other comprehensive loss of subsidiaries, associates and joint ventures	\$ 105	\$ -	\$ 477	\$ 582
Fair value changes of financial assets at FVTOCI	-	-	294	294
Exchange differences on the translation of the financial statements of foreign operations	9,646	-	(5,184)	4,462
Fair value changes of financial assets at FVTPL	<u>208</u>	<u>214</u>	<u>-</u>	<u>422</u>
	<u>\$ 30,358</u>	<u>\$ 2,525</u>	<u>\$ (4,150)</u>	<u>\$ 28,733</u>

Deferred tax liabilities

Temporary differences				
Unrealized gain on foreign exchange	\$ 729	\$ 3,757	\$ -	\$ 4,486
Net gain on investments accounted for using the equity method	39,818	22,139	-	61,957
Fair value changes of financial assets at FVTOCI	<u>2</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
	<u>\$ 40,549</u>	<u>\$ 25,896</u>	<u>\$ (2)</u>	<u>\$ 66,443</u> (Concluded)

For the year ended December 31, 2021

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehen- sive Income</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>				
Temporary differences				
Capitalizing expenditures	\$ 233	\$ 70	\$ -	\$ 303
Unrealized loss on foreign exchange	1,497	85	-	1,582
Inventory write-downs	8,174	130	-	8,304
Unamortized fixed manufacturing overheads	720	(697)	-	23
Payables for annual leave	55	96	-	151
Unrealized gain on affiliated company transaction	58	575	-	633
				(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen- sive Income	Closing Balance
Defined benefit obligations	\$ 10,848	\$ (714)	\$ (731)	\$ 9,403
Unrealized share of the other comprehensive loss of subsidiaries, associates and joint ventures	-	-	105	105
Exchange differences on the translation of the financial statements of foreign operations	8,275	-	1,371	9,646
Fair value changes of financial assets at FVTPL	<u>-</u>	<u>208</u>	<u>-</u>	<u>208</u>
	<u>29,860</u>	<u>(247)</u>	<u>745</u>	<u>30,358</u>
Loss carryforwards	<u>10,254</u>	<u>(10,254)</u>	<u>-</u>	<u>-</u>
	<u>\$ 40,114</u>	<u>\$ (10,501)</u>	<u>\$ 745</u>	<u>\$ 30,358</u>

Deferred tax liabilities

Temporary differences

Unrealized gain on foreign exchange	\$ 556	\$ 173	\$ -	\$ 729
Unrealized gains on equity investments	18,394	21,424	-	39,818
Unrealized share of the other comprehensive income of subsidiaries, associates and joint ventures	60	-	(60)	-
Fair value changes of financial assets at FVTOCI	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
	<u>\$ 19,010</u>	<u>\$ 21,597</u>	<u>\$ (58)</u>	<u>\$ 40,549</u>

(Concluded)

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the balance sheets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Deductible temporary differences		
Gain or loss on investment in subsidiaries and associates accounted for using the equity method	<u>\$ 156,715</u>	<u>\$ 173,798</u>

- f. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2022 and 2021, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$301,780 thousand and \$177,079 thousand, respectively.

g. Income tax assessment

The tax authorities have examined income tax returns of the Company through 2020.

**25. EARNINGS PER SHARE**

**Unit: NT\$ Per Share**

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Basic earnings per share	<u>\$ 5.25</u>	<u>\$ 3.12</u>
Diluted earnings per share	<u>\$ 5.17</u>	<u>\$ 3.10</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

**Net Profit for the Year**

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Earnings used in the computation of basic earnings per share	<u>\$ 358,855</u>	<u>\$ 213,208</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 358,855</u>	<u>\$ 213,208</u>

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	68,334	68,334
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>1,035</u>	<u>455</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>69,369</u>	<u>68,789</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

## 26. CASH FLOW INFORMATION

### a. Non-cash transactions

For the years ended December 31, 2022 and 2021, the Company entered into the following non-cash investing and financing activities which were not reflected in the statements of cash flows:

- As of December 31, 2022 and 2021, the unpaid amounts from the Company's acquisition of property, plant and equipment were \$134 thousand and \$1,948 thousand, respectively, and were recognized in other payables - payables for equipment.

### b. Changes in liabilities arising from financing activities

#### For the year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes			Others	Closing Balance
			New Leases	Interest Expense	Exchange Rate		
Short-term borrowings	\$ 180,000	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ 184,000
Lease liabilities (Note 15)	<u>7,112</u>	<u>(3,067)</u>	<u>8,226</u>	<u>144</u>	<u>-</u>	<u>(144)</u>	<u>12,271</u>
	<u>\$ 187,112</u>	<u>\$ 933</u>	<u>\$ 8,226</u>	<u>\$ 144</u>	<u>\$ -</u>	<u>\$ (144)</u>	<u>\$ 196,271</u>

#### For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes		Others	Closing Balance
			Interest Expense	Exchange Rate		
Short-term borrowings	\$ 180,000	\$ -	\$ -	\$ -	\$ -	\$ 180,000
Lease liabilities (Note 15)	<u>9,401</u>	<u>(2,289)</u>	<u>106</u>	<u>-</u>	<u>(106)</u>	<u>7,112</u>
	<u>\$ 189,401</u>	<u>\$ (2,289)</u>	<u>\$ 106</u>	<u>\$ -</u>	<u>\$ (106)</u>	<u>\$ 187,112</u>

## 27. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remained unchanged in the current year.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings, and other equity).

The management of the Company periodically reviews its capital structure. As part of the review, the management considers the cost of capital, financial ratios required by loans, and related risks in determining the proper structure for its capital. Followed the management's suggestion, the Company balances its overall capital structure by adjusting the amount of dividends paid to the shareholders, issuing new shares, buyback shares, and obtaining financing facilities from financial institutions.

## 28. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

The Company's management believes that the carrying amount of financial assets and financial liabilities recognized in the financial statements which are not measured at fair value approximates their fair value or that the fair value of such assets and liabilities cannot be reliably measured.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Non-derivative financial assets				
Mutual funds	<u>\$ 29,887</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,887</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares in domestic market	\$ -	\$ -	\$ 7,409	\$ 7,409
Investments in debt instruments				
Foreign corporate bonds	<u>2,992</u>	<u>-</u>	<u>-</u>	<u>2,992</u>
	<u>\$ 2,992</u>	<u>\$ -</u>	<u>\$ 7,409</u>	<u>\$ 10,401</u>

December 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Non-derivative financial assets				
Mutual funds	<u>\$ 30,311</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,311</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares in domestic market	\$ -	\$ -	\$ 9,947	\$ 9,947
Investments in debt instruments				
Foreign corporate bonds	<u>4,068</u>	<u>-</u>	<u>-</u>	<u>4,068</u>
	<u>\$ 4,068</u>	<u>\$ -</u>	<u>\$ 9,947</u>	<u>\$ 14,015</u>

There were no transfers between Levels 1 and 2 in 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2022	\$ 9,947
Recognized in other comprehensive loss	<u>(2,538)</u>
Balance at December 31, 2022	<u>\$ 7,409</u>

For the year ended December 31, 2021

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2021	\$ 9,708
Recognized in other comprehensive income	<u>239</u>
Balance at December 31, 2021	<u>\$ 9,947</u>

3) Valuation technology and inputs applied for Level 3 fair value measurement

The fair value of unlisted (over-the-counter) company stocks held by the Company is estimated using the asset approach and the market approach. The asset approach uses the net asset value measured by the fair value of the latest financial statements of the investment target, and calculates the fair value of the stock after considering the liquidity discount parameter. The market approach uses the market transaction price of comparable companies with similar business and industrial attributes of the investment target, and calculates the fair price of the stock after considering the liquidity discount parameters.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 29,887	\$ 30,311
Financial assets measured at amortized cost (1)	543,265	554,990
Financial assets at FVTOCI		
Equity instruments	7,409	9,947
Debt instruments	2,992	4,068
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	289,813	355,837

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalent, notes receivable, trade receivables from related parties, other receivables excluding income tax refund receivable and refundable deposits.

- 2) The balances include financial liabilities, which comprise short-term loans, trade payables to related parties, other payables (excluding payable for salaries and bonuses, compensation of employees, remuneration of directors, payable for insurance and pension cost), and other payables to related parties.

d. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables, notes payable, trade payables, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company has foreign currency denominated sales and purchases, which exposed the Company to foreign currency risk. The Company assesses the net risk position of non-functional currency denominated sales and purchases periodically and adjusts its non-functional cash position on the basis of its assessment.

The carrying amounts of the Company's foreign-currency-denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Company was mainly exposed to the USD, JPY and CNY.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	<b>USD Impact</b>		<b>JPY Impact</b>	
	<b>For the Year Ended December 31</b>		<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Profit or loss	\$ 15,179 (i)	\$ 16,151 (i)	\$ (444) (ii)	\$ 247 (ii)



<b>CNY Impact</b>	
<b>For the Year Ended</b>	
<b>December 31</b>	
<b>2022</b>	<b>2021</b>

Profit or loss	\$ 6,399 (iii)	\$ 2,498 (iii)
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- i. The result was mainly attributable to the exposure on outstanding cash and cash equivalents, financial assets at amortized cost, trade receivables and trade payables in USD that were not hedged at the end of the year.
- ii. The result was mainly attributable to the exposure on outstanding cash and cash equivalents, trade receivables and trade payables in JPY that were not hedged at the end of the year.
- iii. The result was mainly attributable to the exposure on outstanding cash and cash equivalents, financial assets at amortized cost, trade receivables and trade payables in CNY that were not hedged at the end of the year.

The above results of the Company's tests of sensitivity to changes in foreign exchange rates during the current period were mainly due to the decrease in financial assets in USD, the increase in financial liabilities in JPY and the increase in financial assets in CNY.

b) Interest rate risk

The Company is exposed to interest rate risk because the Company's bank balances, lease liabilities and borrowings are at both fixed and floating interest rates.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 147,170	\$ 52,098
Financial liabilities	196,271	187,112
Cash flow interest rate risk		
Financial assets	118,063	159,512

Sensitivity analysis

The sensitivity analysis below is based on the Company's exposure to interest rates of non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the year was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$1,181 thousand and \$1,595 thousand, respectively.

For the year ended December 31, 2022, the Company's sensitivity to interest rates decreased during the current period mainly due to the decrease in floating assets.

c) Other price risk

The price risk of the Company's investments in mutual funds and equity instruments mainly comes from the financial assets at FVTPL and financial assets at FVTOCI. The investments in mutual funds and equity instruments are strategic investments, and the Company manages risks by holding low-risk portfolio products.

Sensitivity analysis

The sensitivity analysis below is based on the exposure to fund price risk and equity instrument investment price risk at the end of year.

If fund prices had been 1% higher/lower, the pre-tax profit or loss for the years ended December 31, 2022 and 2021 would have increased/decreased by \$299 thousand and \$303 thousand, as a result of the changes in fair value of financial assets at FVTPL.

If the fair value of overseas bonds and equity securities had been 1% higher/lower, the other comprehensive income before tax for the years ended December 31, 2022 and 2021 would have increased/decreased by \$104 thousand and \$140 thousand, respectively.

The Company's sensitivity to price risk of the financial assets decreased due to the change from the price of such equity securities.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Company. At the end of the accounting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to failure of counterparties to discharge their obligations and due to the financial guarantees provided by the Company, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The policies adopted by the Company are applicable only to transactions with reputable counterparties. Where necessary, sufficient collateral must be obtained to reduce the risk of financial losses. The Company evaluates major customers by establishing complete basic customer data files, using other publicly available financial and non-financial information, and referring to each other's past transaction records. The Company continues to monitor the credit risk insurance and the credit ratings of the counterparties and controls the credit risk through the counterparty credit limits that are reviewed and approved by the supervisor every year.

The Company will continue to evaluate the financial status of the accounts receivable customers and review the recoverable amount of the accounts receivable to ensure that the uncollectible accounts receivable have been included in the appropriate impairment loss.

The Company's concentration of credit risk by geographical locations was mainly in Asia, which accounted for 47% and 61% of the total credit risk as of December 31, 2022 and 2021, respectively.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1 Month to 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 58,840	\$ 46,973	\$ -	\$ -	\$ -
Lease liabilities	297	595	2,529	9,175	-
Fixed interest rate liabilities	-	115,339	69,454	-	-
	<u>\$ 59,137</u>	<u>\$ 162,907</u>	<u>\$ 71,983</u>	<u>\$ 9,175</u>	<u>\$ -</u>

Additional information on the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 3,421</u>	<u>\$ 9,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1 Month to 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing liabilities	\$ 88,344	\$ 87,493	\$ -	\$ -	\$ -
Lease liabilities	200	399	1,796	4,860	-
Fixed interest rate liabilities	70,054	-	110,434	-	-
Financial guarantee contracts	-	27,825	27,825	-	-
	<u>\$ 158,598</u>	<u>\$ 115,717</u>	<u>\$ 140,055</u>	<u>\$ 4,860</u>	<u>\$ -</u>

Additional information on the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 2,395</u>	<u>\$ 4,860</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unsecured bank overdraft facilities, reviewed annually:		
Amount used	\$ 184,000	\$ 180,000
Amount unused	<u>277,420</u>	<u>245,360</u>
	<u>\$ 461,420</u>	<u>\$ 425,360</u>

## 29. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in the other notes, details of transactions between the Company and related parties are as follows:

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Indus Taitien Marketing Ltd.	Subsidiary
Taitien USA, Inc.	Subsidiary
Isotemp Research Inc. (Note)	Subsidiary
Colorado Crystal Corporation	Subsidiary
Pletronics, Inc.	Subsidiary
Taitien Electronics (Nanjing) Co., Ltd.	Subsidiary
Taitien Electronics (Shenzhen) Co., Ltd.	Subsidiary
Wintron Electronics Co., Ltd.	Subsidiary
Tai Tien Electronic Co., Ltd.	Others

Note: Isotemp Research Inc. has completed the liquidation procedures in 2021, and obtained approval from the Virginia State Corporation Commission on December 21, 2021 to complete the deregistration of the company.

b. Revenue

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
		<b>2022</b>	<b>2021</b>
Sales	Subsidiaries		
	Taitien Electronics (Nanjing) Ltd.	\$ 187,997	\$ 127,365
	Taitien USA, Inc.	147,773	-
	Others	<u>57,369</u>	<u>137,083</u>
		<u>\$ 393,139</u>	<u>\$ 264,448</u>

The sales price to related parties is calculated based on the resale price less the price difference ratio. The terms of payments are subject to the conditions of resale to a third party. The terms of payments are 45-90 days for related parties and 30-150 days for other companies.

c. Cost of goods sold

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Subsidiaries	Taitien Electronics (Nanjing) Ltd.	\$ 442,448	\$ 482,611
	Subsidiaries	<u>13,203</u>	<u>44,240</u>
		<u>\$ 455,651</u>	<u>\$ 526,851</u>

The prices of goods purchased from related parties are determined with reference to the market price and are calculated according to the company's resale price less the price difference ratio. The terms of payments are 45-60 days for related parties and 30-150 days for other companies.

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade receivables	Subsidiaries		
	Taitien Electronics (Nanjing) Ltd.	\$ 69,150	\$ 29,315
	Taitien USA, Inc.	16,350	36,322
	Pletronics Inc.	6,343	12,340
	Others	<u>-</u>	<u>1,178</u>
		<u>\$ 91,843</u>	<u>\$ 79,155</u>
Other receivables	Subsidiaries		
	Others	<u>\$ -</u>	<u>\$ 25</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties. The following table details the aging of receivables from related parties:

December 31, 2022

	Not Overdue	Overdue within 90 Days	Overdue 91-180 Days	Overdue 181 Days or More	Total
Expected credit loss rate	0.00%	0.00%	0.00%	100%	
Gross carrying amount	\$ 65,818	\$ 26,025	\$ -	\$ -	\$ 91,843
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 65,818</u>	<u>\$ 26,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,843</u>

December 31, 2021

	<b>Not Overdue</b>	<b>Overdue within 90 Days</b>	<b>Overdue 91-180 Days</b>	<b>Overdue 181 Days or More</b>	<b>Total</b>
Expected credit loss rate	0.00%	0.00%	0.00%	100%	
Gross carrying amount	\$ 64,936	\$ 14,219	\$ -	\$ -	\$ 79,155
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 64,936</u>	<u>\$ 14,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,155</u>

e. Payables to related parties

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Trade payables	Subsidiaries		
	Taitien Electronics (Nanjing) Ltd.	\$ 63,377	\$ 108,252
	Others	<u>3,278</u>	<u>3,766</u>
		<u>\$ 66,655</u>	<u>\$ 112,018</u>
Other payables	Subsidiaries		
	Others	<u>\$ 679</u>	<u>\$ 2,971</u>

The outstanding trade and other payables to related parties are unsecured.

f. Lease arrangements

Acquisition right-of-use assets

The Company leases land for a lease period of 5 years to build the plant, and the rent is paid according to the amount signed in the contract. Upon termination of the lease term, the Company shall have no preferential right to purchase the land, and it is agreed that the Company shall not sublease or transfer the leased land without the consent of the lessor.

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2022</b>	<b>2021</b>
Right-of-use assets	Others		
	Tai Tien Electronic Co., Ltd.	<u>\$ 11,317</u>	<u>\$ 6,273</u>
Lease liabilities - current	Others		
	Tai Tien Electronic Co., Ltd.	<u>\$ 2,591</u>	<u>\$ 1,890</u>
Lease liabilities - non-current	Others		
	Tai Tien Electronic Co., Ltd.	<u>\$ 8,883</u>	<u>\$ 4,506</u>

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Interest expense</u>		
Others		
Others	\$ <u>132</u>	\$ <u>94</u>
<u>Depreciation expense</u>		
Others		
Others	\$ <u>2,369</u>	\$ <u>1,882</u>
<u>Lease expense</u>		
Others		
Others	\$ <u>48</u>	\$ <u>48</u>

The Company leases land and business premises in the industrial parks from the related party, Tai Tien Electronic Co., Ltd. The terms of the lease contract are based on the general market conditions, and the monthly rent is paid before the end of each month.

g. Endorsements and guarantees

Endorsements and guarantees provided by the Company

	<b>December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Amount Utilized</b>	<b>Amount Endorsed</b>	<b>Amount Utilized</b>	<b>Amount Endorsed</b>
Subsidiaries				
Taitien Electronics (Nanjing) Ltd.	\$ -	\$ -	\$ 55,650	\$ 27,825
Wintron Electronics Ltd.	61,420	-	27,825	27,825
Pletronics, Inc.	30,710	-	27,825	-
Taitien USA, Inc.	<u>30,710</u>	<u>-</u>	<u>27,825</u>	<u>-</u>
	<u>\$ 122,840</u>	<u>\$ -</u>	<u>\$ 139,125</u>	<u>\$ 55,650</u>

h. Other transactions with related parties

1) Other revenues

<b>Related Party Line Item</b>	<b>Category/Name</b>	<b>For the Year Ended December 31</b>	
		<b>2022</b>	<b>2021</b>
Subsidiaries			
Others	Other Revenues	\$ <u>515</u>	\$ <u>8</u>

2) Expenses

Related Party Line Item	Category/Name	For the Year Ended December 31	
		2022	2021
Subsidiaries			
Others	Manufacturing expense	\$ 196	\$ 222
	Selling and marketing expenses	3,859	8,117
	General and administrative expenses	-	-
	Research and development expenses	<u>90</u>	<u>107</u>
		<u>\$ 4,145</u>	<u>\$ 8,446</u>

i. Remuneration of key management personnel

The remuneration of key management personnel are as follows:

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 42,098	\$ 28,159
Share-based payment	<u>635</u>	<u>616</u>
	<u>\$ 42,733</u>	<u>\$ 28,775</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and with reference to market trends.

**30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY**

The amounts of restricted assets of the Company that were provided as guarantees are as follows:

	December 31	
	2022	2021
Pledged deposits (classified as financial assets at amortized cost)	<u>\$ 200</u>	<u>\$ 200</u>

**31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS**

In addition to those disclosed in other notes, significant commitments and contingencies of the Company were as follows:

Unrecognized commitments were as follows:

	December 31	
	2022	2021
Acquisition of property, plant and equipment	<u>\$ 21,762</u>	<u>\$ 1,325</u>



### 32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies are as follows:

December 31, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In NTD)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 12,462	30.710 (USD:NTD)	\$ 382,713
JPY	19,719	0.232 (JPY:NTD)	4,583
CNY	29,641	4.409 (CNY:NTD)	130,702
Non-monetary items			
Investments accounted for using the equity method			
USD	43,072	30.710 (USD:NTD)	1,322,746
<u>Financial liabilities</u>			
Monetary items			
USD	2,577	30.710 (USD:NTD)	79,131
JPY	57,890	0.232 (JPY:NTD)	13,454
CNY	616	4.409 (CNY:NTD)	2,715

December 31, 2021

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In NTD)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 15,569	27.680 (USD:NTD)	\$ 430,945
JPY	91,872	0.241 (JPY:NTD)	22,095
CNY	19,783	4.341 (CNY:NTD)	85,889
Non-monetary items			
Investments accounted for using the equity method			
USD	39,027	27.680 (USD:NTD)	1,080,270
<u>Financial liabilities</u>			
Monetary items			
USD	3,899	27.680 (USD:NTD)	107,929
JPY	71,332	0.241 (JPY:NTD)	17,155
CNY	8,277	4.341 (CNY:NTD)	35,935

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange losses (gains) were \$39,654 thousand and \$(5,698) thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of functional currencies.

### 33. OTHERS

Contracts have been signed for the transactions between Taitien Electronics Co., Ltd. and Taiden JP Limited, Taitien Electronics (Thailand) Co., Ltd., Zhengzhou Huajing Electronics Co., Ltd., Shenzhen Yijing Co., Ltd., and Henan Dali Electronics Co., Ltd., where the transaction price, terms of payment, and other transaction conditions were laid out. The compliance test is carried out by the internal auditors on a quarterly basis. The relevant internal audit plan and implementation are reviewed by certified accountants to ensure that the Company's transactions with each company are carried out in accordance with the agreed contracts.

### 34. SEPARATELY DISCLOSED ITEMS

#### a. Information about significant transactions and b. investees:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (Table 1)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 9) Trading in derivative instruments (None)

#### b. Information on investees (Table 5)

#### c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income and limit on the amount of investment in the mainland China area (Table 6).
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 7):
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

- b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
  - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

TABLE I

## TAITIEN ELECTRONICS CO., LTD.

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guaranteee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 3)											
0	Taitien Electronic Co., Ltd.	Taitien Electronic (Nanjing) Ltd. Pietronics, Inc. Taitien USA, Inc. Wintron Electronics Ltd.	c. c. b. c.	\$ 523,097 523,097 523,097 523,097	\$ 59,440 31,750 31,750 63,500	\$ - 30,710 30,710 61,420	\$ - - - -	\$ - - - -	0.00% 1.76% 1.76% 3.52%	\$ 697,462 697,462 697,462 697,462	Yes Yes Yes Yes	No No No No	Yes No No Yes	

Note 1: The total amount of the guarantees provided by Taitien Electronics Co., Ltd. to subsidiaries shall not exceed 40% of Taitien Electronics Co., Ltd.'s net worth based on its most recent audited financial statements.

Note 2: The total amount of the guarantees provided by Taitien Electronics Co., Ltd. to individual subsidiaries shall not exceed 30% of Taitien Electronics Co., Ltd.'s net worth based on its most recent audited financial statements.

Note 3: The seven types of relationships between the endorser/guarantor and endorsee/guaranteee indicated as numbers in the table above are as follows:

- Having a business relationship.
- The endorser/guarantor owns directly more than 50% of the ordinary shares of the endorsee/guaranteee.
- The endorsee/guaranteee owns directly or indirectly more than 50% of the ordinary shares of the endorser/guarantor.
- The endorser/guarantor owns directly or indirectly more than 50% of the ordinary shares of the endorsee/guaranteee.
- Mutually endorsed/guaranteed companies for the construction project based on the construction contract.
- Due to joint venture, each shareholder provides endorsee/guaranteees to the endorsee/guaranteee in proportion to its ownership.
- Companies in the same industry that are liable for joint endorsee/guaranteees of the preconstruction house contract under the consumer protection law.

TABLE 2

## TAITIEN ELECTRONICS CO., LTD.

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Maximum Number of Shares During the Period	Note	
				Number of Shares	Carrying Amount	Percentage of Ownership (%)			Fair Value
Taitien Electronic Co., Ltd.	Fund PIMCO Funds: Global Investors Series plc Dynamic Multi Asset Fund Class E (USD hedged)/Accumulation	None	Financial assets at FVTPL - current	21,739	\$ 7,698	-	\$ 7,698	21,739	Note 1
	AB FCP I-Global High Yield Portfolio Class EA Shares USD	None	Financial assets at FVTPL - current	15,396	4,563	-	4,563	15,396	Note 1
	PineBridge ESG Quantitative Income and Growth Fund N9 CN Y	None	Financial assets at FVTPL - current	244,990	10,179	-	10,179	244,990	Note 1
	Allianz Global Investors Income and Growth Fund	None	Financial assets at FVTPL - current	16,413	4,204	-	4,204	16,413	Note 1
	Franklin Income A (Mdis) USD	None	Financial assets at FVTPL - current	10,582	3,243	-	3,243	10,582	Note 1
	Corporate bond Apple Inc.	None	Financial assets at FVTOCI - non-current	160,000	2,992	-	2,992	160,000	Note 1
	Shares Yongshuang Investment	None	Financial assets at FVTOCI - non-current	1,000,000	7,409	2.53	7,409	1,000,000	Note 1
	Taiwan Crystal Superior Technology Co., Ltd.	None	Financial assets at FVTOCI - non-current	275,000	-	18.33	-	275,000	Note 1
	Equity Investment YanTai MDH Technology Co., Ltd	None	Financial assets at FVTOCI - non-current	762,700	5,031	1.24	5,031	762,700	Note 1

Note 1: All of the marketable securities held are not pledged as collateral.

Note 2: For the information about subsidiaries, associates and joint ventures, refer to Table 5 and Table 6.

TABLE 3

## TAITIEN ELECTRONICS CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Transaction Details			Abnormal Transaction			Notes Receivable (Payable)/Trade Receivables (Payables) Ending Balance	% of Total
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms		
Purchases Taitien Electronic Co., Ltd.	Taitien Electronic (Nanjing) Ltd.	Parent company	Purchases	\$ 442,448	62	Net 45-60 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	\$ (63,377)	67
Taitien Electronic (Shenzhen) Ltd.	Taitien Electronic (Nanjing) Ltd.	The same parent company	Purchases	222,307	92	105 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	(112,343)	98
Taitien Electronic (Nanjing) Ltd.	Taitien Electronic Co., Ltd.	Parent company	Purchases	187,728	20	Net 45-90 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	(69,150)	35
Taitien USA, Inc.	Taitien Electronic Co., Ltd.	Parent company	Purchases	145,950	95	Net 45-90 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	(16,350)	95
Sales Taitien Electronic Co., Ltd.	Taitien USA, Inc.	Parent company	Sales	(147,773) (Note 1)	12	Net 45-90 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	16,350	6
Taitien Electronic (Nanjing) Ltd.	Taitien Electronic (Nanjing) Ltd.	Parent company	Sales	(187,997) (Note 2)	16	Net 45-90 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	69,150	25
Taitien Electronic (Nanjing) Ltd.	Taitien Electronic Co., Ltd.	Parent company	Sales	(442,750) (Note 3)	32	Net 45-60 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	63,401 (Note 4)	21
Taitien Electronic (Nanjing) Ltd.	Taitien Electronic (Shenzhen) Ltd.	The same parent company	Sales	(222,307)	16	105 days from the end of the month of when invoice is issued	Cost-plus pricing	Net 30-150 days from the end of the month of when invoice is issued	112,343	37

Note 1: Taitien USA, Inc. recognized \$145,950 thousand as purchases and \$1,823 thousand as manufacturing costs.

Note 2: Taitien Electronic (Nanjing) Ltd. recognized \$187,728 thousand as purchases and \$269 thousand as research and development expenses.

Note 3: Taitien Electronic Co., Ltd. recognized \$442,448 thousand as purchases, \$214 thousand as manufacturing costs and \$88 thousand as research and development expenses.

Note 4: Taitien Electronic Co., Ltd. recognized \$63,377 thousand as trade payables to related parties and \$24 thousand as other payables to related parties.

**TABLE 4**

**TAITIEN ELECTRONICS CO., LTD.**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period (Note)	Allowance for Impairment Loss
					Amount	Actions Taken		
Taitien Electronic (Nanjing) Ltd.	Taitien Electronic (Shenzhen) Ltd.	The same parent company	\$ 112,343	2.77	\$ -	-	\$ 63,181	\$ -

Note: The amount received in the subsequent period as of March 23, 2023.

TABLE 5

## TAITIEN ELECTRONICS CO., LTD.

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, or Otherwise Stated)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022		Net Income/(Loss) of the Investee	Share of Profit/(Loss) of Investee	Remark
				December 31, 2022	December 31, 2021	Number of Shares (In Thousands)	Carrying Amount			
Taitien Electronic Co., Ltd.	Indus Taitien Marketing Ltd.	Tortola, British Virgin Islands	Holding company	\$ 7,631	\$ 7,631	50,000	\$ 80,863	\$ 23,654	\$ 20,821 (Note 1)	Subsidiary
	Taitien Holding Co., Ltd.	Tortola, British Virgin Islands	Holding company	652,265	652,265	20,126,824	1,171,925	184,484	181,005 (Note 1)	Subsidiary
	Taitien USA, Inc.	California, USA	Sales of electronics components	104,209	104,209	3,200,000	26,863	16,053	16,085 (Note 1)	Subsidiary
	Colorado Crystal Corporation	Colorado, USA	Production, and sales of electronics components	78,187	78,187	385,094	43,265	1,030	1,030 (Note 1)	Subsidiary
Taitien Holding Co., Ltd.	Hardy Holding Corporation	Tortola, British Virgin Islands	Holding company	610,546 (US\$ 19,881)	610,546 (US\$ 19,881)	19,880,974	1,180,032 (US\$ 38,425)	184,582 (US\$ 6,193)	184,582 (US\$ 6,193)	Subsidiary
Indus Taitien Marketing Ltd.	Pletronics, Inc.	Washington state, USA	Production, and sales of electronics components	100,084 (US\$ 3,259)	100,084 (US\$ 3,259)	41,000	85,128 (US\$ 2,772)	23,695 (US\$ 795)	23,695 (US\$ 795)	Subsidiary

Note 1: These were transactions between subsidiaries and upstream transactions of the unrealized profit and realized profit.

Note 2: For information on investments in mainland China, refer to Table 6.

Note 3: The above original investment amount is calculated by the original investment exchange rate. The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of December 31, 2022: US\$1=NT\$30.7100, RMB1=NT\$4.4094; net income items denominated in foreign currencies are translated using the average exchange rate of 2022: US\$1=NT\$29.8050, RMB1=NT\$4.4347.



TABLE 6

## TAITIEN ELECTRONICS CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, current profit and loss and recognized investment income or loss, carrying amount of the investment at the end of the period and repatriations of investment income:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
Taitien Electronic (Nanjing) Ltd.	Manufacturing of crystal related products and equipments	\$ 451,437 (US\$ 14,700)	b. 1)	\$ 452,543 (US\$ 14,736)	-	\$ -	\$ 452,543 (US\$ 14,736)	\$ 174,747 (US\$ 5,863)	100	\$ 174,866 (US\$ 5,867)	\$ 813,569 (US\$ 26,492)	\$ -
Taitien Electronic (Shenzhen) Ltd.	Manufacturing of crystal related products and equipments	147,408 (US\$ 4,800)	b. 2)	159,661 (US\$ 5,199)	-	-	159,661 (US\$ 5,199)	16,572 (US\$ 556)	100	9,687 (US\$ 325)	363,299 (US\$ 11,830)	-
Wintron Electronics Ltd.	Manufacturing and selling of frequency control components, sensor components, electronic measuring instruments and machine system design	176,073 (RMB 39,931)	c.	-	-	-	-	13,903 (RMB 3,135)	100	13,903 (RMB 3,135)	180,611 (RMB 40,960)	-

2. Limit on the amount of investments in the mainland China area:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 5)
\$ 612,204 (US\$ 19,935)	\$ 612,204 (US\$ 19,935)	\$ 1,046,194

Note 1: The method of investment includes the following:

- Direct investment in mainland China.
- Indirect investment in mainland China through companies registered in a third region.
  - Taitien Electronic (Nanjing) Ltd. was invested through Hardy Holding Corporation.
  - Taitien Electronic (Shenzhen) Ltd. was invested through Hardy Holding Corporation.
- Other method.
  - Wintron Electronics Ltd. was invested through Taitien Electronic (Shenzhen) Ltd.

(Continued)

Note 2: The method of the investment income (loss) recognition includes the following:

- a. The basis for investment income (loss) recognition is from the financial statements audited and attested by the parent company's CPA in the ROC.
- b. These were transactions between subsidiaries and upstream transactions of the unrealized profit and realized profit.

Note 3: The above original investment amount is calculated by the original investment exchange rate. The balance sheet items denominated in foreign currencies are translated into NTD using the exchange rate as of December 31, 2022: US\$1=NT\$30.7100, RMB1=NT\$4.4094; net income items denominated in foreign currencies are translated using the average exchange rate of 2022: US\$1=NT\$29.8050, RMB1=NT\$4.4347.

Note 4: All amounts of the investee companies' paid-in capital were not pledged.

Note 5: Calculated by the 60% of consolidated net worth according to letter No. 09704604680 issued by Ministry of Economic Affairs.

Note 6: As of December 31, 2022, the paid-in capital of Wintron Electronics Ltd. was increased in RMB20,000 thousand. The reason for the difference between the paid-in capital is that Taitien Electronic (Shenzhen) Ltd. would conduct follow-on offering amounting to RMB2,000 thousand agreed by the board of directors on November 11, 2021.

Note 7: In March 2023, the paid-in capital of Hardy Holding Corporation will increase by US\$6,000 thousand. The reason for the difference between the paid-in capital is that Taitien Electronic (Nanjing) Ltd. will conduct cash capital reduction amounting to US\$6,000 thousand back to shareholder Hardy Holding Corporation agreed by the board of directors on November 10, 2022. Received the notice of registration documents approved by the Bureau of Nanjing Jiangning municipal administration for market regulation on January 10, 2023. Taitien Electronic (Nanjing) Ltd. remitted the capital to Hardy Holding Corporation in March 2023.

(Concluded)

## TAITIEN ELECTRONICS CO., LTD.

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. There were the amounts and percentages of the purchases, also the amounts and percentages displayed in the ending balance of the related payables.
2. There were the amounts and percentages of the sales, also the amounts and percentages displayed in the ending balance of the related receivables.

Related Party	Transaction Type	Amount	% to Total Sales or Purchases	Transaction Details		Comparison with Normal Transactions	Notes Receivable (Payable)/Trade Receivables (Payables)		Unrealized (Gain) Loss
				Price	Payment Terms		Ending Balance	%	
Taitien Electronic (Nanjing) Ltd. Sales	Purchases	\$ (187,997)	(16)	Price set based resale deducting spread rate	Net 45-90 days from the end of the month of when invoice is issued	Net 30-150 days from the end of the month of when invoice is issued	\$ 69,150	25	\$ 2,589
				Price set based resale deducting spread rate	Net 45-60 days from the end of the month of when invoice is issued		(63,377)	(67)	5,341
Taitien Electronic (Shenzhen) Ltd.	Purchases	10,517	1	Price set based resale deducting spread rate	Net 45-60 days from the end of the month of when invoice is issued	Net 30-150 days from the end of the month of when invoice is issued	(2,042)	(2)	21
				Price set based resale deducting spread rate	Net 45-60 days from the end of the month of when invoice is issued		-	-	-
Wintron Electronics Ltd.	Purchases	2,670	-	Price set based resale deducting spread rate	Net 45-60 days from the end of the month of when invoice is issued	Net 30-150 days from the end of the month of when invoice is issued	(1,236)	(1)	61
				Price set based resale deducting spread rate	Net 45-60 days from the end of the month of when invoice is issued		-	-	-

3. There was no other information relating to the amount and the profits/losses incurred from the proceeds from property transactions.
4. Refer to Table 1 for information relating to the ending balance and purposes of notes endorsements/guarantees or the collaterals provided.
5. There was no other information relating to the maximum balance and ending balance of financing facility, the rate intervals and the gross amounts of interest in the period.
6. There was no other transaction that had a significant impact on the gains or losses for the period, such as the rendering or receipt of services.

## TAITIEN ELECTRONICS CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng-Tai Song	9,800,618	14.34
Jia Yu Investment Corp.	7,283,636	10.65

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to the Market Observation Post System.