



Stock Code: 4942

# **Chia Chang Co., Ltd.**

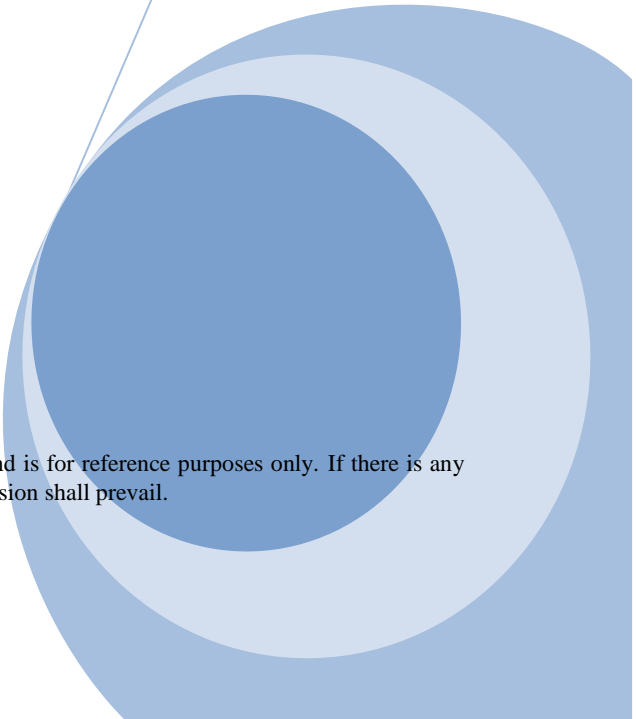
## **2022 Annual Report**



**The Annual Report is Available on**  
**MOPS:**<http://mops.twse.com.tw>  
**Corporate Website:**<http://www.chiachang.com>  
**Date of Publication: April 7, 2023**

**Notice to Reader:**

This English translation is prepared in accordance with the Chinese version and is for reference purposes only. If there is any inconsistency between the Chinese version and this translation, the Chinese version shall prevail.



I. Contact Information of Spokesperson and Deputy Spokesperson:

Spokesperson

Name: Mr. Li-Chuan Cheng

Title: Chief Financial Officer

Tel:(03)322-6968

Email:ir@chiachang.com

Deputy Spokesperson

Name: Mr. Tz-Shiuan Chen

Title: Vice President of the General Administration Office

Tel:(03)322-6968

Email:ir@chiachang.com

II. Contact Information of Headquarters, Branches, and Plants:

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Tel:(03)322-8175

III. Contact Information of Stock Transfer Agent:

Company Name: Stock Affairs Department, MEGA Securities Co., Ltd.

Address: 1F., No. 95, Sec. 2, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City

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IV. Contact Information of the CPAs for the Most Recent Financial Statements

CPAs: CPA Mr. Yao-Lin Huang, CPA Mr. Shih-Chieh Chou

Accounting Firm: Deloitte & Touche

Address: 20F., No. 100, Songren Rd., Xinyi Dist., Taipei City

Website:<http://www.deloitte.com.tw>

Tel:(02)2725-9988

V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: None.

VI. Corporate Website:<http://www.chiachang.com>

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## Chapter I. Letter to Shareholders

Dear Shareholders,

Chia Chang would like to extend our heartfelt gratitude to all shareholders for your support to the Company in the past year.

The global economy was affected by the Russia-Ukraine War in 2022, which resulted in a sharp rise in global energy and raw material prices. China's pandemic prevention and control measures also exerted an impact on the global supply chain. In addition, in view of the continuous inflation in Europe and the U.S., the U.S. Federal Reserve adopted rapid interest rate increases and curtailment of bond purchases to combat inflation, which led to a significant depreciation in non-USD currencies. The obvious decline in global demand for end-use products has driven the world to gradually move toward a new type of development.

In 2022, Chia Chang's consolidated revenue amounted to NT\$7.839 billion, a year-on-year decrease of 10% from NT\$8.718 billion in 2021. With respect to profit, consolidated net income after tax for 2022 amounted to approximately NT\$644 million, of which NT\$645 million was attributable to the owners of the parent company, and basic earnings per share was NT\$4.53, compared to consolidated net income after tax of NT\$908 million in 2021, of which NT\$909 million was attributable to the owners of the parent company, and basic earnings per share was NT\$6.38, a year-on-year decrease of 29%.

Looking ahead, although the impact of the pandemic has gradually eased, we are still facing the impact of geopolitics, climate anomalies, interest rate decisions by the U.S. Federal Reserve, demand for end-use products, and the shift of production capacity in the global supply chain to diversify risks. With a solid financial position and manufacturing experience accumulated over the past years, Chia Chang will continue to adjust its product portfolio, accelerate digital automation and related costs improvement operations, and take more flexible measures to seek more growth opportunities in an attempt to build a solid foundation in the next generation of smart manufacturing.

In terms of the regulatory environment, in addition to focusing on the regulations of corporate governance, the pressure of carbon reduction due to climate change will be one of the most important policy goals in the international community in the future. Chia Chang will also continue to promote energy conservation activities, use energy-saving equipment, reduce energy consumption, work together to reduce global carbon, and fight against global warming to create the next sustainable low-carbon world.

Although we have encountered various challenges from the environment in the short term, over the years, Chia Chang has always adhered to our core value and beliefs of creating a friendly environment, giving back to society, caring for employees and sustainable development, and leading all colleagues and partners to grow together amid constant challenges. We would like to extend our gratitude to all employees, customers, shareholders and partners for their support and trust in Chia Chang over the years. We are confident in the future of the Company and look forward to maintaining a long-term relationship with you to jointly create a prosperous future.

We wish you good health and all the best!

Yours Sincerely

Chairman and President

Mr. Kuei-Hsiu Sung

## Chapter II. Company Profile

### I. Date of Incorporation: September 9, 1985

### II. Company History

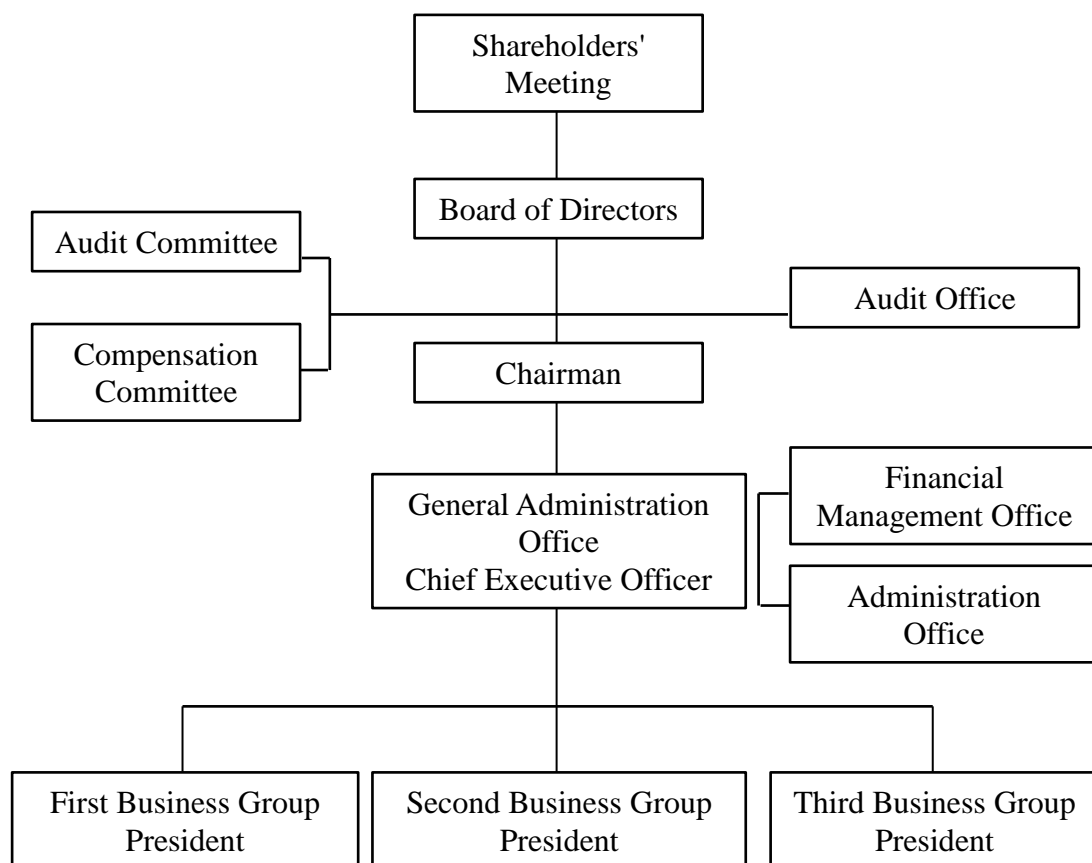
1985	The Company was established to manufacture hardware parts at Fuying Rd., Xinzhuang Dist., with a paid-in capital of NT\$5 million.
1991	<ol style="list-style-type: none"> <li>1. The Company conducted a capital increase in cash of NT\$15 million to expand the scale of operation.</li> <li>2. The Company was relocated at Dafeng St., Luzhu Dist., Nankan to manufacture hardware parts, molds and computer products.</li> </ol>
1995	<ol style="list-style-type: none"> <li>1. The Company conducted a capital increase in cash of NT\$20,000 thousand, and the paid-in capital increased to NT\$40,000 thousand.</li> <li>2. Passed ISO 9002:1994 quality certification.</li> </ol>
2001	<ol style="list-style-type: none"> <li>1. The Company conducted a capital increase in cash of NT\$159 million, with the paid-in capital of NT\$199 million.</li> <li>2. Chia Chang Technology (Suzhou) Co., Ltd. was established to manufacture hardware parts, molds and computer products.</li> </ol>
2003	The Company conducted a capital increase in cash of NT\$7.235 million and capitalization of retained earnings of NT\$32.565 million. The paid-in capital increased to NT\$239 million.
2004	Chia Chain Precision Hardware Electronics (Suzhou) Co., Ltd. was established to manufacture hardware parts, molds and computer products.
2006	<ol style="list-style-type: none"> <li>1. The Company was relocated at Sec. 2, Nanshan Rd., Luzhu Dist., Nankan to expand operations and manufacture hardware parts, molds and computer optoelectronics products.</li> <li>2. Ningbo Chia Chang Electronics Hardware Co., Ltd. was established to manufacture hardware parts, molds and computer</li> <li>3. The Company conducted a capital increase in cash of NT\$54.4 million, and the paid-in capital increased to NT\$293 million.</li> <li>4. General Administration Office was established for group integration.</li> <li>5. Passed ISO 9001:2000 quality certification.</li> </ol>
2007	<ol style="list-style-type: none"> <li>1. The Company conducted a capital increase in cash of NT\$329 million, and the paid-in capital increased to NT\$623 million.</li> <li>2. Quan Rui (Dong Guan) Industrial Co., Ltd. was established to manufacture hardware parts, molds and computer products.</li> </ol>
2008	<ol style="list-style-type: none"> <li>1. The Company conducted capitalization of retained earnings of NT\$311 million. The paid-in capital increased to NT\$934 million.</li> <li>2. Chia Development Co., Ltd. was established to engage in new business development and reinvestment.</li> </ol>
2009	<ol style="list-style-type: none"> <li>1. The Company conducted capitalization of retained earnings and converted employee stock options of NT\$141 million. The paid-in capital increased to NT\$1.075 billion.</li> <li>2. Passed ISO 9001:2008 quality certification, ISO 14001:2004 environmental management system and OHSAS 18001:2007 occupational safety and health management system.</li> </ol>
2010	<ol style="list-style-type: none"> <li>1. The Company conducted capitalization of retained earnings and converted employee stock options of NT\$243 million. The paid-in capital increased to NT\$1.318 billion.</li> <li>2. Supplementary public offering and registration of trading in the Emerging Stock Market.</li> </ol>

	3. Won the "Deloitte Asia Pacific High-Technology FAST 500 Enterprises" award.
2011	<ol style="list-style-type: none"> <li>1. Nanjing Chia-Chan Precious Electronics Co., Ltd. was established to to manufacture optoelectronic hardware parts and molds for information and communication.</li> <li>2. Suzhou Jiadian Precise Metal Electronic Co., Ltd. was established to to manufacture precision hardware parts and molds for information technology.</li> <li>3. Energy Magic Co., Ltd. was established to engage in new product R&amp;D.</li> <li>4. The Company was listed on the Taiwan Stock Exchange and conducted a capital increase in cash of NT\$139.9 million, and the paid-in capital increased to NT\$1.458 billion.</li> <li>5. The Company conducted capitalization of retained earnings and converted employee stock options of NT\$67 million. The paid-in capital increased to NT\$1.525 billion.</li> </ol>
2012	<ol style="list-style-type: none"> <li>1. Chia Chang (Foshan) Industrial Co., Ltd was established to to manufacture optoelectronic hardware parts and molds for information and communication.</li> <li>2. The Company converted employee stock options of NT\$855 thousand. The paid-in capital increased to NT\$1.526 billion.</li> </ol>
2013	<ol style="list-style-type: none"> <li>1. Landmark Development Co., Ltd. was established to engage in lighting R&amp;D, business expansion, and market development.</li> <li>2. The Company conducted a capital reduction by cancellation of treasury stock of NT\$2.58 million, and the paid-in capital decreased to NT\$1.523 billion.</li> </ol>
2014	Chia Chang Trading (Foshan) Co., Ltd. was established to engage in the sales of 3C products related accessories.
2015	The Company conducted a capital reduction by cancellation of treasury stock of NT\$31 million, and the paid-in capital decreased to NT\$1.492 billion.
2016	<ol style="list-style-type: none"> <li>1. The Company conducted a capital reduction by cancellation of treasury stock of NT\$30 million, and the paid-in capital decreased to NT\$1.462 billion.</li> <li>2. The Company conducted a capital reduction by cancellation of treasury stock of NT\$38 million, and the paid-in capital decreased to NT\$1.424 billion.</li> <li>3. Passed ISO/TS16949:2009 global quality management system certification for the automotive industry.</li> <li>4. Chia Chang (Japan) Co., Ltd. was established to engage in the sales of 3C products related accessories.</li> </ol>
2017	<ol style="list-style-type: none"> <li>1. Chia Chang Technology (Chong Qing) Co., Ltd was established to manufacture and sell information and optoelectronics metal stamping parts.</li> <li>2. Suzhou Jiadian Precise Metal Electronic Co., Ltd. was canceled and divested in November 2017.</li> </ol>
2018	<ol style="list-style-type: none"> <li>1. Disposed of 51% equity interest in Chia Chain Precision Hardware Electronics (Suzhou) Co., Ltd. held by CHIAPEX HOLDING LIMITED to a non-related party in January.</li> <li>2. Disposed of 100% equity interest in Landmark Development Co., Ltd. in February and obtained a change of registration approval letter in March.</li> <li>3. Chia Chang Trading (Foshan) Co., Ltd. was canceled in November 2018 and divested in March 2019.</li> </ol>
2021	Chia Chang (Foshan) Industrial Co., Ltd was canceled and divested in January 2021.
2022	<ol style="list-style-type: none"> <li>1. Quan Rui (Dong Guan) Industrial Co., Ltd. was canceled and divested in April 2022.</li> <li>2. EIDEAL Company Limited was established to engage in software and hardware design for industrial, medical and edge computing products.</li> </ol>

### Chapter III. Corporate Governance Report

#### I. Organizational System

##### (I) Organizational Structure



(II) Major Corporate Functions

Department	Major Business Activities	
General Administration Office	The Group's management strategies, strategic plans, preparation of plans, formulation of business goals and objectives, and management of business performance.	
Administration Office	Planning and management of procurement system, planning and management of information (software and hardware) system evaluation, human resources planning, establishment and implementation of administrative system, public relations and legal affairs, environmental pollution control monitoring, occupational safety disaster prevention and other administrative operations.	
Financial Management Office	Budget planning, taxation, accounting and stock affairs planning and management, capital allocation, management and financing planning and accounting, financial reporting, planning, evaluation and execution of the establishment of reinvestment business.	
First Business Group	Metal stamping market business development and planning, new product business development and planning, post-investment business management of new business, planning and execution of business objectives, manufacturing and R&D of new business products, customer service, planning and management of product sales and payment collection, product abnormality and after-sales service.	Taiwan Chia Chang, Chia Development
Second Business Group	Metal stamping market business development and planning, planning and execution of business objectives, manufacturing and R&D of new business products, customer service, planning and management of product sales and payment collection, product abnormality and after-sales service.	Suzhou Chia Chang, Chongqing Chia Chang
Third Business Group	Metal stamping market business development and planning, planning and execution of business objectives, customer service, planning and management of product sales and payment collection, product R&D and manufacturing, product abnormality and after-sales service.	Ningbo Chia Chang, Nanjing Chia Chang
Audit Office	Responsible for evaluating the soundness of internal control system and various regulations, checking whether the internal control is in effective operation, measuring the implementation results of each department, and providing timely suggestions for improvement to promote effective operation.	

## II. Information on the Company's Directors, President, Vice President, Associate Managers, and the Supervisors of All the Company's Divisions and Branch Units

### (I) Director Information

#### 1. Table of Director Information

March 31, 2023 Unit: Shares; %

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company Or Other Companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Mr. Kuei-Hsiu Sung	Male/ Aged 61~70	June 29, 2022	3	June 14, 2013	6,296,338	4.42	6,296,338	4.42	2,052,622	1.44	—	—	National Yang Ming Chiao Tung University EMBA President of Chia Chang Co., Ltd.	President of Chia Chang Co., Ltd. Representative of Institutional Director of Chia Chang Technology (Suzhou) Co., Ltd. Representative of Institutional Director/Chairman of Ningbo Chia chang Electronics Hardware Co., Ltd. Representative of Institutional Director/Chairman/President of Chia Development Co., Ltd. Representative of Institutional Director of Nanjing Chia-Chan Precious Electronics Co., Ltd. Representative of Institutional Director/Chairman of Chia Chang Technology (Chong Qing) Co., Ltd Representative of Institutional Director/Chairman of CHIA CORPORATION Representative of Institutional Director/Chairman of HUGE LINE INTERNATIONAL LIMITED	Director	Mr. Chang-Hai Chen	In-law	Note 1
																	Vice President	Ms. Li-Chen Huang	In-law	
																	Director	Mr. Yung-Ming Sung	Father and Son	
Director	R.O.C.	Yung Hsiang Investment CO., LTD.	—	June 29, 2022	3	June 29, 2010	13,438,441	9.43	13,438,441	9.43	—	—	—	—	—	—	—	—	—	
Representative of Director	R.O.C.	Mr. Chang-Hai Chen	Male/ Aged 71~80	June 29, 2022	3	June 29, 2010	2,506,815	1.76	2,716,815	1.90	1,554,686	1.09	—	—	MBA, China University of Technology President/Founder of Chia Chang Co., Ltd.	Representative of Institutional Director/Chairman of Chia Chang Technology (Suzhou) Co., Ltd. Representative of Institutional Director/Chairman of Nanjing Chia-Chan Precious Electronics Co., Ltd. Representative of Institutional Director/Chairman/President of Energy Magic Co., Ltd. Representative of Institutional Director of Chia Development Co., Ltd. Representative of Institutional Director/Chairman of TARCOOLA TRADING LIMITE Representative of Institutional Director/Chairman of CHIAPEX HOLDING LIMITED Representative of Institutional Director of Top Taiwan IX Venture Capital Co., Ltd.	Chairman	Mr. Kuei-Hsiu Sung	In-law	
																	Vice President	Ms. Li-Chen Huang	Spouse	
																	Vice President	Mr. Huoo-Hsin Chen	Brother	
																	Director/Vice President	Mr. Tz-Shiuan Chen	Father and Son	

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company Or Other Companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Mr. Tsai-Ho Lu	Male/ Aged 61~70	June 29, 2022	3	June 27, 2016	147,850	0.10	147,850	0.10	57,000	0.04	—	—	Mechanical Engineering, Taipei Municipal Daan Vocational High School President of Chia Chang Technology (Suzhou) Co., Ltd. President of Guan-Yung Enterprise Co., Ltd	General Consultant of President of Chia Chang Co., Ltd. Representative of Institutional Director of Chia Development Co., Ltd.	—	—	—	
Director	R.O.C.	Mr. Chyan Yang	Male/ Aged 71~80	June 29, 2022	3	June 29, 2010	—	—	—	—	—	—	—	—	Ph.D. in Computer Science, University of Washington, USA EMBA Chief Executive Officer, National Yang Ming Chiao Tung University Director, Graduate School of Business Administration, National Yang Ming Chiao Tung University Dean, College of Management, National Yang Ming Chiao Tung University	Independent Director of Aspeed Technology Inc. Independent Director of Acter Group Corporation Limited Independent Director of Associated Industries China, Inc. Independent Director of Mars Semiconductor Corp.	—	—	—	
Director	R.O.C.	Mr. Tz-Shiuan Chen	Male/ Aged 41~50	June 29, 2022	3	June 22, 2022	1,757,217	1.23	1,757,217	1.23	492,138	0.34	—	—	Master's Degree, Eastern Michigan University, USA Manager/Director of Chia Chang Co., Ltd.	Representative of Institutional Director/Chairman of Goldsky Enterprises Limited	Director	Mr. Chang-Hai Chen	Father and Son	
																Representative of Institutional Director of Chia Chain Precision Hardware Electronics (Suzhou) Co., Ltd. Representative of Institutional Director of Ningbo Chia chang Electronics Hardware Co., Ltd. Representative of Institutional Director of Nanjing Chia-Chan Precious Electronics Co., Ltd. Representative of Institutional Supervisor of Chia Chang Technology (Chong Qing) Co., Ltd Representative of Institutional Supervisor of Chia Development Co., Ltd. Representative of Institutional Director of Top Taiwan XIII Venture Capital Co., Ltd. Representative of Institutional Director/Chairman of EIDEAL Company Limited	Vice President	Ms. Li-Chen Huang	Mother and Son	
Independent Director	R.O.C.	Mr. Teh-Jung Kao	Male/ Aged 61~70	June 29, 2022	3	June 29, 2010	—	—	—	—	—	—	—	—	Department of Accounting, National Cheng Kung University Manager, Finance and Accounting Department of PHILIPS Taiwan Limited Senior Vice President/Chief Financial Officer of Primax Electronics Ltd. Chairman of PreVision Technology Ltd. Senior Vice President/Group Chief Financial Officer of Taiwan Cement Corp. Independent Director of CoAdna Holdings, Inc. Member of Compensation Committee of Microlife Corp.	Consultant of Aqusen Technology Co., Ltd.	—	—	—	

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company Or Other Companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
														Independent Director of LuxNet Corp. Independent Director of Continental Holdings Corp.						
Independent Director	R.O.C.	Mr. Ping-Kuen Chen	Male/ Aged 61~70	June 29, 2022	3	June 27, 2016	—	—	—	—	2,000	—	—	—	Department of Mechanical Engineering, Tamkang University Chairman of Huan Hower Enterprise Co., Ltd.	Chairman of Huan Hower Enterprise Co., Ltd. Director of Tien Liang Biotech Co., Ltd.	—	—	—	
Independent Director	R.O.C.	Mr. Jui-Hsin Lin	Male/ Aged 61~70	June 29, 2022	3	June 28, 2011	—	—	—	—	—	—	—	—	Department of Accounting, Tung Hai University Vice President of Softstar Entertainment Inc. Chief Financial Officer of G.M.I. Technology Inc. Independent Director of HCJ Technology Co., Ltd.	Partner CPA of Cheng Yang Certified Public Accountants Person in Charge of Cheng Yang Management Company Limited Independent Director of ETREND Hightech Corp.	—	—	—	
Independent Director	R.O.C.	Mr. Chia-Hsiang Chu	Male/ Aged 51~60	June 29, 2022	3	June 5, 2019	—	—	—	—	—	—	—	—	MBA, Cheng Kung University Manager, Director, Vice President, President of WK Technology Fund IX Ltd. Manager of Investment Department of Development Technology Consulting Co., Ltd. Manager of Corporate Group Business of HP Inc.	Chairman and President of WK Innovation Ltd. Chairman and President of WK Technology Fund IX Ltd. Director of Foxfortune Technology Ventures Limited Independent Director of Chicony Electronics Co., Ltd.. Independent Director of Cincon Electronics Co., Ltd. Supervisor of Googol Technology (TWN) Limited Supervisor of eTouch Medical Inc. Chairman of MinYun Investment Co., Ltd. Chairman of Sunny Ventures Limited Independent Non-executive Director of Q Technology (Group) Company Limited Director of Beken Corporation Supervisor of Googol Technology (TWN) Limited Director of SmartSens Technology Director of SPINTROL Company Ltd. Executive Director and President of Shanghai Hongyi Enterprise Management Consulting Co., Ltd. Director of ESSENTIAL INVESTMENTS LIMITED Chairman and President of Guangxi Hongzhiyi Investment Co., Ltd. Director of Wealth Guard Ventures Limited Director of Excellence Wealthy Limited Director of North Star Ventures Limited	—	—	—	

Note 1. If the Chairman and the President or equivalent (top manager) are the same person, spouses or relatives of one another, the reasons, reasonableness, necessity, and measures (such as increasing the number of independent directors and having more than half of the directors who are not also employees or managers) shall be explained.

The Chairman is the same person as the President of the Company so as to lead the team with experience and insight, thereby improving the operational performance and guiding the future direction of the Company. The Company has 9 directors, 4 of whom are independent directors, accounting for 44% of all directors. In addition, more than half of the

directors are not also employees or managers.

Currently, the Company has adopted the specific measures as follows:

1. The current 4 independent directors are specialized in the areas of finance and accounting and industry respectively, and are able to effectively perform their supervisory functions.
2. We arrange directors to attend professional directors' courses offered by external organizations such as the Securities and Futures Institute every year to enhance effective operation of the Board of Directors.
3. The independent directors have maintained good communication with the chief internal auditor and accountants, and can fully discuss and propose recommendations to the Board of Directors for reference in the meetings to implement corporate governance.
4. More than half of the directors are not also employees or managers.

## 2. Major Shareholders

December 31, 2022

Name of Institutional Shareholder	Major Shareholders	%
Yung Hsiang Investment CO., LTD.	Ms. Li-Chen Huang	29.60%
	Mr. Tz-Shiuan Chen	25.25%
	Ms. Szu-Chia Chen	21.35%
	Ms. Li-Li ChenHuang	9.95%
	Ms. Wei-Leng Chen	5.00%
	Ms. Wei-Chen Chen	3.85%
	Mr. Chang-Hai Chen	2.50%
	Ms. Mei-Li Chen	2.50%

3. Major Shareholders of Institutional Shareholders: None.

4. Disclosure of Professional Qualifications of Directors and Independence of Independent Directors

Criteria Name	Professional Qualifications and Experiences	Independence	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Director: Mr. Kuei-Hsiu Sung	National Yang Ming Chiao Tung University EMBA, currently the Chairman of Chia Chang Co., Ltd. Operation and management/leadership and decision-making/industry knowledge capabilities.	N/A	0
Director: Representative of Yung Hsiang Investment CO., LTD.: Mr. Chang-Hai Chen	MBA, China University of Technology, the founder of Chia Chang Co., Ltd. Operation and management/leadership and decision-making/industry knowledge capabilities.	N/A	0
Director: Mr. Tsai-Ho Lu	Mechanical Engineering, Taipei Municipal Daan Vocational High School, currently the Director of Chia Chang Co., Ltd. Operation and management/industry knowledge/technical research experiences.	N/A	0

Criteria Name	Professional Qualifications and Experiences	Independence	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Director: Mr. Chyan Yang	Ph.D. in Computer Science, University of Washington, USA, currently the Independent Director of Aspeed Technology Inc. Served as EMBA Chief Executive Officer, National Yang Ming Chiao Tung University. Technology industry knowledge and experiences.	N/A	4
Director: Mr. Tz-Shiuan Chen	Master's Degree, Eastern Michigan University, USA, currently the Vice President of Chia Chang Co., Ltd. Operation and management/leadership and decision-making/industry knowledge capabilities.	N/A	0
Independent Director: Mr. Teh-Jung Kao	Department of Accounting, National Cheng Kung University, served as the manager of Finance and Accounting Department of PHILIPS Taiwan Limited, Senior Vice President/Group Chief Financial Officer of Taiwan Cement Corp. Professional knowledge in finance and accounting/experiences in technology industry.	All independent directors are qualified as follows: I, my spouse, my relatives within second degree of kinship, etc., are not directors, supervisors or employees of the Company or its affiliates. Except for 2,000 ordinary shares (0%) held by the spouse of independent director Mr. Ping-Kuen Chen, no shares of the	0
Independent Director: Mr. Ping-Kuen Chen	Department of Mechanical Engineering, Tamkang University, currently the Chairman of Huan Hower Enterprise Co., Ltd.. Operation and management/leadership and decision-making capabilities.	Company are held by the other independent directors themselves, their spouses and relatives within second degree of kinship (or in the names of others); or not being a director, supervisor or	0
Independent Director: Mr. Jui-Hsin Lin	Department of Accounting, Tung Hai University, currently the partner CPA of Cheng Yang Certified Public Accountants. Professional knowledge in finance and accounting/experiences in finance and investment.	employee of a company with which the Company has a specific relationship. There is no compensation for business, legal, financial or accounting services provided by the Company or its affiliates	1
Independent Director: Mr.	MBA, Cheng Kung University, currently the Chairman and	in the last two years.	2

Criteria Name	Professional Qualifications and Experiences	Independence	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Chia-Hsiang Chu	President of WK Innovation Ltd.. Experiences in technology industry/finance and investment.		

Note 1. None of the circumstances regarding the directors of the Company in the subparagraphs of Article 30 of the Company Act apply.

Note 2. Please refer to the Table of Director Information for complete experiences and current positions.

## 5. Board Diversity and Independence

### (1) Board Diversity

In accordance with the Company's "Corporate Governance Best Practice Principles", the composition of the Board of Directors should consider diversity. In addition to the fact that the number of directors who are also managers of the Company should not exceed one-third of the total number of directors, appropriate diversity guidelines should be formulated with respect to the Company's operations, operating models and development needs, including but not limited to the following two major criteria:

- 1) Basic qualifications and values: gender, age, nationality and culture, etc.
- 2) Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

The specific management objectives of the Board's diversity policy and the achievements are as follows:

Management objectives	Achievements
Experience in different industries	Achieved
The number of directors who are also managers of the Company should not exceed one-third of the number of directors.	Achieved

### Implementation of Board diversity

Title	Name	Nationality	Gender	Age	Employee identity	Lengthen of service of independent directors			Professional knowledge and skills				
						Less than 3 years	6-9 years	More than 9 years	Technology industry	Business management	Finance and accounting	Financial investment	Technical research
Director	Mr. Kuei-Hsiu Sung	R.O.C.	Male	61~70	V				V	V			
Director	Mr. Chang-Hai Chen	R.O.C.	Male	71~80	V				V	V			
Director	Mr. Tsai-Ho Lu	R.O.C.	Male	61~70	V				V	V			V
Director	Mr. Chyan Yang	R.O.C.	Male	71~80					V				
Director	Mr. Tz-Shiuan Chen	R.O.C.	Male	41~50	V				V	V			
Independent Director	Mr. Teh-Jung Kao	R.O.C.	Male	61~70				V	V	V	V		
Independent Director	Mr. Ping-Kuen Chen	R.O.C.	Male	61~70			V		V				V
Independent Director	Mr. Jui-Hsin Lin	R.O.C.	Male	61~70				V			V		
Independent Director	Mr. Chia-Hsiang Chu	R.O.C.	Male	51~60		V			V	V		V	

#### (2) Board Independence

The Company has 9 directors, 4 of whom are independent directors, accounting for 44% of all directors.

Except for director Mr. Kuei-Hsiu Sung, director Mr. Chang-Hai Chen and director Mr. Tz-Shiuan Chen, who are related to each other within the second degree of kinship, the other directors are not spouses and not related to each other within the second degree of kinship.

The Board of Directors instructs the Company's operating strategies, monitors and evaluates the performance of the management team, and is accountable to the Company and its shareholders. The Board of Directors exercises its authority in accordance with the laws and regulations, the Company's Articles of Incorporation, and the resolutions of the shareholders' meeting. The Board of Directors exercises its authority in accordance with the laws and regulations, the Company's Articles of Incorporation and the resolutions of the shareholders' meeting in all operations of the corporate governance system. The Board of Directors of the Company emphasizes the function of independent operation and transparency, and the directors and independent directors are independent individuals who exercise their duties and responsibilities independently, thus the Board of Directors of the Company is independent.

(II) Information on the Company's President, Vice President, Associate Managers, and the Supervisors of All the Company's Divisions and Branch Units

March 31, 2023 Unit: Shares; %

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managers Who are Spouses or Within the Second Degree of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chief Executive Officer and President of the First Business Group	R.O.C.	Mr. Kuei-Hsiu Sung	Male	August 31, 2010	6,296,338	4.42	2,052,622	1.44	—	—	National Yang Ming Chiao Tung University EMBA President of Chia Chang Co., Ltd.	President of Chia Chang Co., Ltd. Representative of Institutional Director of Chia Chang Technology (Suzhou) Co., Ltd. Representative of Institutional Director/Chairman of Ningbo Chia chang Electronics Hardware Co., Ltd. Representative of Institutional Director/Chairman/President of Chia Development Co., Ltd. Representative of Institutional Director of Nanjing Chia-Chan Precious Electronics Co., Ltd. Representative of Institutional Director/Chairman of Chia Chang Technology (Chong Qing) Co., Ltd Representative of Institutional Director/Chairman of CHIA CORPORATION Representative of Institutional Director/Chairman of HUGE LINE INTERNATIONAL LIMITED	Vice President	Ms. Li-Chen Huang	In-law	Note 2
													Director	Mr. Yung-Ming Sung	Father and Son	
Vice President and President of the Second Business Group	R.O.C.	Mr. Huoo-Hsin Chen	Male	June 1, 2007	699,323	0.49	—	—	—	—	Department of Engineering Management, Vanung University Person in Charge of Mingxin Electronics Co.,Ltd.	Representative of Institutional Director/President of Chia Chang Technology (Suzhou) Co., Ltd. Representative of Institutional Director/President of Chia Chang Technology (Chong Qing) Co., Ltd	Vice President	Ms. Li-Chen Huang	In-law	
Chief Financial Officer and President of the Third Business Group	R.O.C.	Mr. Li-Chuan Cheng	Male	January 1, 2010	—	—	461	—	—	—	Department of International Trade, Fu Jen Catholic University CPA of Hungta Accounting Firm	Chief Executive Officer of Chia Chang Co., Ltd. Representative of Institutional Supervisor of Chia Chain Precision Hardware Electronics (Suzhou) Co., Ltd. Representative of Institutional Director/President of Ningbo Chia chang Electronics Hardware Co., Ltd. President of Nanjing Chia-Chan Precious Electronics Co., Ltd. Representative of Institutional Director of Chia Development Co., Ltd. Representative of Institutional Director of Energy Magic Co., Ltd. Representative of Institutional Director of EIDEAL Company Limited	—	—	—	

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managers Who are Spouses or Within the Second Degree of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Vice President	R.O.C.	Ms. Li-Chen Huang	Female	January 1, 2008	1,554,686	1.09	2,716,815	1.90	—	—	Department of Accounting and Statistics, Shixin High School of Commerce and Industry Director of Chia Chang Co., Ltd.	—	Chief Executive Officer and President of the First Business Group	Mr. Kuei-Hsiu Sung	In-law	
													Vice President	Mr. Huoo-Hsin Chen	In-law	
													Vice President	Mr. Tz-Shiu Chen	Mother and Son	
Vice President	R.O.C.	Mr. Wen-Kung Lee	Male	January 1, 2008	5,266	—	—	—	—	—	Department of Mechanical Engineering, Lunghwa University of Science and Technology Director/Manager of Chia Chang Co., Ltd. Vice President of Chia Chang Technology (Suzhou) Co., Ltd. Vice President of Ningbo Chia chang Electronics Hardware Co., Ltd.	Vice President of Chia Chang Technology (Suzhou) Co., Ltd.	—	—	—	
Vice President	R.O.C.	Mr. Mo-Hua Su	Male	January 20, 2007	31,729	0.02	—	—	—	—	Department of Industrial Engineering, National Taipei Institute of Technology Director of San Long Industrial Co., Ltd.	Representative of Institutional Director/Vice President of Chia Chang Technology (Chong Qing) Co., Ltd	—	—	—	
Vice President	R.O.C.	Mr. Shang-Hao Cheng	Male	January 1, 2009	50,271	0.03	—	—	—	—	Department of Civil Engineering, Chien Hsin University of Science and Technology Assistant Manager of Chia Chang Co., Ltd. Vice President of Quan Rui (Dong Guan) Industrial Co.,Ltd. Vice President of Chia Chang (Foshan) Industrial Co.,Ltd	Vice President of Ningbo Chia chang Electronics Hardware Co., Ltd.	—	—	—	
Vice President	R.O.C.	Mr. Chia-Hung Kao	Male	January 1, 2011	180	—	—	—	—	—	Department of Mechanical Engineering, National Kaohsiung University of Applied Science Manager/Director of Chia Chang Co., Ltd.	—	—	—	—	

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	Managers Who are Spouses or Within the Second Degree of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Vice President	R.O.C.	Mr. Tz-Shiuan Chen	Male	January 1, 2012	1,757,217	1.23	492,138	0.34	—	—	Master's Degree, Eastern Michigan University, USA Manager/Director of Chia Chang Co., Ltd.	Representative of Institutional Director/Chairman of Goldsky Enterprises Limited Representative of Institutional Director of Chia Chain Precision Hardware Electronics (Suzhou) Co., Ltd. Representative of Institutional Director of Ningbo Chia chang Electronics Hardware Co., Ltd. Representative of Institutional Director of Nanjing Chia-Chan Precious Electronics Co., Ltd. Representative of Institutional Supervisor of Chia Chang Technology (Chong Qing) Co., Ltd Representative of Institutional Supervisor of Chia Development Co., Ltd. Representative of Institutional Director of Top Taiwan XIII Venture Capital Co., Ltd. Representative of Institutional Director/Chairman of EIDEAL Company Limited	Vice President	Ms. Li-Chen Huang	Mother and Son	
Director	R.O.C.	Mr. Shih-Hsiung Lu	Male	August 1, 2011	—	—	—	—	—	—	Zhonghe Junior high school Apprenticeship in Hsing Teh Machinery Co., Ltd. Director of Yong Yi Yaochiu Co., Ltd.	—	—	—	—	
Director	R.O.C.	Mr. Yung-Ming Sung	Male	August 6, 2019	2,451,411	1.72	131,000	0.09	—	—	University of La Verne, Master of Business Administration Kepro International Co., Ltd./Salesperson Sales of the General Administration Office of Chia Chang Co., Ltd. Sales Assistant Manager of Quan Rui (Dong Guan) Industrial Co.,Ltd. Sales Assistant Manager of Chia Chang (Foshan) Industrial Co.,Ltd Sales Assistant Manager of Chia Chang Technology (Suzhou) Co., Ltd. Sales Manager of the General Administration Office of Chia Chang Co., Ltd.	Special Assistant of the Chairman's Office of Chia Chang Co., Ltd. Representative of Institutional Supervisor of WK Technology Fund IX Ltd. Representative of Institutional Supervisor of EIDEAL Company Limited	Chief Executive Officer and President of the First Business Group	Mr. Kuei-Hsiu Sung	Father and Son	

Note 1. Refers to those who are still in office up to the date of publication of the annual report.

Note 2. If the President or equivalent (top manager) and the Chairman are the same person, spouses or relatives of one another, the reasons, reasonableness, necessity, and measures (such as increasing the number of independent directors and having more than half of the directors who are not also employees or managers) shall be explained.

The Chairman is the same person as the President of the Company so as to lead the team with experience and insight, thereby improving the operational performance and guiding the future direction of the Company. The Company has 9 directors, 4 of whom are independent directors, accounting for 44% of all directors. In addition, more than half of the directors are not also employees or managers.

Currently, the Company has adopted the specific measures as follows:

1. The current 4 independent directors are specialized in the areas of finance and accounting and industry respectively, and are able to effectively perform their supervisory functions.
2. We arrange directors to attend professional directors' courses offered by external organizations such as the Securities and Futures Institute every year to enhance effective operation of the Board of Directors.
3. The independent directors have maintained good communication with the chief internal auditor and accountants, and can fully discuss and propose recommendations to the Board of Directors for reference in the meetings to implement corporate governance.
4. More than half of the directors are not also employees or managers.

### III. Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, President, and Vice President

#### (I) Remuneration of ordinary and independent directors (aggregated to match the range of disclosure of names)

December 31, 2022 Unit: NT\$ thousands; %

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received By Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income		Compensation from Ventures Other Than Subsidiaries or from the Parent Company
		Base Compensation (A)		Severance Pay and Pension (B)		Director Remuneration (C)		Business Execution Expenses (D)				Salary, Bonuses, and Allowances (E)		Severance Pay and Pension (F)		Employee Compensation (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	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	The Company		Companies in the Consolidated Financial Statements		The Company	Companies in the Consolidated Financial Statements	
Cash	Stock															Cash	Stock					
Director	Mr. Kuei-Hsiu Sung	240	240	-	-	10,000	10,000	161	161	10,401 1.61	10,401 1.61	23,996	23,996	184	184	-	-	-	-	34,581 5.36	34,581 5.36	None
	Yung Hsiang Investment CO., LTD.																					
	Yung Hsiang Investment CO., LTD.																					
	Representative: Mr. Chang-Hai Chen																					
	Mr. Tsai-Ho Lu																					
	Mr. Chyan Yang																					
	Mr. Tz-Shiuan Chen																					
Mr. Tien-Hao Wang																						
Independent Director	Mr. Teh-Jung Kao	840	840	-	-	4,000	4,000	239	239	5,079 0.79	5,079 0.79	-	-	-	-	-	-	-	-	5,079 0.79	5,079 0.79	None
	Mr. Ping-Kuen Chen																					
	Mr. Jui-Hsin Lin																					
	Mr. Chia-Hsiang Chu																					
<p>1. Please specify the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the factors, such as their job responsibilities, risks, and time contributed.</p> <p>In accordance with the Company's Articles of Incorporation regarding the remuneration to independent directors, the Compensation Committee considers the extent of each director's participation in the Company's operations and the value of his or her contributions, links the reasonable fairness of performance risks to the compensation received, and makes recommendations to the Board of Directors after considering the Company's operating performance and the usual level of compensation in the industry.</p> <p>2. Other than disclosures in the table above, remuneration paid to directors for providing services (such as consulting services provided to the parent company/all companies in the financial report/reinvestment business as a non-employee) in the most recent year: None.</p>																						

Note 1. Mr. Tz-Shiuan Chen/Mr. Chyan Yang/Mr. Chia-Hsiang Chu took the office on June 29, 2022. Mr. Tien-Hao Wang was relieved of his duties on June 28, 2022.

### Range of Remuneration

Range of Remuneration Paid to Directors	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the Consolidated Financial Statements (H)	The Company	Companies in the Consolidated Financial Statements (I)
Less than NT\$1,000,000	Mr. Tien-Hao Wang	Mr. Tien-Hao Wang	Mr. Tien-Hao Wang	Mr. Tien-Hao Wang
NT\$1,000,000 – NT\$1,999,999	Mr. Tsai-Ho Lu, Mr. Chyan Yang, Mr. Tz-Shiuan Chen Mr. Teh-Jung Kao, Mr. Ping-Kuen Chen, Mr. Jui-Hsin Lin, Mr. Chia-Hsiang Chu	Mr. Tsai-Ho Lu, Mr. Chyan Yang, Mr. Tz-Shiuan Chen Mr. Teh-Jung Kao, Mr. Ping-Kuen Chen, Mr. Jui-Hsin Lin, Mr. Chia-Hsiang Chu	Mr. Chyan Yang, Mr. Teh-Jung Kao, Mr. Ping-Kuen Chen Mr. Jui-Hsin Lin, Mr. Chia-Hsiang Chu	Mr. Chyan Yang, Mr. Teh-Jung Kao, Mr. Ping-Kuen Chen Mr. Jui-Hsin Lin, Mr. Chia-Hsiang Chu
NT\$2,000,000 – NT\$3,499,999	-	-	-	-
NT\$3,500,000 – NT\$4,999,999	Mr. Kuei-Hsiu Sung, Yung Hsiang Investment CO., LTD. Company representative: Mr. Chang-Hai Chen	Mr. Kuei-Hsiu Sung, Yung Hsiang Investment CO., LTD. Company representative: Mr. Chang-Hai Chen	Representative of Yung Hsiang Investment CO., LTD.: Mr. Chang-Hai Chen	Representative of Yung Hsiang Investment CO., LTD.: Mr. Chang-Hai Chen
NT\$5,000,000 – NT\$9,999,999	-	-	Mr. Tz-Shiuan Chen	Mr. Tz-Shiuan Chen
NT\$10,000,000 – NT\$14,999,999	-	-	Mr. Kuei-Hsiu Sung, Mr. Tsai-Ho Lu	Mr. Kuei-Hsiu Sung, Mr. Tsai-Ho Lu
NT\$15,000,000 – NT\$29,999,999	-	-	-	-
NT\$30,000,000 – NT\$49,999,999	-	-	-	-
NT\$50,000,000 – NT\$99,999,999	-	-	-	-
Greater Than or Equal to NT\$100,000,000	-	-	-	-
Total	10	10	10	10

(II) Remuneration to the supervisors (individual name and remuneration method disclosed)

December 31, 2022 Unit: NT\$ thousands; %

Title	Name	Remuneration to the supervisors						A 、Ratio of Total Remuneration (B+C) to Net Income (%)		Compensation from Ventures Other Than Subsidiaries or from the Parent Company
		Base Compensation (A)		Compensation (B)		Business Execution Expenses (C)				
		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	
Supervisor	Mr. Chyan Yang	120	120	-	-	53	53	173 0.03	173 0.03	None
Supervisor	Mr. Mei-Cheng Peng									
Supervisor	Yong Yu Investment Co., Ltd.									
	Representative of Yong Yu Investment Co., Ltd.: Ms. Hsiu-Yi Lin									

Note 1. Effective June 29, 2022, the Company established an Audit Committee to replace the duties of the Supervisors under the Securities and Exchange Act.

Range of Remuneration

Range of Remuneration Paid to Supervisors	Name of Supervisor	
	Total of (A+B+C)	
	The Company	Companies in the Consolidated Financial Statements (D)
Less than NT\$1,000,000	Mr. Chyan Yang, Mr. Mei-Cheng Peng, Representative of Yong Yu Investment Co., Ltd.: Ms. Hsiu-Yi Lin	Mr. Chyan Yang, Mr. Mei-Cheng Peng, Representative of Yong Yu Investment Co., Ltd.: Ms. Hsiu-Yi Lin
NT\$1,000,000 –NT\$1,999,999	-	-
NT\$2,000,000 –NT\$3,499,999	-	-
NT\$3,500,000 –NT\$4,999,999	-	-
NT\$5,000,000 –NT\$9,999,999	-	-
NT\$10,000,000 –NT\$14,999,999	-	-
NT\$15,000,000 –NT\$29,999,999	-	-
NT\$30,000,000 –NT\$49,999,999	-	-
NT\$50,000,000 –NT\$99,999,999	-	-
Greater Than or Equal to NT\$100,000,000	-	-
Total	3	3

## (III) Remuneration of the President and Vice President (aggregated to match the range of disclosure of names)

December 31, 2022 Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Compensation 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		The Company	Companies in the Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
President	Mr. Kuei-Hsiu Sung	14,336	16,681	686	686	22,827	33,783	16,228	-	27,184	-	54,077 8.39	78,334 12.15	
Vice President	Mr. Li-Chuan Cheng													
Vice President	Mr. Huoo-Hsin Chen													
Vice President	Ms. Li-Chen Huang													
Vice President	Mr. Wen-Kung Lee													
Vice President	Mr. Mo-Hua Su													
Vice President	Mr. Shang-Hao Cheng													
Vice President	Mr. Tz-Shiuan Chen													
Vice President	Mr. Chia-Hung Kao													

Range of Remuneration

Range of Remuneration Paid to the President and Vice President	Name of the President and Vice President	
	The Company	Companies in the Consolidated Financial Statements (E)
Less than NT\$1,000,000		
NT\$1,000,000 –NT\$1,999,999		
NT\$2,000,000 –NT\$3,499,999	Mr. Mo-Hua Su, Mr. Shang-Hao Cheng	
NT\$3,500,000 –NT\$4,999,999	Mr. Huoo-Hsin Chen	
NT\$5,000,000 –NT\$9,999,999	Ms. Li-Chen Huang, Mr. Wen-Kung Lee, Mr. Tz-Shiuan Chen, Mr. Chia-Hung Kao	Ms. Li-Chen Huang, Mr. Mo-Hua Su, Mr. Shang-Hao Cheng, Mr. Tz-Shiuan Chen, Mr. Chia-Hung Kao
NT\$10,000,000 –NT\$14,999,999	Mr. Kuei-Hsiu Sung, Mr. Li-Chuan Cheng	Mr. Kuei-Hsiu Sung, Mr. Li-Chuan Cheng, Mr. Huoo-Hsin Chen, Mr. Wen-Kung Lee
NT\$15,000,000 –NT\$29,999,999		
NT\$30,000,000 –NT\$49,999,999		
NT\$50,000,000 –NT\$99,999,999		
Greater Than or Equal to NT\$100,000,000		
Total	9	9

(IV) Remuneration to Managerial Officers and Their Names and Distribution Status  
December 31, 2022 Unit: NT\$ thousands

	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Managerial Officer	President	Mr. Kuei-Hsiu Sung	-	19,532	19,532	3.03
	Vice President	Mr. Li-Chuan Cheng				
	Vice President	Mr. Huoo-Hsin Chen				
	Vice President	Ms. Li-Chen Huang				
	Vice President	Mr. Wen-Kung Lee				
	Vice President	Mr. Mo-Hua Su				
	Vice President	Mr. Shang-Hao Cheng				
	Vice President	Mr. Tz-Shiuan Chen				
	Vice President	Mr. Chia-Hung Kao				
	Director	Mr. Shih-Hsiung Lu				
	Director	Mr. Yung-Ming Sung				

(V) Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, Supervisors, the President, and Vice President, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Linkage Thereof to Operating Performance and Future Risk Exposure:

1. Remuneration Paid During the Most Recent Two Fiscal Years to the the Company and Companies in the Consolidated Financial Statements

Unit: NT\$ thousands; %

Title	2021 Ratio of Total Remuneration Paid to Net Income (%)		2022 Ratio of Total Remuneration Paid to Net Income (%)	
	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements
Director	3.51%	3.51%	6.15%	6.15%
Supervisor	0.37%	0.37%	0.03%	0.03%
President and Vice President	5.07%	7.71%	8.39%	12.15%

2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with risks and business performance

The Company's compensation policy is based on the salary level of the position in the industry, the scope of the position's authority and responsibility within the Company, and the degree of contribution to the Company's operational objectives. The procedures for setting compensation are based on the Company's performance-based compensation implementation guidelines, which provide reasonable compensation with reference to the Company's overall operating performance and consideration of future operating risks, as well as the individual's performance achievement rate and contribution to the Company's performance. The year-end bonus is based on a fixed percentage of net operating profit, and changes in the percentage must be approved by the Board of Directors.

#### IV. Implementation of Corporate Governance:

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

A total of seven (A) meetings of the Board of Directors were held in 2022. The attendance of directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Note (Note 1)
Chairman	Mr. Kuei Hsiu Sung	7	-	100%	Re elected
Director	Yung Hsiang Investment CO., LTD. Representative: Mr. Chang Hai Chen	7	-	100%	Re elected
Director	Mr. Tsai Ho Lu	7	-	100%	Re elected
Director	Mr. Chyan Yang	4	-	100%	Newly elected
Director	Mr. Tz Shiuan Chen	4	-	100%	Newly elected
Independent Director	Mr. Teh Jung Kao	7	-	100%	Re elected
Independent Director	Mr. Ping Kuen Chen	7	-	100%	Re elected
Independent Director	Mr. Jui Hsin Lin	7	-	100%	Re elected
Independent Director	Mr. Chia Hsiang Chu	4	-	100%	Newly elected
Director	Mr. Tien Hao Wang	3	-	100%	Previously elected

Note 1. The Directors of Chia Chang was re elected at the annual shareholders' meeting held on June 22, 2022, replacing the supervisors with the Audit Committee for the period from June 29, 2022 to June 28, 2025.

##### Other matters:

- I. With regard to the operations of the Board of Directors, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all independent directors' opinions, and the Company's response shall be specified:
  - (I) Matters referred to in Article 14 3 of the Securities and Exchange Act: The Company has established an Audit Committee, and the provisions of Article 14 3 of the Securities and Exchange Act are not applicable. Please refer to "Operations of the Audit Committee" for relevant information.
  - (II) Any recorded or written Board resolutions to which independent directors have dissenting or qualified opinions to be noted in addition to the above: None.
- II. Regarding recusals of directors due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of voting shall be specified.
  - (1) On January 26, 2022, the Board of Directors approved the 2021 year end bonus for managers proposed by the Compensation Committee, and the motion was passed unanimously as proposed by all directors present, except for Director Mr. Kuei Hsiu Sung and Director Mr. Chang Hai Chen, who recused themselves from the motion due to their interests.
  - (2) On January 26, 2022, the Board of Directors approved the promotion of the Company's managers proposed by the Compensation Committee, and the motion was passed unanimously as proposed by all directors present, except for Director Mr. Chang Hai Chen, who recused themselves from the motion due to their interests.
  - (3) On January 26, 2022, the Board of Directors approved the appointment of directors and supervisors of the reinvestment company, and the motion was passed unanimously as proposed by all directors present, except for Director Mr. Kuei Hsiu Sung and Director Mr. Chang Hai Chen, who recused themselves from the motion due to their interests.
  - (4) On June 22, 2022, the Board of Directors approved the nomination of the members of the Compensation Committee, and the motion was passed unanimously as proposed by all directors present, except for Director Mr. Jui Hsin Lin, Director Mr. Teh Jung Kao and Director Mr. Ping Kuen Chen, who recused themselves from the motion due to their interests.
  - (5) On August 10, 2022, the Board of Directors approved the appointment of directors and supervisors of the reinvestment company, and the motion was passed unanimously as proposed by all directors present, except for Director Mr. Kuei Hsiu Sung, Director Mr. Chang Hai Chen and Director Mr. Tz Shiuan Chen, who recused themselves from the motion due to their interests.

III.

Implementation of the Evaluation of the Board of Directors:				
Evaluation Period	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Content
Performed once a year	<div><div>1. Evaluation of the performance of the Board of Directors, evaluation of the performance of the members of the Board of Directors, and evaluation of the performance of the Compensation Committee: The evaluation period is from January 1, 2022 to December 31, 2022.</div><div>2. Evaluation of the performance of the Audit Committee: The Audit Committee was established on June 29, 2022. The evaluation period is from July 1, 2022 to December 31, 2022.</div></div>	Evaluation of the performance of the Board of Directors, evaluation of the performance of the members of the Board of Directors, evaluation of the performance of the Compensation Committee and evaluation of the performance of the Audit Committee	Self evaluation by members of the Board of Directors and functional committees	<div><div>1. Evaluation of the performance of the Board of Directors: Including the level of participation in the Company's operations, improvement of the quality of Board Decisions, Board composition and structure, selection and continuing education of directors, and internal control.</div><div>2. Evaluation of the performance of the members of the Board of Directors: Including the mastery of corporate objectives and tasks, awareness of directors' responsibilities, participation in the Company's operations, internal relationship management and communication, professional and continuing education of directors, and internal control.</div><div>3. Evaluation of the performance of the Compensation Committee: Including the degree of participation in the Company's operations, awareness of the duties of the Compensation Committee, improvement of the quality of the Compensation Committee's decision making, composition and selection of the Compensation Committee members, and internal control.</div><div>4. Evaluation of the performance of the Audit Committee: Including the degree of participation in the Company's operations, awareness of the duties of the Audit Committee, improvement of the quality of the Audit Committee's decision making, composition and selection of the Audit Committee members, and internal control.</div></div>

IV.

Measures taken to strengthen the function of the Board ( including establishing the Audit Committee and enhancing information transparency) and results thereof.

- (1) The Board of Directors is responsible for instructing the Company's operating strategies, monitoring the management, the operations and arrangements of the corporate governance system, and is accountable to the Company and its shareholders. It exercises its authority in accordance with the provisions of the laws and regulations and the Articles of Incorporation or the resolution of the shareholders' meeting.
- (2) The Company elected 9 directors (including 4 independent directors) to strengthen the functions of the Board of Directors and corporate governance at the Annual Shareholders' Meeting on June 22, 2022.
- (3) The Company has at least one independent director present at the Board of Directors' meeting, and all independent directors were present at the Board of Directors' meeting in the most recent year for matters that should be proposed to the Board of Directors for resolution under Article 12 of the Regulations Governing Board of Directors' Meetings.
- (4) On May 16, 2011, the Company established the Compensation Committee, with three independent directors as members, to regularly evaluate and set the compensation of directors and managers, and regularly review the policies, systems, standards and structures of performance evaluation and compensation of directors and managers.
- (5) On June 29, 2022, the Company established the Audit Committee, with four independent directors as members, to exercise the duties and responsibilities prescribed by the Securities and Exchange Act, the Company Act and other laws and regulations.
- (6) Each year, the members of the Board of Directors choose to take courses in finance, risk management, business, commerce, legal affairs, accounting, corporate social responsibility, or internal control system and financial reporting responsibilities related to corporate governance to enhance their knowledge and implementation of corporate governance. The total number of hours of training for all directors in 2022 is 63 hours in accordance with the laws and regulations.
- (7) In order to implement corporate governance and enhance the functions of the Company's Board of Directors, and to establish performance targets to strengthen the efficiency of the Board of Directors' operations, the Company performs annual evaluation of the Board of Directors' performance in accordance with the Company's "Rules of Performance Evaluations of the Board of Directors". The scope of the evaluation of the performance of the Board of Directors includes the Board of Directors as a whole, individual Board members and functional committees. The Company completed the evaluation of the performance of the Board of Directors, evaluation of the performance of the members of the Board of Directors, and evaluation of the performance of the functional committees in 2022.
- (8) The accountant maintains close communication with the corporate governance unit. The accountant communicates with the directors before the Board of Directors' meetings on important auditing matters, auditing situations and other related issues, and also announces the latest legal amendments. The accountant attends the Board of Directors' meeting three times and the shareholders' meeting once in 2022.

(II) Participation of the Audit Committee or supervisors in the operations of the Board of Directors

1. Operations of the Audit Committee:

- (1) The Company's Audit Committee was established on June 29, 2022 and is comprised of four independent directors. The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its role of overseeing the quality and integrity of the Company in performing accounting, auditing, financial reporting processes and financial controls.
- (2) The Audit Committee's duties and responsibilities (annual work focus) mainly include:
  - Establish or amend the internal control system.
  - Evaluate the effectiveness of the internal control system.
  - Establish or revise procedures for handling significant financial transactions involving the acquisition or disposition of assets, derivative transactions, lending of funds to others, and endorsement or guarantee of others.
  - Matters in which the directors have an interest.
  - Significant asset or derivative transactions.
  - Significant loans, endorsements, or guarantees of funds.
  - The offering, issuance or private placement of equity securities.

- Appointment, termination or compensation of CPAs.
- Appointment or removal of financial, accounting or internal audit supervisors.
- The annual financial report signed or sealed by the chairman, manager and accounting officer, and the second quarterly financial report that is subject to audit and certification by the CPAs.
- Other significant matters required by the Company or the competent authorities.

\* Review of Financial Statements

The Board of Directors prepared and submitted the Company's 2022 Business Report, Financial Statements, and a profit distribution proposal. Among them, the Financial Statements have been audited by Deloitte Taiwan, by whom an audit report has been issued. The above Business Report, Financial Statements, and a profit distribution proposal were examined by the Audit Committee and were found not to be inconsistent.

\* Evaluation of the effectiveness of the internal control system

The Audit Committee evaluates the effectiveness of the Company's internal control system policies and procedures (including financial, operational, risk management, information security, outsourcing, legal compliance, and other control measures) and reviews the Company's audit department and CPAs, as well as management's periodic reports, including risk management and compliance. The Audit Committee concluded that the Company's risk management and internal control systems are effective and that the Company has adopted the necessary control mechanisms to monitor and correct non compliance conducts.

\* Appointment of CPA

The Audit Committee is charged with the responsibility of overseeing the independence of the CPA firm to ensure the integrity of the financial statements. In general, the firm is prohibited from providing services to the Company other than tax related services or specially approved items. All services provided by a CPA must be approved by the Audit Committee.

In order to ensure the independence of the CPAs, the Audit Committee has established an independence evaluation form with reference to Article 47 of the Bulletin of Norm of Professional Ethics for Certified Public Accountant No.10 "Integrity, Objectivity and Independence" to evaluate the independence, professionalism and suitability of the CPAs and to assess whether they are related to the Company or have business or financial interests in each other. The Audit Committee and the Board of Directors' Meeting held on December 20, 2022 considered and approved that both CPAs Mr. Yao Lin Huang, Mr. Shih Chieh Chou of Deloitte Taiwan met the independence evaluation criteria and were qualified to serve as the Company's financial and tax CPAs.

(3) A total of three (A) meetings of the Audit Committee were held in 2022.  
The attendance of independent directors was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) (B/A)	Note (Note 1)
Independent Director	Mr. Teh Jung Kao	3	-	100%	Newly elected
Independent Director	Mr. Ping Kuen Chen	3	-	100%	Newly elected
Independent Director	Mr. Jui Hsin Lin	3	-	100%	Newly elected
Independent Director	Mr. Chia Hsiang Chu	3	-	100%	Newly elected

Note 1. The Directors of Chia Chang was re elected at the annual shareholders' meeting held on June 22, 2022, replacing the supervisors with the Audit Committee for the period from June 29, 2022 to June 28, 2025.

Other matters:

I. With regard to the operations of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, the content of the objections, qualified opinions or material recommendations of the independent directors, all Audit Committee resolutions, and the Company's response to the Audit Committee's opinions shall be specified.

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

Date of Meeting	Contents of Motions	Resolution Results	The Company's handling of the Audit Committee's opinions
August 10, 2022 (First time in 2022)	1. Consolidated Financial Statements for the second quarter of 2022 2. Amendment to the "Accounting System" 3. Amendment to the "Financial Statement Preparation Process Management" 4. Appointment of directors to reinvestment company	All motions were unanimously approved by all Audit Committee members	All motions were approved by the Board of Directors according to the recommendations of the Audit Committee
November 11, 2022 (Second time in 2022)	Consolidated Financial Statements for the third quarter of 2022	The motion was unanimously approved by all Audit Committee members	The motion was approved by the Board of Directors according to the recommendations of the Audit Committee
December 20, 2022 (Third time in 2022)	1. Application for 2023 bank financing line submitted for approval 2. Application for 2023 endorsement and guarantee line submitted for approval 3. Application for 2023 loan line submitted for approval 4. 2023 audit plan submitted for approval 5. Change CPAs 6. 2023 appointment of CPAs submitted for approval 7. Amendments to the "Procedures for Handling Material Inside Information and Prevention of Insider Trading"	All motions were unanimously approved by all Audit Committee members	All motions were approved by the Board of Directors according to the recommendations of the Audit Committee

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

II. Regarding recusals of independent directors due to conflicts of interests, the names of the independent directors, contents of motions, reasons for recusal, and results of voting shall be specified: None.

III. Communications between the independent directors, the Company's chief internal auditor, and CPAs (shall include the material items, methods and results of audits of corporate finance or operations, etc.):

1. Principles of communication between the independent directors and the chief internal auditor and the accountant:

(1) The independent directors and the accountants meet regularly at least twice a year to report on the results of financial statement audits or reviews and other communications required by the relevant laws and regulations, and to exchange information on whether there are significant adjustments to the financial statements or amendments to laws and regulations that affect the accounts. The independent directors are regularly updated on the changes in laws and regulations or the bulletin on an annual basis. Meetings may be called at any time in the event of significant events.

(2) The chief internal audit and the independent directors meet regularly at least once a quarter to discuss

the status of the Company's internal audit and internal control operations; the chief internal audit reports in writing to the independent directors on a monthly basis. Meetings may be called at any time in the event of significant events.

- (3) At least once a year, the independent directors communicate with the chief internal audit and the accountant on relevant issues without the presence of the directors and management.

2. Summary of the communication between the independent directors and the accountants on each occasion: The independent directors of the Company maintain good communication with accountants. The following table summarizes the major communication in 2022:

Date of meeting	Communication focus	Communication and implementation results
March 22, 2022 Discussion	1. Report on the audit results of the 2021 Annual Consolidated and Parent Company Only Financial Statements 2. Significant legal updates	No dissenting opinions from the independent directors
March 22, 2022 Seminar (Individual meeting)	1. Audit Committee 2. Key audit matters 3. CFC	No dissenting opinions from the independent directors
August 10, 2022 Discussion	Report on the audit results of the Consolidated Financial Statements for the second quarter of 2022	No dissenting opinions from the independent directors
December 20, 2022 Audit Committee	Pre audit planning and communication	No dissenting opinions from the independent directors

3. Summary of the communication between the independent directors and the chief internal control on each occasion:

The independent directors of the Company maintain good communication with the chief internal control. The following table summarizes the major communication in 2022:

Date of meeting	Communication focus	Communication and implementation results
January 26, 2022 Board of Directors	Audit execution report	No dissenting opinions from the independent directors
March 22, 2022 Board of Directors	1. Audit execution report 2. 2021 Statement of Internal Control	No dissenting opinions from the independent directors
March 22, 2022 Seminar (Individual meeting)	Communication and discussion on supervisory matters of subsidiaries	No dissenting opinions from the independent directors
May 10, 2022 Board of Directors	Audit execution report	No dissenting opinions from the independent directors
August 10, 2022 Board of Directors	Audit execution report	No dissenting opinions from the independent directors
November 11, 2022 Board of Directors	Audit execution report	No dissenting opinions from the independent directors
December 20, 2022 Board of Directors	1. Audit execution report 2. 2023 audit plan	No dissenting opinions from the independent directors

## 2. Participation of supervisors in the operations of the Board of Directors:

A total of three [A] meetings of the Board of Directors were held in 2022. The attendance of supervisors was as follows:

Title	Name	Attendance in Person [B]	Attendance Rate (%) [B/A]	Note (Note 1)
Supervisor	Mr. Chyan Yang	3	100%	Previously elected
Supervisor	Yong Yu Investment Co., Ltd. Representative: Ms. Hsiu-Yi Lin	3	100%	Previously elected
Supervisor	Mr. Mei-Cheng Peng	3	100%	Previously elected

Note 1. The Directors of Chia Chang was re-elected at the annual shareholders' meeting held on June 22, 2022, replacing the supervisors with the Audit Committee for the period from June 29, 2022 to June 28, 2025.

Other matters:

I. Composition and responsibilities of Supervisors:

- (I) Communication between the supervisors and the Company's employees and shareholders (e.g., communication channels, methods, etc.):

The supervisors may communicate with the Company's employees and shareholders by letter, telephone, fax or other means in accordance with the supervisors' authority and responsibility; the supervisors attend the annual shareholders' meeting, and the communication channel is smooth.

- (II) Communications between the supervisors, the Company's chief internal auditor, and CPAs (for example, the material items, methods and results of audits of corporate finance or operations, etc.):

- (1) The chief internal audit reports to the Board of Directors on a regular basis in accordance with the annual audit plan.
- (2) The supervisors and the accountants meet regularly at least twice a year to report on the results of financial statement audits or reviews and other communications required by the relevant laws and regulations, and to propose evaluation and recommendations on adjustments to the financial statements or the impact of amendments to laws and regulations.
- (3) The supervisors maintain good communication with the chief internal control. The communication matters in 2022 are as follows:

Date	Communication content	Handling of execution results
January 19, 2022	Audit report for December 2021 submitted to the supervisors for inspection	No dissenting opinions from the supervisors
January 26, 2022 (Board of Directors)	Audit execution report	No dissenting opinions from the supervisors
February 18, 2022	Audit report for January 2022 submitted to the supervisors for inspection	No dissenting opinions from the supervisors
March 16, 2022	Audit report for February 2022 submitted to the supervisors for inspection	No dissenting opinions from the supervisors
March 22, 2022 (Board of Directors, discussion)	1. Report on the audit results of the 2021 Annual Consolidated and Parent Company Only Financial Statements 2. Significant legal updates 3. Audit execution report 4. 2021 Statement of Internal Control	No dissenting opinions from the supervisors
April 14, 2022	Audit report for March 2022 submitted to the supervisors for inspection	No dissenting opinions from the supervisors
April 27, 2022	Audit report for April 2022 submitted to the supervisors for inspection	No dissenting opinions from the supervisors
May 10, 2022 (Board of Directors)	Audit execution report	No dissenting opinions from the supervisors
June 11, 2022	Audit report for May 2022 submitted to the supervisors for inspection	No dissenting opinions from the supervisors
July 5, 2022	Audit report for June 2022 submitted to the supervisors for inspection	No dissenting opinions from the supervisors

<p>II. If the supervisors attend the Board of Directors' meeting and present their opinions, the dates, terms of the meetings, contents of motions, all Board of Directors resolutions, and the Company's response to the supervisors' opinions shall be specified: None.</p>
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(III) Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
I. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established the "Corporate Governance Best Practice Principles", which was approved by the Board of Directors, to protect the shareholders' rights and interests, strengthen the functions of the Board of Directors, respect the rights and interests of stakeholders, and enhance the information transparency, etc. Please visit the Company's website for more information on the Corporate Governance Best Practice Principles.	No major differences
II. Shareholding structure & shareholders' rights (I) Does the Company establish internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations, and implement based on the procedures?	V		(I) The Company has a spokesperson, a proxy spokesperson and dedicated staff to ensure that information that may affect shareholders' decisions is disclosed in a timely and appropriate manner. A dedicated investor mailbox is set up to receive shareholders' suggestions, questions, disputes and litigation. If legal issues are involved, they are handled with the assistance of legal counsel appointed by the Company.	No major differences
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	V		(II) The Company has access to the list of major shareholders and the ultimate controllers of major shareholders, and the changes in shareholdings of the Company's directors and managers are reported to the MOPS on a monthly basis in accordance with the law.	
(III) Has the Company established, and does it execute, a risk management and firewall system within its affiliated companies?	V		(III) The Company has established the "Regulations Governing the Supervision of Subsidiaries" and "Regulations Governing the Transactions of Related Parties and Group Enterprises", and implemented a firewall and risk control mechanism between the Company and its related companies in accordance with the	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
(IV) Has the Company established internal rules against insiders trading with undisclosed information?	V		<p>law.</p> <p>(IV) The Company has established the "Procedures for Handling Material Inside Information and Preventing Insider Trading", which prohibits insiders from trading securities with undisclosed information and serves as the basis for the Company's material information handling and disclosure mechanism. The Company also reviews the regulations from time to time to comply with the current laws and regulations and practical management needs, which can be found on the Company's website. The directors, independent directors and managers were provided with information on the regulations upon their appointment. In September 2022, the employees were provided with education and training, which included the introduction and explanation of practical cases of insider trading and the insider trading related laws and regulations. A total of 112 people attended the 2-hour training course.</p>	
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Does the Board of Directors have a diversity policy, its specific management objectives and implementation?</p> <p>(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p>	V	V	<p>(I) Please refer to “II. Information on the Company's Directors, President, Vice President, Associate Managers, and the Supervisors of All the Company's Divisions and Branch Units (I) Director Information 5. Board Diversity and Independence” of the annual report for details about the Board diversity policy, its specific management objectives and implementation.</p> <p>(II) The Company has not established other functional committees in addition to the Remuneration Committee and the Audit Committee.</p>	<p>No major differences</p> <p>The establishment will be evaluated as needed in the future</p>

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
(III) Has the Company established standards to measure the performance of the Board, and does the Company implement such annually, and report the results of evaluations to the Board, and use them as a reference for individual directors' remuneration and nomination and renewal?	V		(III) On November 12, 2019, the Company established the “Rules of Performance Evaluations of the Board of Directors” upon approval by the Board of Directors, which regulate the Board of Directors to conduct performance evaluation at least once a year, report the results of evaluations to the Board of Directors’ meeting, and use them as a reference for individual directors' remuneration and nomination and renewal. Evaluation of the performance of the Board of Directors: Including the level of participation in the Company's operations, improvement of the quality of Board Decisions, Board composition and structure, selection and continuing education of directors, and internal control, with a total of 45 indicators in five major aspects. Evaluation of the performance of the members of the Board of Directors: Including the mastery of corporate objectives and tasks, awareness of directors' responsibilities, participation in the Company's operations, internal relationship management and communication, professional and continuing education of directors, and internal control, with a total of 23 indicators in six major aspects. Evaluation of the performance of the Compensation Committee: Including the degree of participation in the Company's operations, awareness of the duties of the Compensation Committee, improvement of the quality of the Compensation Committee's decision-making, composition and selection of the Compensation Committee members, and internal control, with a total of 20 indicators in five	No major differences

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
(IV) Does the Company regularly evaluate the independence of the CPAs?	V	(IV)	<p>major aspects. Evaluation of the performance of the Audit Committee: Including the degree of participation in the Company's operations, awareness of the duties of the Audit Committee, improvement of the quality of the Audit Committee's decision-making, composition and selection of the Audit Committee members, and internal control, with a total of 22 indicators in five major aspects.</p> <p>The self-evaluation results of the internal performance of the Board of Directors for 2022 were presented to the Board of Directors on January 17, 2023.</p> <p>The results of the assessment are as follows:</p> <ol style="list-style-type: none"> <li>1. The results of the evaluation of the performance of the Board of Directors were excellent.</li> <li>2. The results of the evaluation of the performance of the members of the Board of Directors were excellent.</li> <li>3. The results of the evaluation of the performance of the Compensation Committee were excellent.</li> <li>4. The results of the evaluation of the performance of the Audit Committee were excellent.</li> </ol> <p>Overall, the directors strongly agreed with the operation of the evaluation indicators and assessed that the Board of Directors and the functional committees are operating well in compliance with the corporate governance requirements to effectively strengthen the functions of the Board of Directors and protect shareholders' rights and interests.</p> <p>The Audit Committee of the Company evaluates the independence and suitability of the CPAs every year. In addition</p>	No major differences

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			to requesting the CPAs to provide a "Statement of Independence" and "AQIs," the Audit Committee also evaluates the CPAs in accordance with the standards and 13 AQIs. We confirm that the accountants have no financial interest or business relationship with the Company other than the audit fees and tax cases, and that the members of the accountants' family do not violate the independence requirements. The Audit Committee confirms that the audit experience and training hours of the auditors (excluding the accountants) at the managerial level and above are better than the industry average by referring to the AQI information. The results of the latest annual evaluation have been discussed and approved by the Audit Committee on December 20, 2022, and submitted to the Board of Directors for approval on December 20, 2022. Please refer to the "Criteria for Evaluating the Independence of Accountants".	
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 to perform their functions, assisting directors 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		Although the Company has not designated a corporate governance officer, appropriate personnel are assigned to handle related matters, including conducting meetings of the Board of Directors and shareholders' meetings in accordance with the law, assisting directors in continuing education, providing information necessary for directors to perform their duties, and assisting directors in complying with laws and regulations. The implementation focus of corporate governance-related matters is as follows: 1. In 2022, the Board of Directors held 7 meetings and the Audit Committee held 3 meetings. 2. One shareholders' meeting was held in 2022. 3. All members of the Board of	No major differences

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>Directors have completed at least 6 hours of continuing education courses.</p> <p>4. The Company maintains liability insurance for directors and key employees and reports to the Board of Directors upon renewal of the insurance.</p> <p>5. The Company conducted internal performance evaluation of the Board of Directors and the functional committees, and the results of the evaluation were excellent.</p>	
V. Has the Company established communication channels and built a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	V		The Company has a spokesperson system and provides a public channel for stakeholder consultation through the Stakeholder Section on the Company's website.	No major differences
VI. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	V		The Company appointed the Stock Affairs Department of MEGA Securities Co., Ltd. to handle matters related to the shareholders' meeting.	No major differences
<p>VII. Information disclosure</p> <p>(I) Does the Company have a corporate website to disclose both the Company's financial standings and corporate governance status?</p> <p>(II) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)?</p> <p>(III) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report the financial statements of the</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(I) The Company discloses both the Company's financial standings and corporate governance status on the Company's website at any time.</p> <p>(II) The Company has set up an English website, appointed designated people to handle information collection and disclosure, and created a spokesman system. The presentation of investor conferences is available on the Company's website for the information of shareholders and stakeholders.</p> <p>(III) The Company has announced and reported annual financial statements within two months after the end of each fiscal year, and announced and reported the financial statements of the</p>	No major differences

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
first three quarters, as well as monthly operation results, before the prescribed time limit?			quarters, as well as monthly operation results, before the prescribed time limit.	
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors)?	V		<p>(I) Employee rights and benefits and employee care: The Company has established an employee welfare committee to handle various welfare matters and provide pensions in accordance with the Labor Standards Act and the Enforcement Rules of the Labor Pension Act. The Company's regulations on labor relations are in accordance with relevant laws and regulations and are well implemented. Any new or revised measures on labor relations are made after thorough communication and agreement between employers and employees in order to achieve a win-win situation for both employers and employees. The Company has established working rules and regulations in accordance with laws and regulations to expressly regulate human rights and employee rights and benefits protection.</p> <p>(II) Investor relations: The Company has established a spokesperson and proxy spokesperson system, held regular investor conferences and assigned personnel to announce information on financial, business and insider shareholding changes on the MOPS and the Company's website in accordance with relevant regulations, in the hope of achieving information transparency and openness.</p> <p>(III) Supplier relationship: After consulting, comparing and bargaining with various suppliers, the Company's procurement staff will make a decision on the unit</p>	No major differences

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>price, specifications, payment terms, delivery time, quality of products and services, or other information after thorough comparison. The Company has established long-term relationships with suppliers, mutual trust and mutual benefit, and expects to jointly pursue a sustainable and win-win growth.</p> <p>(IV) Stakeholder rights: Stakeholders are informed of the Company's operations through the Company's website in order to protect the basic rights and interests of investors and to fulfill the Company's responsibilities to shareholders.</p> <p>(V) Directors' continuing education: The Company encourages its directors to participate in the relevant training courses offered by the competent authorities. Please refer to the summary of "Directors' continuing education of the Company in 2022".</p> <p>(VI) Managers' continuing education: The Company's managers are required by law to attend training courses every year. Please refer to the "Financial Supervisors' and Audit Supervisors' Continuing Education of the Company in 2022".</p> <p>(VII) The implementation of the risk management policy and assessment standards: The Company has established the "Risk Management Measures", which set out the standards and composition of risk management to respond to possible risks and opportunities arising from changes in the environment and to take countermeasures or control measures in advance based on the results of risk assessment in order to achieve sustainable management.</p>	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>(VIII) Implementation of consumer or customer protection policy: In terms of comprehensive services and protection for customers and clients, the Company communicates with customers immediately to understand their needs in response to their complaints, so as to promote the interactive effect between the Company and its customers, and reviews and improves them regularly in business meetings, production and sales meetings, and quality control meetings.</p> <p>(IX) Purchase of liability insurance for directors by the Company: The Company has purchased liability insurance for directors and managers, and regularly evaluates the insurance coverage every year and reports to the Board of Directors on the renewal of directors' and key employees' liability insurance.</p>	
<p>IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved.</p> <p>The Company will continue to improve the parts of the corporate governance evaluation that are not scored, such as: conducting internal performance evaluation of functional committees (including at least the Audit Committee and the Compensation Committee) on a regular basis each year, and releasing significant information in English simultaneously in order to strengthen corporate governance.</p>				

### Criteria for Evaluating the Independence of Accountants

Evaluation Item	Evaluation Result
1. The CPA has no direct or material indirect financial interest in the Company.	■ Yes □ No
2. The CPA has no significant and close business relationship with the Company.	■ Yes □ No
3. The CPA has no potential employment relationship with the Company in connection with the audit.	■ Yes □ No
4. The CPA has no financing or assurance relationship with the Company, its directors, supervisors, and managers.	■ Yes □ No
5. The CPA has not received any gifts or presents of significant value from the Company, its directors and supervisors, or its managers (the value of which exceeds normal social etiquette standards).	■ Yes □ No
6. The CPA has not provided audit services to the Company for seven consecutive years.	■ Yes □ No
7. The CPA does not hold any shares of the Company.	■ Yes □ No
8. The CPA, his or her spouse or dependents, or his or her audit team did not hold any positions as directors, supervisors, or managers of the Company during the audit period or within the last two years, or hold any positions that have a significant influence on the audit case.	■ Yes □ No
9. Whether the CPA has complied with the regulations on independence as stipulated in the Bulletin of Norm of Professional Ethics for Certified Public Accountant No.10. The "Statement of Independence" issued by the CPAs has been obtained.	■ Yes □ No

### Directors' continuing education of the Company in 2022:

Title	Name	Date	Organizer	Course	Hours
Chairman	Mr. Kuei-Hsiu Sung	June 13, 2022	Securities and Futures Institute	Challenges and Opportunities of Sustainable Development Path and Greenhouse Gas Inventory Introduction	3
		November 11, 2022	Securities and Futures Institute	Technology Development and Business Opportunities for Electric Vehicles and Smart Vehicles	3
Director	Mr. Chang-Hai Chen	May 6, 2022	Securities and Futures Institute	Global Risk Awareness - Opportunities and Challenges in the Next Decade	3
		June 7, 2022	Securities and Futures Institute	How Directors and Supervisors Should Supervise Corporate Risk Management and Crisis Management	3
Director	Mr. Tsai-Ho Lu	May 12, 2022	Securities and Futures Institute	ESG/CSR and Sustainable Governance in 2022	3
		May 20, 2022	Securities and Futures Institute	Global Net Zero Emissions Response and Corporate ESG Initiatives	3
Director	Mr. Tz-Shiuan Chen	August 30, 2022~ August 31, 2022	Securities and Futures Institute	Practical Workshop for Directors and Supervisors (including Independent) and Corporate Governance Officer	12
Director	Mr. Chyan Yang	May 12, 2022	Securities and Futures Institute	ESG/CSR and Sustainable Governance in 2022	3
		June 17, 2022	Securities and Futures Institute	The Most Important Financial Information for Directors to Overlook	3

Title	Name	Date	Organizer	Course	Hours
		August 11, 2022	Securities and Futures Institute	Competition over the Management Rights of the Company and Introduction to Commercial Case Adjudication Act	3
Independent Director	Mr. Teh-Jung Kao	October 11, 2022	Taiwan Stock Exchange	Release of Reference Guidelines for Independent Directors and Audit Committee on the Exercise of Their Powers and Functions and Orientation Session for Directors and Supervisors	3
		November 22, 2022	Taiwan Corporate Governance Association	Corporate Social Responsibility - Corporate Governance from Human Rights Policy	3
Independent Director	Mr. Jui-Hsin Lin	August 18, 2022	Securities and Futures Institute	How to Use OKR to Enhance the Effectiveness of Corporate Governance by the Board of Directors	3
		October 11, 2022	Taiwan Stock Exchange	Release of Reference Guidelines for Independent Directors and Audit Committee on the Exercise of Their Powers and Functions and Orientation Session for Directors and Supervisors	3
Independent Director	Mr. Ping-Kuen Chen	September 29, 2022	Taiwan Stock Exchange	Release of Reference Guidelines for Independent Directors and Audit Committee on the Exercise of Their Powers and Functions and Orientation Session for Directors and Supervisors	3
		November 11, 2022	Securities and Futures Institute	TWSE/TPEX Listed Companies - Seminar on Derivatives Trading Strategies and Market Outlook	3
Independent Director	Mr. Chia-Hsiang Chu	September 8, 2022	Taiwan Corporate Governance Association	Practical Issues on Unconventional Transactions for Directors and Supervisors (I)	3
		September 8, 2022	Taiwan Corporate Governance Association	Practical Issues on Unconventional Transactions for Directors and Supervisors (II)	3

Financial Supervisors' and Audit Supervisors' Continuing Education of the Company in 2022

Title	Name	Date	Organizer	Course	Hours
Chief Financial Officer	Mr. Li-Chuan Cheng	January 20, 2022 January 21, 2022	Accounting Research and Development Foundation	Continuing Education for Accounting Supervisors of Issuers, Securities Firms and Stock Exchanges	12
Audit Supervisor	Mr. Ssu-Wei Chen	August 29, 2022 October 6, 2022	The Institute of Internal Auditors-Chinese Taiwan	1. Board of Directors and Functional Committees (Audit, Remuneration) Regulations Analysis and Auditing Focus 2. Exploring the Impact of ESG Risk on Corporate Internal Control and Response Measures under the Trend of Climate Change and Sustainable Development	12

(IV) Operation Status of the Remuneration Committee:

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members

December 31, 2022

December 31, 2022

Criteria		Professional Qualifications and Experiences	Independence	Number of Other Public Companies Where the Individual Concurrently Serves as a Remuneration Committee Member
Identity	Name			
Independent Director (Convener)	Mr. Ping-Kuen Chen	Please refer to the relevant content of the Director Information	Please refer to the relevant content of the Director Information	0
Independent Director	Mr. Teh-Jung Kao	Please refer to the relevant content of the Director Information	Please refer to the relevant content of the Director Information	0
Independent Director	Mr. Jui-Hsin Lin	Please refer to the relevant content of the Director Information	Please refer to the relevant content of the Director Information	1

2. Operation Status of the Remuneration Committee:

- (1) There are three members in the Remuneration Committee of the Company.
- (2) The current term of office: A total of two (A) Remuneration Committee meetings were held from June 29, 2022 and June 28, 2025. The qualifications and attendance of the members are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A) (Note)	Note
Convener	Mr. Ping Kuen Chen	2	0	100%	
Committee Member	Mr. Teh Jung Kao	2	0	100%	
Committee Member	Mr. Jui Hsin Lin	2	0	100%	

Other matters:

I. If the Board of Directors refuses to adopt or amend a recommendation from the Remuneration Committee, the date of the meeting, session, contents of the motions, resolution by the Board of Directors, and the Company’s response to the Remuneration Committee’s opinion (e.g., the circumstances and cause for the difference if the remuneration passed by the Board of Directors exceeds the recommended amount by the Remuneration Committee) shall be specified: None.

II. If there were resolutions by the Remuneration Committee to which members have dissenting or qualified opinions, and for which there is a record or declaration in writing, the date of the meeting, session, contents of the motions, all members’ opinions, and the response to members’ opinions shall be specified: None.

III. The Compensation Committee's deliberations and resolution decisions, and the Company's handling of members' opinions:

Date of Compensation Committee’s Meeting	Contents of Motions and Subsequent Handling	Resolution Results	The Company's handling of the Compensation Committee's opinions
January 17, 2022 (First Compensation Committee’s Meeting in 2022)	Proposal for 2021 year end bonus distribution for the Company's managerial officers	Passed by all members of the Committee unanimously	Submitted to the Board of Directors with the consent of all directors present
March 23, 2022 (Second Compensation Committee’s Meeting in 2022)	Submitted the Company's 2021 employee compensation and the distribution of directors' and supervisors' remuneration and managers’ remuneration	Passed by all members of the Committee unanimously	Submitted to the Board of Directors with the consent of all directors present

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

Implementation Item	Implementation			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
I. Has the Company established the governance structure for the promotion of sustainable development and exclusively (or concurrently) dedicated units to implement sustainable development, and has the Board of Directors appointed the senior management with responsibility for sustainable development, and the status of supervision by the Board of Directors?	V		The Company has a part-time CSR team. In response to social welfare, we have called on our employees to roll up their sleeves and donate blood twice in 2022. In order to promote the concept of environmental protection, we have established an environmental safety and health policy to effectively and continuously promote and manage various environmental safety and health activities, and to comply with environmental safety and health compliance obligations and related requirements in response to international and governmental efforts to promote environmental actions.	No major differences
II. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish relevant risk management policies or strategies?	V		The Company has established the "Risk Management Measures" to respond to possible risks and opportunities arising from changes in the environment and to take countermeasures or control measures in advance based on the results of risk assessment in order to achieve sustainable management.	No major differences
III. Environmental issues (I) Has the Company established environmental management systems based on its industry's characteristics?	V		(I) According to the nature of operations, the Company has established the "Operating Environment Measurement Management Regulations" in accordance with the occupational safety and health and environmental protection related laws and regulations to implement the operating environment measurement, and established the "Green Supply Chain Management Regulations and Restricted Substances Management Regulations" for the use of major raw materials, which are in full compliance	No major differences

Implementation Item	Implementation			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
(II) Does the Company endeavor to enhance energy utilization efficiency and use renewable materials that have low impacts on the environment?	V		with ROHS regulations. The hazardous substances specified in the directive are also prohibited during production to reduce the impact on the environment. (II) The Company pursues green and sustainable management by reducing the amount of waste, actively enhancing automation, process improvement, energy saving and carbon reduction, and making the best use of resources. In terms of wastewater treatment, we recycle RO wastewater for reuse in living water so as to reuse water resources. We implement resource classification, recycling, reuse and proper treatment, as well as promote the concept of environmental protection from time to time to reduce the impact on the environment.	
(III) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter relevant issues?	V		(III) Climate change will cause extreme weather, including higher summer temperatures and uneven rainfall, resulting in increased demand for electricity for cooling and longer droughts, which will affect water supply. By promoting energy-saving projects, water conservation management measures, and wastewater treatment, Chia Chang is reusing water resources to reduce the risk impact on the environment.	
(IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and	V		(IV) Since 2010, Chia Chang has been conducting independent inventories and announcements. In order to confirm the greenhouse gas emissions of the plant, we conduct annual greenhouse gas inventory	

Implementation Item	Implementation			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
formulate policies on greenhouse gas reduction, water reduction, or waste management?			operations of the plant in the previous year and verify compliance with the ISO 14064:2018 standard through a third-party verification organization. Please refer to the “greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and formulation of policies on greenhouse gas reduction, water reduction, or waste management” for details.	
IV. Social Issues				No major differences
(I) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(I) The Company has formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights. Please refer to the “Human Rights Policy” for details.	
(II) Does the Company formulate and implement reasonable employee benefit measures (including remuneration, leave, and other benefits) and appropriately employee compensation based on operating performance or results?	V		(II) The Company has a comprehensive management system for compensation, leave and other benefits, etc. The Company reviews from time to time whether it meets the current regulatory requirements and makes timely adjustments to meet employee expectations.	
(III) Does the Company provide a healthy and safe work environment, and does it organize health and safety training for its employees on a regular basis?	V		(III) The Company has obtained ISO 45001:2018 Occupational Health and Safety Management System certification in accordance with the Occupational Safety and Health Act, and has improved and optimized its occupational safety and health management. The Company regularly implements employee education and training and emergency response drills (self-defense and	

Implementation Item	Implementation			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>fire drills, disaster prevention drills, etc.); and implements in-service employee education and training, pre-employment training for new employees, and arrange for skills certification for operators of dangerous machinery or equipment to comply with regulations. The Company regularly implements general and special operational health examinations for employees, and signs contracts with medical staff (occupational physician and occupational nurse) for on-site services, and promotes health protection and implement employee health promotion. Our new employees (including foreign employees) will undergo medical examinations according to their job categories in accordance with the "Regulations of the Labor Health Protection". The Company implements employee health protection.</p>	
(IV) Has the Company established effective career development and training plans for its employees?	V		(IV) In order to improve the training system, the Company has established an "Educational Training Committee" to plan the training direction for career development of all employees in different fields and at different levels.	
(V) Does the Company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services and set up relevant	V		(V) At present, the Company has only established the "Customer Satisfaction Management System" to conduct a survey to customers before November each year. If customers have any problems, they can submit their opinions or suggestions through this survey.	

Implementation Item	Implementation			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
<p>consumer or customer protection policies and complaint procedures?</p> <p>(VI) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues, such as environmental protection, occupational safety and health, or labor rights? If so, describe the results.</p>	V		<p>(VI) The Company's supplier management policy is to incorporate human rights and environmental indicators through supplier management, and to work with suppliers to create a green supply chain. The Company has established the "Green Supply Chain Management Policy", which requires suppliers to follow relevant regulations on environmental protection issues and to sign the "Green Supply Chain Declaration of Non-Use of Environmentally Friendly and Restricted Substances". In addition, in response to the ISO 14001:2015 environmental management system, we consider the environmental aspects of the organization's activities, products and services from a life-cycle perspective, from R&amp;D design, raw material procurement to final product disposal, and increase the environmental management performance assessment from the original assessment items to meet the standards and cover the green supply chain related rules. For the selection of new suppliers, in accordance with the "Supplier Management Regulations", new suppliers and suppliers of new materials or major production raw materials will be sent "Vendor Information Form" and "Supplier Management Audit Evaluation Form" and other related information by procurement</p>	

Implementation Item	Implementation			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<p>staff. The vendor will be asked to prepare samples, "Green Supply Chain Assurance Letter" and related information and submit them to the procurement staff, and then transfer them to engineering and quality assurance for sample, information and assurance, which will be examined and judged by the engineering and quality assurance department and returned to the material department for filing and management. In 2022, there were 3 suppliers of raw materials, 5 suppliers of auxiliary materials, 3 suppliers of packaging materials and 8 suppliers of outsourcing plants, totaling 19 suppliers. 100% of the suppliers were screened for environmental standards. There were no unqualified suppliers. The evaluation team regularly reviews and formulates the supplier audit plan, planning the themes of labor rights, health and safety, environment, ethics, and management system for supplier audit and evaluation. If any supplier is found to be in violation of the rules, the supplier will be guided to improve and assist its growth. In addition, manpower dispatching companies are required to sign a "manpower support appointment contract", which specifies the "rules of the manpower support appointment" and requires that the manpower dispatching company shall be responsible for the Labor Standards Act, the Labor Safety and Health Act, the</p>	

Implementation Item	Implementation			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			Occupational Safety and Health Act and other related laws and regulations.	
V. Does the Company refer to internationally accepted standards or guidelines for the preparation of reports and prepare reports that disclose non-financial information of the Company, such as sustainability reports? Are the reports certified or assured by a third-party accreditation body?	V		The Company refers to internationally accepted standards for the preparation of reports and prepare reports that disclose non-financial information of the Company, such as corporate social responsibility reports. We are certified by a third party certification authority (Bureau Veritas Certification Holding S.A.S.).	No major differences
<p>VI. If the Company has established its own sustainable development principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the implementation and any deviations from the Principles:</p> <p>The Company has established "Sustainable Development Best Practice Principles" and its operation is not different from the "Sustainable Development Best Practice Principles".</p>				
<p>VII. Other important information to facilitate a better understanding of the Company's sustainable development practices:</p> <p>We believe that "what is taken from society is used in society" and encourage our employees to actively participate in public welfare activities.</p> <ol style="list-style-type: none"> <li>1. We have held blood donation events for 3 consecutive years. In order to fulfill our social responsibility and fight against the pandemic, we called on our employees to donate blood twice in 2022. A total of 27 employees donated blood during the year and the cumulative amount of blood donated reached 10,000 c.c. This is a long-standing culture of the Group.</li> <li>2. In 2022, the world was still affected by the pandemic. We continued to support the underprivileged in the pandemic prevention and care program by ordering products from the Children Are Us Foundation.</li> <li>3. The Company has started to cooperate with many universities and colleges to provide internship opportunities for students to apply their knowledge and skills in order to enter the workplace seamlessly. In 2022, we added one new intern after selection.</li> </ol>				

Greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and formulation of policies on greenhouse gas reduction, water reduction, or waste management:

Since 2010, the Company has been participating in the CDP. According to the "Greenhouse Gas Inventory Protocol" (GHG Protocol) published by the WBCSD and the WRI, the Company inventories its direct and indirect greenhouse gas emissions. At present, the main production sites are verified by a third-party verification company to comply with ISO 14064:2018 GHG verification. The inventory results are as follows:

Item	2020	2021	2022
Category 1 Emissions	246.6657 tons of CO <sub>2</sub> e	301.0294 tons of CO <sub>2</sub> e	141.5629 tons of CO <sub>2</sub> e
Category 2 Emissions	1623.3028 tons of CO <sub>2</sub> e	1713.9048 tons of CO <sub>2</sub> e	1587.0620 tons of CO <sub>2</sub> e
Category 3 Emissions		4031.2178 tons of CO <sub>2</sub> e	3147.5579 tons of CO <sub>2</sub> e
Category 4 Emissions		199.5603 tons of CO <sub>2</sub> e	241.0604 tons of CO <sub>2</sub> e
Intensity of greenhouse gas emissions	1.4539 tons of CO <sub>2</sub> e/NT\$ million	3.7052 tons of CO <sub>2</sub> e/NT\$ million	2.5216 tons of CO <sub>2</sub> e/NT\$ million
Total water consumption	35726 tons	40228 tons	31984 tons
Intensity of water consumption	26.7297 tons of/NT\$ million	23.8645 tons of/NT\$ million	15.7604 tons of/NT\$ million
Total general waste	56.25 tons	64.09 tons	89.179 tons
Total amount of recycled waste	2319.77 tons	1030.29 tons	1000.84 tons
Description: The results of the greenhouse gas inventory were verified by a third-party verification company in accordance with ISO 14064:2018, and a greenhouse gas verification declaration was obtained.			

#### Quantifying management goals for energy and carbon reduction and water management

Item	Energy Saving and Carbon Reduction	Water Management
Quantitative Management Objectives	The Company's future quantitative management objectives regarding energy saving and carbon reduction: The 2031 target for driving GHG reductions is a 20% substantive reduction in total emissions or a 25% relative reduction in emissions per PCS equivalent.	In response to global climate change, stabilization of water supply has become a problem for all countries. In order to fulfill our social responsibility and respond to the global water shortage, we will reduce the overall water consumption intensity (total water consumption/US\$million of output) by 30% by 2025, with a base year of 2016, in order to face the challenge of climate change together with global enterprises through concrete actions.
Measures to Achieve Targets	<ul style="list-style-type: none"> <li>Continue to implement energy conservation activities, reduce the per capita usage of electricity and energy, and use energy-saving equipment to reduce energy consumption.</li> <li>Continue to maintain and repair our</li> </ul>	<ul style="list-style-type: none"> <li>We will implement internal water conservation and strengthen the wastewater discharge classification system to provide the basis for water saving and recycling in our processes.</li> <li>We will recycle RO wastewater discharged from the manufacturing</li> </ul>

Item	Energy Saving and Carbon Reduction	Water Management
	production equipment to improve productivity and efficiency and reduce energy consumption. <ul style="list-style-type: none"> <li>Implement energy saving programs in three major areas: air conditioning system, electric lighting and other electricity consumption, and regularly review and replace energy-consuming equipment.</li> </ul>	process for domestic water flushing. <ul style="list-style-type: none"> <li>We will recycle boiler condensate discharged from the manufacturing process for reuse in boiler and process cleaning.</li> </ul>
Achievements	18% reduction in total greenhouse gas emissions in 2022, using 2021 as the base year.	60% reduction in water intensity in 2022, using 2016 as the base year.

#### Human Rights Policy:

With respect to the “human rights” of the “inclusive workplace”, under the core value of "Integrity", we regard our employees as our most important asset and provide meaningful work content, a safe and healthy work environment, and sound compensation and benefits. At the same time, colleagues are encouraged to balance work and life, including family, interpersonal relationships, and personal interests. In the future, we will continue to follow the United Nations Guiding Principles on Business and Human Rights and the Code of Conduct - Responsible Business Alliance to further implement the “Human Rights Policy”.

**Human Rights Risk Mitigation Measures:** The Company is committed to promoting operations while ensuring that employees and the supply chain work in a safe, respectful and ethical environment. In order to fulfill this commitment, the Company is progressively planning to obtain membership in the “Responsible Business Alliance (RBA)”, the world's largest electronics industry alliance. Prior to this, we have strictly adhered to and implemented the RBA Code of Conduct and conducted annual supplier audits through our international Level 1 customers using this standard. We have independently implemented the Self-Assessment Questionnaire (SAQ) designed by the “Responsible Business Alliance (RBA)” to identify the highest standard of social, environmental and ethical risks prior to our international Level 1 customer audits.

#### Human Rights Concerns and Practical Actions

	Provide a safe and healthy working environment	Eliminate unlawful discrimination to ensure job opportunities	Prohibit child labor	Prohibit forced labor	Assist employees in maintaining physical and mental health and work-life balance
Objectives and actions	Implement occupational disease prevention and promote the physical and mental health of employees	1. Comply with local government labor laws and regulations, international standards and the Company's human rights policy, and implement relevant internal regulations. 2. Promote and implement internal control procedures, and reveal the principle of non-discrimination in the RBA Handbook, Labor Rights Policy, and Human Resources Management	In accordance with the Company's “RBA Manual”, “Labor Rights Policy”, “Human Resources Management Regulations”, and “Child Labor, Youth Labor, and Student Labor Employment Management Regulations”, we conduct double checks on job applications and confirmed recruitment to ensure that there are	1. Comply with local government labor laws and regulations, international standards and the Company's human rights policy, and do not force or coerce any unwilling employee to perform labor practices. 2. Stipulate in the working rules that if there is a need for overtime work, the consent of employees must be obtained and overtime pay or compensatory time off shall be provided	Provide diversified activities and invite family participation and parent-child interaction to enrich the concept of "work-life balance".

	Provide a safe and healthy working environment	Eliminate unlawful discrimination to ensure job opportunities	Prohibit child labor	Prohibit forced labor	Assist employees in maintaining physical and mental health and work-life balance
		<p>Regulations, and do not discriminate on the basis of race, class, language, ideology, religion, party affiliation, origin, place of birth, gender, sexual orientation, age, marriage, pregnancy, appearance, facial features, or physical or mental disabilities.</p> <p>3. In accordance with the internal control and verification mechanism, we provide "Basis of Talent Selection" training courses for hiring managers of each unit, which also cover non-discrimination against job applicants and remind them not to involve in personal information unrelated to work during interviews with job applicants.</p>	no oversights.	afterwards.	
Risk Assessment	1. Record any occupational diseases caused by chemical exposure.	From the beginning of the recruitment process, the Company follows internal control procedures to eliminate unlawful discrimination and does not require job applicants to fill in personal information unrelated to the job.	Applicants are required to provide relevant identification documents (such as ID cards, driver's licenses, health insurance cards, academic certificates, etc.) to the Company to confirm that they are not involved in issues that violate child labor regulations.	In addition to the internal system to control working hours, we also provide a two-way communication channel through the Company's reporting channels and labor-management meetings.	Inspect participation rate
Mitigation measures	<p>1. The Company's internal occupational safety and health-related departments, as well as department heads, are jointly involved in health promotion management and control of the five major hazards of occupational diseases, including chemical, biological, and psychosocial hazards.</p> <p>2. In accordance with laws and regulations, the</p>	Since the beginning of the recruitment process, the Company has been conducting the hiring process in accordance with the law to eliminate problems related to illegal discrimination.	Since the beginning of the recruitment, the Company has been conducting the hiring process in accordance with the law to eliminate problems related to child labor.	Provide attendance management reports for each unit to review work hours and control relevant issues on a monthly basis.	Cooperate with Welfare Committee members and representatives from various departments in the factory to help promote and encourage participation.

	Provide a safe and healthy working environment	Eliminate unlawful discrimination to ensure job opportunities	Prohibit child labor	Prohibit forced labor	Assist employees in maintaining physical and mental health and work-life balance
	Company implements a comprehensive management program of professional health promotion, health care, and employee assistance by factory doctors and nursing staff.				
How to remedy	1. Immediately remove from the original workplace. 2. Provide adequate medical assistance. 3. Provide leave and salary subsidies according to the law. 4. Prevent recurrence	No such concerns	No such concerns	If the fact of forced labor is found, the necessary improvement measures will be taken with the supervisor and the employee's rights will be returned.	A satisfaction survey will be issued at the end of the activity as a basis for future improvements.
Reporting channels	The Company has a smooth reporting channel (employee suggestion box, reporting mail) and regular communication for employees to reflect their problems at any time.	The Company provides a smooth reporting channel, which is posted on the official website and the "Code of Ethical Conduct" ( <a href="http://www.chiachang.com/ChiaGroup/upload/05-c7.pdf">http://www.chiachang.com/ChiaGroup/upload/05-c7.pdf</a> ) and provides external personnel for reporting or grievance. ( <a href="http://www.chiagroup.com/ChiaGroup/profile_5d.aspx">http://www.chiagroup.com/ChiaGroup/profile_5d.aspx</a> )	The Company provides a smooth reporting channel, which is posted on the official website and the "Code of Ethical Conduct" ( <a href="http://www.chiachang.com/ChiaGroup/upload/05-c7.pdf">http://www.chiachang.com/ChiaGroup/upload/05-c7.pdf</a> ) and provides external personnel for reporting or grievance. ( <a href="http://www.chiagroup.com/ChiaGroup/profile_5d.aspx">http://www.chiagroup.com/ChiaGroup/profile_5d.aspx</a> )	The Company has a smooth reporting channel (employee suggestion box, reporting mail) and regular communication for employees to reflect their problems at any time.	The Company has a smooth reporting channel (employee suggestion box, reporting mail) and regular communication for employees to reflect their problems at any time.

### Human rights protection training in practice

1. Internal communication framework: In the pre-employment training for new employees, we provide information on compliance with relevant laws and regulations, including prohibition of forced labor, prohibition of child labor, anti-discrimination, anti-harassment, regulation and management of working hours, humane treatment, and prevention of sexual harassment, etc.
2. Implementation of workplace bullying awareness: Through training, we help employees understand workplace bullying, know how to avoid bullying behavior, and work together to create a friendly work environment with open communication and management.
3. A complete series of occupational safety training: We provide different safety training for different types of employees in the factory, such as fire training, emergency response training, first responder training, general safety and health education training, and factory safety training.

In addition, we also implemented human rights education training for our employees in 2022, with a total of 1,347.5 hours of training, and a total of 425 employees completed the training (a 173% increase over the previous year's total of 492 hours). In the future, we will continue to pay attention to human rights protection issues and promote related education and training to raise awareness of human rights protection and reduce the possibility of the occurrence of related risks.

Targets	Affected Targets	Human Rights Issues	Evaluation/Communication Channel	Mitigation measures
Employee	Employees with physical and mental disabilities	Workplace safety	Employee suggestion box/reporting box	1. Educational training: We conduct training courses for new employees to raise their awareness of human rights. 2. Employee suggestion box/reporting box. 3. Professional occupational safety clinicians and nursing staff are hired to provide assistance on a regular basis.
Employee	Pregnant and breastfeeding employees	Health care (pregnancy, breastfeeding)	Pregnancy care consultation, breastfeeding health education	Maternity protection program implementation
Employee	All employees	Health	Abnormal health screening results	1. Health check result reminder and promotion. 2. Health promotion activities.
Employee	All employees	Health (occupational disease)	Occurrence of occupational diseases or disasters	Implement overwork and human-caused musculoskeletal injury prevention programs.
Suppliers/contractors	Outsourced employees	Privacy (supply chain management)	Supplier meetings, vendor self-evaluation, factory visits and audits	Supplier and contractor contracting audit management related methods.
Customers	Business customers	Privacy	Customers meetings	Letter of confidentiality
Community	Local residents	Water conservation Resident complaints	Visits Reporting line	

**(VI) Implementation of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies:**

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs (I) Does the Company have a	V		(I) The Company has implemented "Ethical Corporate Management	No major differences

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
<p>Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and senior management towards implementation of such policy?</p> <p>(II) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risks of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct accordingly and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(III) Does the Company define the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs effectively and perform regular reviews</p>	V	V	<p>Best Practice Principles", which has been approved by the Board of Directors to ensure the implementation of ethical management and compliance with laws and regulations. For directors and senior management, if any decision or transaction involves a conflict of interest, they are not allowed to participate in the decision or vote based on the principle of interest avoidance.</p> <p>(II) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct", which set out the assessment mechanism and preventive measures for dishonest behavior:</p> <ol style="list-style-type: none"> <li>(1) Prohibition of provision or receipt of improper benefits.</li> <li>(2) Prohibition of facilitation fees.</li> <li>(3) Prohibition of illegal political contributions.</li> <li>(4) Prohibition of improper charitable contributions or sponsorships.</li> <li>(5) Prohibition of disclosure of trade secrets.</li> <li>(6) Prohibition of insider trading.</li> </ol> <p>(III) The Company has established "Procedures for Ethical Management and Guidelines for Conduct", which was approved by the Board of Directors and contains procedures for handling dishonest conduct, as well as provisions for rewards, sanctions, reporting and disciplinary actions, and</p>	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
and amendments?			regularly reviews and revises the previously disclosed program.	
II. Fulfillment of ethical corporate management				No major differences
(I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in the business contracts?	V		(I) The Company has a credit rating system for suppliers and customers, and all contracts are reviewed by professionals and include integrity clauses as necessary.	
(II) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors that reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		(II) The Company has a dedicated unit to promote integrity management programs in accordance with the Company's policies and to promote integrity and honesty. We have also included employee integrity in our corporate culture and employee code of conduct. All employees are required to sign the "Chia Chang Code of Integrity" and the "Chia Chang Code of Service and Code of Conduct Commitment".	
(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	V		(III) For directors and managers, if there is any conflict of interest in any decision or transaction, they are not allowed to participate in the decision or vote. In order to fulfill its supervisory responsibilities, the Company has established a comprehensive internal system and various organizational channels, such as the Audit Committee, Compensation Committee, internal control and audit system, and document control system.	
(IV) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit	V		(IV) The Company has established an effective accounting system and internal control system, which is reviewed from time to time to ensure that the system is designed and implemented	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
<p>unit devise audit plans based on the results of unethical conduct risk assessments and audit the systems accordingly to prevent unethical conduct, or hire external CPAs to perform the audits?</p> <p>(V) Does the Company regularly hold internal and external educational trainings on ethical corporate management?</p>	V		<p>effectively. In addition, the internal auditors regularly review the compliance of the former system, prepare audit reports and submit them to the Board of Directors.</p> <p>(V) The Company regularly holds monthly staff meetings, cadre meetings and foreign colleagues' seminars to promote the Company's philosophy of operating with integrity and to require colleagues to follow the example of others. In September 2022, the Company held an educational seminar on the relationship between corporate integrity and social responsibility and the specific contents of integrity management, with a total of 112 participants for a 2-hour seminar.</p>	
<p>III. Operation of the whistle-blowing system</p> <p>(I) Has the Company established both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party for the follow-up?</p> <p>(II) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?</p> <p>(III) Does the Company provide proper</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(I) The Company has established employee reporting procedures to encourage employees to report violations to management for investigation and disciplinary action.</p> <p>(II) The Company has certain standard operating procedures and confidentiality agreements for the investigation of reported matters.</p> <p>(III) The Company's Ethical Corporate Management Best</p>	No major differences

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
whistleblower protection?			Practice Principles and related regulations stipulate that: The identity of the whistleblower is kept confidential and the whistleblower is protected from improper handling due to the whistleblowing.	
IV. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	V		The Company discloses the "Corporate Social Responsibility Report" on the Company's website, which sets out the contents of the Code of Conduct and the effectiveness of its promotion; the Company has established the Ethical Corporate Management Best Practice Principles and disclosed it on the Company's website and the MOPS.	No major differences
V. If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe the implementation and any deviations from the Principles: The Company has established the Ethical Corporate Management Best Practice Principles, which is disclosed on the Company's website and the MOPS. All employees of the Company are required to comply with the regulations, which is not materially different from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.				
VI. Other important information to facilitate a better understanding of the Company's ethical corporate management practices: (e.g., review of and amendments to ethical corporate management policies) The Company strictly complies with business conduct regulations and other related regulations for listing on the TWSE/TPEX as the basis for ethical corporate management, and continues to identify and update regulations to ensure the implementation of relevant regulations.				

(VII) Corporate Governance Guidelines and Regulations and the Inquiry Method:

The Company has established the "Corporate Governance Best Practice Principles" to protect the shareholders' rights and interests, strengthen the functions of the Board of Directors, perform the functions of the Audit Committee, respect the rights and interests of stakeholders, and enhance the information transparency in order to gradually establish a good corporate governance system and enhance the effectiveness of corporate governance. Please visit the MOPS or the Company's website for more information on the Corporate Governance Best Practice Principles.

(VIII) Other Important Information Regarding Corporate Governance:

The Company has established the "Procedures for Handling Material Inside Information and Preventing Insider Trading", which clearly regulates the mechanism for handling and disclosing material information within the Company. The Company also reviews the regulations from time to time to comply with the current laws and regulations and practical management needs.

(IX) Implementation of the Internal Control System:

1. Statement on Internal Control

Chia Chang Co., Ltd.  
Statement on Internal Control

Date: February 23, 2023

The Company hereby states the results of the self-evaluation of the internal control system for 2022 as follows:

- I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and managerial officers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets), reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
- II. The internal control system has innate limitations. No matter how robust and effective the internal control system is, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.
- III. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations") to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.
- IV. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.
- V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, are effective and can reasonably assure the achievement of the foregoing goals.
- VI. This statement will constitute the main content of the Company's annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Board of Directors on February 23, 2023, and out of the 9 directors in attendance, none had dissenting opinions of it and all approved the content expressed in this statement.

Chia Chang Co., Ltd.

Chairman: Mr. Kuei-Hsiu Sung    Signature

President: Mr. Kuei-Hsiu Sung    Signature

2. If a CPA Has Been Hired to Carry Out a Special Audit of the Internal Control System, the CPA Audit Report Shall Be Disclosed: None.

(X) For Penalties Imposed Upon the Company and Its Employees in Accordance with the Law or Penalties Imposed by the Company Upon Its Employees for the Violation of the

Internal Control System Policy During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report, if the Result of Such Penalties May Have a Significant Impact on the Shareholders' Equity or the Price of Securities, the Contents of the Penalties, Principal Deficiencies, and Improvements Shall Be Specified:

In accordance with the letter Fu-Huan-Shui-Zi No. 1110357791 issued by the Taoyuan City Government in violation of the Water Pollution Control Act (hereinafter referred to as "the Law"), Article 7, Paragraph 1, a fine of NT\$147,000 is imposed in accordance with Article 40, Paragraph 1 of the Water Pollution Control Act, and an environmental lecture of 2 hours is imposed in accordance with Article 23 of the Environmental Education Act.

(XI) Major Resolutions of Shareholders' Meeting and Board Meetings During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report:

1. Major Resolutions of Shareholders' Meeting in 2022 and up to the Date of Publication of the Annual Report

(1) To accept 2021 Business Report and Financial Statements

Implementation status: The resolution was passed.

(2) To accept 2021 earnings distribution

Implementation status: The ex-dividend date was set on September 2, 2022 and was fully paid on September 21, 2022 in accordance with the resolution of the shareholders' meeting, with a cash dividend of NT\$3 per share.

(3) Proposal for amendment to the Rules of Procedure for Shareholders' Meetings

Implementation status: It has been announced on the Company's website and the MOPS, and the amended rules have been followed.

(4) Proposal for amendment to the Procedures for Election of Directors and Supervisors

Implementation status: It has been announced on the Company's website and the MOPS, and the amended procedures have been followed.

(5) Proposal for amendment to the Procedures for Acquisition or Disposal of Assets

Implementation status: It has been announced on the Company's website and the MOPS, and the amended procedures have been followed.

(6) Proposal for amendment to the Procedures for Loans to Others

Implementation status: It has been announced on the Company's website and the MOPS, and the amended procedures have been followed.

(7) Proposal for amendment to the Procedures for Endorsement or Guarantee of Others

Implementation status: It has been announced on the Company's website and the MOPS, and the amended procedures have been followed.

(8) Proposal for amendment to the Articles of Incorporation

Implementation status: Registration was granted by the Ministry of Economic Affairs on July 4, 2022, and the Articles of Incorporation were announced on the Company's website.

(9) Proposal for re-election of directors (including 4 independent directors)

List of elected directors: Mr. Kuei-Hsiu Sung, Yung Hsiang Investment CO., LTD., Mr. Tsai-Ho Lu, Mr. Tz-Shiuan Chen, Mr. Chyan Yang

List of elected independent directors: Mr. Teh-Jung Kao, Mr. Ping-Kuen Chen, Mr. Jui-Hsin Lin, Mr. Chia-Hsiang Chu.

Implementation status: Registration was granted by the Ministry of Economic Affairs on July 4, 2022, and was announced on the Company's website.

(10) Proposal for lifting the prohibition on new directors from business competition

Implementation status: The resolution was passed, and was announced on the MOPS.

2. Major Resolutions of the Board of Directors' Meeting in 2022 and up to the Date of Publication of the Annual Report

Date of meeting	Major Resolutions
January 26, 2022	<ol style="list-style-type: none"> <li>1. Proposal for 2021 year-end bonus distribution for the Company's managerial officers</li> <li>2. Proposal for the promotion of the Company's managerial officers</li> <li>3. Appointment of directors and supervisors to reinvestment company</li> <li>4. Proposal for amendments to the Audit Committee Charter</li> <li>5. Proposal for amendments to the Rules of the Scope of Powers of Independent Directors</li> <li>6. Proposal for amendments to the Regulations Governing the Financial Operations of Affiliated Companies with Each Other</li> <li>7. Proposal for amendments to the Self-regulatory Rules for Disclosure of M&amp;A Information</li> <li>8. Proposal for amendments to the Remuneration Committee Charter</li> <li>9. Proposal for amendments to the Remuneration Management Regulations for Directors</li> <li>10. Submitted the proposal for integrated system of logistics and warehousing automation for the new factory of Chia Chang Technology (Suzhou) Co., Ltd.</li> </ol>
March 22, 2022	<ol style="list-style-type: none"> <li>1. 2021 Business Report and Financial Statements</li> <li>2. The 2021 employee compensation and the distribution of directors' and supervisors' remuneration</li> <li>3. 2021 earnings distribution</li> </ol>

Date of meeting	Major Resolutions
	<ol style="list-style-type: none"> <li>4. Issuance of the 2021 Statement of Internal Control</li> <li>5. Proposal for amendments to the Regulations Governing Board of Directors' Meetings</li> <li>6. Proposal for amendments to the Code of Ethical Conduct</li> <li>7. Proposal for amendment to the Ethical Corporate Management Best Practice Principles</li> <li>8. Proposal for amendments to the Procedures for Ethical Management and Guidelines for Conduct</li> <li>9. Proposal for amendment to the Rules of Procedure for Shareholders' Meetings</li> <li>10. Proposal for amendment to the Procedures for Election of Directors and Supervisors</li> <li>11. Proposal for amendment to the Procedures for Acquisition or Disposal of Assets</li> <li>12. Proposal for amendment to the Procedures for Loans to Others"</li> <li>13. Proposal for amendment to the Procedures for Endorsement or Guarantee of Others</li> <li>14. Proposal for amendment to the Articles of Incorporation</li> <li>15. Proposal for the convening of annual shareholders' meeting</li> <li>16. Proposal for the acceptance of shareholders' proposals and right to nominate directors</li> </ol>
May 10, 2022	<ol style="list-style-type: none"> <li>1. Proposal for the nomination of candidates for election as directors (including independent directors)</li> <li>2. Proposal for lifting the prohibition on new directors from business competition after the Company's re-election</li> <li>3. Proposal for amendments to the Rules for Appointment, Removal, Evaluation, and Remuneration of Internal Auditors</li> <li>4. Proposal for amendments to the Procedures for Application for Suspension and Resumption of Trading</li> <li>5. Proposal for amendment to Regulations for the Management of Transactions Between Related Parties and Business Groups</li> <li>6. Proposal for amendments to the Corporate Governance Best Practice Principles</li> <li>7. Proposal for amendments to the Procedures for Handling Material Inside Information and Prevention of Insider Trading</li> <li>8. Proposal for amendments to the Regulations Governing the Management of Operating Supervisors' Approval authority</li> <li>9. Proposal for amendments to the Internal Audit System Implementation Rules</li> <li>10. Proposal for amendments to the Internal Control - Financing Cycle</li> <li>11. Proposed cancellation of Chia-Rui Holding Limited</li> </ol>
June 22, 2022	<ol style="list-style-type: none"> <li>1. Proposal for the election of the Chairman of the Company</li> <li>2. Proposal for the nomination of members of the Compensation Committee</li> </ol>
August 10, 2022	<ol style="list-style-type: none"> <li>1. The Company's proposed cash dividend distribution</li> <li>2. Consolidated Financial Statements for the second quarter of 2022</li> <li>3. Proposal for amendments to the Corporate Social Responsibility Best Practice Principles</li> <li>4. Amendment to the Accounting System</li> <li>5. Amendment to the Financial Statement Preparation Process Management</li> </ol>

Date of meeting	Major Resolutions
	6. Appointment of directors and supervisors to reinvestment company
November 11, 2022	1. Consolidated Financial Statements for the third quarter of 2022 2. Report on the earnings distribution of China subsidiaries
December 20, 2022	1. 2023 budget report plan submitted for approval 2. Application for 2023 bank financing line submitted for approval 3. Application for 2023 endorsement and guarantee line submitted for approval 4. Application for 2023 loan line submitted for approval 5. 2023 audit plan submitted for approval 6. Change CPAs 7. 2023 appointment of CPAs submitted for approval 8. Report on the earnings distribution of China subsidiaries 9. Amendments to the Procedures for Handling Material Inside Information and Prevention of Insider Trading
January 17, 2023	1. Proposal for 2022 year-end bonus distribution for the Company's managerial officers 2. Proposal for amendment to the Articles of Incorporation 3. Proposal for amendments to the Self-regulatory Rules for Disclosure of M&A Information 4. Proposal for amendments to the Corporate Governance Best Practice Principles 5. Proposal for amendments to the Regulations Governing the Financial Operations of Affiliated Companies with Each Other 6. Report on surface treatment business matters
February 23, 2023	1. 2022 Business Report and Financial Statements 2. The 2022 employee compensation and the distribution of directors' remuneration 3. 2022 earnings distribution 4. Issuance of the 2022 Statement of Internal Control 5. Proposal for the convening of annual shareholders' meeting 6. Proposal for the acceptance of shareholders' proposals

(XII) Any Dissenting Opinion Expressed by a Director or Supervisor with Respect to a Major Resolution Passed by the Board of Directors During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report, Where Said Dissenting Opinion Has Been Recorded or Prepared as a Written Declaration, and Its Main Content: None.

(XIII) A Summary of Resignations and Dismissals of the Company's Chairman, General Manager, Chief Accounting Officer, Financial Manager, Chief Internal Auditor, Corporate Governance Officer, or Research and Development Officer During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report: None.

(XIV) The Company's personnel involved in the transparency of financial information have obtained the relevant licenses designated by the competent authorities:

License	Number of Shareholders	
	Internal Audit	Finance
Republic of China Certified Public Accountant	0	1

V. Information on CPA Professional Fees:

Information on CPA Professional Fees

Unit: NT\$ thousands

Accounting Firm	Name of CPA	CPA Audit Period	Audit Fee	Non-audit Fee	Total	Note
Deloitte & Touche	Mr. Yao-Lin Huang, Ms. Suei-Chin Lee	2022	3,090	0	3,090	
Deloitte & Touche	Mr. Yao-Lin Huang, Mr. Shih-Chieh Chou	2022	2,430	380	2,810	The non-audit fees are mainly for the accountants' review of income tax returns and direct debit method audit fees.

- (I) When non-audit fees paid to the CPA, the CPA's accounting firm, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed: N/A.
- (II) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: N/A.
- (III) If the audit fee has decreased by 10% or more from the previous year, the amount, percentage and reasons for the decrease shall be disclosed: N/A.

VI. Information on Replacement of CPAs: In order to be in line with the internal restructuring of the firm, it is proposed to change the CPAs of the Company from Mr. Yao-Lin Huang and Ms. Suei-Chin Lee to Mr. Yao-Lin Huang and Mr. Shih-Chieh Chou with effect from the fourth quarter of 2022.

VII. Company Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters in the Most Recent Fiscal Year Holding a Position at the Company's CPA Accounting Firm or at an Affiliated Enterprise of Such Accounting Firm. Affiliates of the CPA firm are companies or organizations in which the CPA firm's accountant holds more than 50% of the shares or a majority of the directorships, or companies or organizations listed as affiliates in the information published by the CPA firm: None.

VIII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Managerial Officer, or Shareholder with a Stake of More than 10 Percent

(I) Changes in Shareholding of Directors, Managerial Officers, and Major Shareholders

Unit: Shares

Title	Name	2022		For the year ended March 31, 2023	
		Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)
Chairman/President	Mr. Kuei-Hsiu Sung	-	-	-	-
Director	Yung Hsiang Investment CO., LTD.	-	-	-	-
	Representative: Mr. Chang-Hai Chen	-	-	-	-
Director	Mr. Tsai-Ho Lu	-	-	-	-
Director/Vice President	Mr. Tz-Shiuan Chen	-	-	-	-
Director	Mr. Chyan Yang	-	-	-	-
Independent Director	Mr. Teh-Jung Kao	-	-	-	-
Independent Director	Mr. Jui-Hsin Lin	-	-	-	-
Independent Director	Mr. Ping-Kuen Chen	-	-	-	-
Independent Director	Mr. Chia-Hsiang Chu	-	-	-	-
Vice President	Mr. Li-Chuan Cheng	-	-	-	-
Vice President	Mr. Huoo-Hsin Chen	-	-	-	-
Vice President	Ms. Li-Chen Huang	-	-	-	-
Vice President	Mr. Wen-Kung Lee	-	-	-	-
Vice President	Mr. Mo-Hua Su	-	-	-	-
Vice President	Mr. Shang-Hao Cheng	-	-	-	-
Vice President	Mr. Chia-Hung Kao	-	-	-	-
Director	Mr. Shih-Hsiung Lu	-	-	-	-
Director	Mr. Yung-Ming Sung	-	-	-	-

Note 1. Refers to those who are still in office up to the date of publication of the annual report.

- (II) The information on the transfer of shares of directors, managers, and shareholders holding shares of more than 10% in the most recent year is as follows: None.
- (III) The information on the pledge of shares of directors, managers, and shareholders holding shares of more than 10% in the most recent year is as follows: None.

IX. Relationship among the Company's 10 Largest Shareholders who are Related to, Spouse of, or a Relative Within the Second Degree of Kinship of Another

March 31, 2023

Name	Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Name and relationship between the company's top ten shareholders, or spouses or relatives within the second degree of kinship		Note
	Shares	%	Shares	%	Shares	%	Company Name (Or Name)	Relation	
Yung Hsiang Investment CO., LTD.	13,438,441	9.43%	-	-	-	-	Hsin Ho Investment CO., LTD.	The representatives of the companies are family related	
Yung Hsiang Investment CO., LTD. Representative: Tz-Shiuan Chen	1,757,217	1.23%	492,138	0.34%	-	-	Chang-Hai Chen	Father and Son	
							Szu-Chia Chen	Brother and Sister	
Hsin Ho Investment CO., LTD.	11,904,492	8.36%	-	-	-	-	Yung Hsiang Investment CO., LTD.	The representatives of the companies are family related	
							Hang Chia Investment CO., LTD.		
Hsin Ho Investment CO., LTD. Representative: Chang-Hai Chen	2,716,815	1.90%	1,554,686	1.09%	-	-	Tz-Shiuan Chen	Father and Son	
							Li-Ying Huang	In-law	
							Kuei-Hsiu Sung	In-law	
							Szu-Chia Chen	Father and Daughter	
Hang Chia Investment CO., LTD.	6,349,437	4.45%	-	-	-	-	Hsin Ho Investment CO., LTD.	The representatives of the companies are family related.	
							Ying Chia Investment CO., LTD.		
Hang Chia Investment CO., LTD. Representative: Li-Ying Huang	2,052,622	1.44%	6,296,338	4.42%	-	-	Chang-Hai Chen	In-law	
							Kuei-Hsiu Sung	Spouse	
							Yung-Ming Sung	Mother and Son	
Kuei-Hsiu Sung	6,296,338	4.42%	2,052,622	1.44%	-	-	Hsin Ho Investment CO., LTD.	The representatives of the companies are family related.	
							Hang Chia Investment CO., LTD.		
							Ying Chia Investment CO., LTD.		
							Chang-Hai Chen	In-law	
							Li-Ying Huang	Spouse	
							Yung-Ming Sung	Father and Son	
Chang-Hai Chen	2,716,815	1.90%	1,554,686	1.09%	-	-	Yung Hsiang Investment CO., LTD.	The representatives of the companies are family related.	
							Hsin Ho Investment CO., LTD.	Chairman is the same person	
							Hang Chia Investment CO., LTD.	The representatives of the companies are family related.	
							Tz-Shiuan Chen	Father and Son	
							Li-Ying Huang	In-law	
							Kuei-Hsiu Sung	In-law	
							Szu-Chia Chen	Father and Daughter	

Name	Current shareholding		Spouse & minor shareholding		Shareholding by nominee arrangement		Name and relationship between the company's top ten shareholders, or spouses or relatives within the second degree of kinship		Note
	Shares	%	Shares	%	Shares	%	Company Name (Or Name)	Relation	
Citibank Taiwan in custody for Polunin Emerging Markets Small Cap Fund, LLC	2,506,800	1.76%	-	-	-	-	-	-	
Yung-Ming Sung	2,451,411	1.72%	131,000	0.09%	-	-	Hang Chia Investment CO., LTD.	The representatives of the companies are family related.	
							Ying Chia Investment CO., LTD.	Chairman is the same person	
							Li-Ying Huang	Mother and Son	
							Kuei-Hsiu Sung	Father and Son	
G. Vision Investment CO., LTD.	2,298,098	1.61%	-	-	-	-	-	-	
G. Vision Investment CO., LTD. Representative: Shu-Hui Chen	57,000	0.04%	147,850	0.10%	-	-	-	-	
Ying Chia Investment CO., LTD.	2,231,000	1.56%	-	-	-	-	Hang Chia Investment CO., LTD.	The representatives of the companies are family related.	
Ying Chia Investment CO., LTD. Representative: Yung-Ming Sung	2,451,411	1.72%	131,000	0.09%	-	-	Li-Ying Huang	Mother and Son	
							Kuei-Hsiu Sung	Father and Son	
Szu-Chia Chen	2,230,425	1.56%	-	-	-	-	Yung Hsiang Investment CO., LTD.	The representatives of the companies are family related.	
							Hsin Ho Investment CO., LTD.		
							Tz-Shiuan Chen	Brother and Sister	
							Chang-Hai Chen	Father and Daughter	

X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company:

December 31, 2022 Unit: Thousand shares

Reinvestment business	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	Shareholding	Shares	Shareholding	Shares	Shareholding
CHIA CORPORATION	46,740	100.00%	-	-	46,740	100.00%
GOLDSKY ENTERPRISES LIMITED	15	100.00%	-	-	15	100.00%
Chia Development Co., Ltd.	19,784	100.00%	-	-	19,784	100.00%
Zen Material Technology Inc.	1,334	46.01%	-	-	1,334	46.01%
TARCOOLA TRADING LIMITED	-	-	37,100	100.00%	37,100	100.00%
HUGE LINE INTERNATIONAL LIMITED	-	-	11,601	100.00%	11,601	100.00%
CHIAPEX HOLDING LIMITED	-	-	4,851	100.00%	4,851	100.00%
Energy Magic Co., Ltd.	-	-	1,500	50.00%	1,500	50.00%
EIDEAL Company Limited	-	-	4,000	80.00%	4,000	80.00%
Top Taiwan IX Venture Capital Co., Ltd.	-	-	7,000	12.50%	7,000	12.50%
Chia Chang Technology (Suzhou) Co., Ltd.	-	-	(Note 1)	100.00%	(Note 1)	100.00%
Ningbo Chia chang Electronics Hardware Co., Ltd.	-	-	(Note 1)	100.00%	(Note 1)	100.00%
Nanjing Chia-Chan Precious Electronics Co., Ltd.	-	-	(Note 1)	100.00%	(Note 1)	100.00%
Chia Chang Technology (Chong Qing) Co., Ltd	-	-	(Note 1)	100.00%	(Note 1)	100.00%
Chia Chain Precision Hardware Electronics (Suzhou) Co., Ltd.	-	-	(Note 2)	49.00%	(Note 2)	49.00%

Note 1. The company is a limited liability company and is therefore not applicable.

Note 2. On December 19, 2017, the Board of Directors resolved to dispose of 51% equity interest in Chia Chain Precision Hardware Electronics (Suzhou) Co., Ltd. held by CHIAPEX HOLDING LIMITED to a non-related party in 2018.

## Chapter IV. Capital Overview

### I. Capital and Shares

#### (I) Source of capital

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Note		
		Shares (Shares)	Amount (NT\$)	Shares (Shares)	Amount (NT\$)	Sources of Capital	Capital Increase by Assets Other than Cash	Others
August 1985	10	500,000	5,000,000	500,000	5,000,000	Founding capital	-	
September 1991	10	2,000,000	20,000,000	2,000,000	20,000,000	Capital increase by cash 15,000,000	-	
October 1995	10	4,000,000	40,000,000	4,000,000	40,000,000	Capital increase by cash 20,000,000	-	
May 2001	10	10,000,000	100,000,000	10,000,000	100,000,000	Capital increase by cash 60,000,000	-	May 14, 2001 Jing(090)-Shang-Zh i No. 09001162110
August 2001	10	19,900,000	199,000,000	19,900,000	199,000,000	Capital increase by cash 99,000,000	-	August 7, 2001 Jing(090)-Shang-Zh i No. 09001296000
February 2003	10	23,880,000	238,800,000	23,880,000	238,800,000	Capital increase by cash 7,235,000 Capitalization of retained earnings 32,565,000	-	February 2, 2003 Jing-Shou-Shang-Zh i No. 09201041960
October 2006	30	26,940,000	269,400,000	26,940,000	269,400,000	Capital increase by cash 30,600,000	-	October 11, 2006 Jing-Shou-Zhong-Z hi No. 09532951170
January 2007	30	29,320,000	293,200,000	29,320,000	293,200,000	Capital increase by cash 23,800,000	-	January 2, 2007 Jing-Shou-Zhong-Z hi No. 09533399830
July 2007	78	100,000,000	1,000,000,000	58,808,000	588,080,000	Capital increase by cash 294,880,000	-	July 20, 2007 Jing-Shou-Zhong-Z hi No. 09601172060
January 2008	78	100,000,000	1,000,000,000	62,269,540	622,695,400	Capital increase by cash 34,615,400	-	January 10, 2008 Jing-Shou-Shang-Zh i No. 09701005690
August 2008	10	100,000,000	1,000,000,000	93,404,310	934,043,100	Capitalization of retained earnings 311,347,700	-	August 15, 2008 Jing-Shou-Shang-Zh i No. 09701206260
July 2009	26.5	100,000,000	1,000,000,000	93,447,810	934,478,100	Conversion of stock options 435,000		July 6, 2009 Jing-Shou-Shang-Zh i No. 09801136620
September 2009	10	150,000,000	1,500,000,000	107,458,456	1,074,584,560	Capitalization of retained earnings 140,106,460	-	September 4, 2009 Jing-Shou-Shang-Zh i No. 09801190580
August 2010	21.5	150,000,000	1,500,000,000	107,581,956	1,075,819,560	Conversion of stock options 1,235,000	-	August 20, 2010 Jing-Shou-Shang-Zh i No. 09901189630
September 2010	10	150,000,000	1,500,000,000	131,760,108	1,317,601,080	Capitalization of retained earnings 241,781,520	-	September 3, 2010 Jing-Shou-Shang-Zh i No. 09901201170
July 2011	10	150,000,000	1,500,000,000	145,750,108	1,457,501,080	Capital increase by cash 139,900,000	-	July 13, 2011 Jing-Shou-Shang-Zh i No. 10001155390
July 2011	15.4	150,000,000	1,500,000,000	145,889,108	1,458,891,080	Conversion of stock options 1,390,000	-	July 29, 2011 Jing-Shou-Shang-Zh i No. 10001172070
August 2011	10	180,000,000	1,800,000,000	152,477,113	1,524,771,130	Capitalization of retained earnings 65,880,050	-	August 16, 2011 Jing-Shou-Shang-Zh i No. 10001188180
July 2012	12.4	180,000,000	1,800,000,000	152,562,613	1,525,626,130	Conversion of stock options 855,000	-	August 3, 2012 Jing-Shou-Shang-Zh i No. 10101156790

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Note		
		Shares (Shares)	Amount (NT\$)	Shares (Shares)	Amount (NT\$)	Sources of Capital	Capital Increase by Assets Other than Cash	Others
April 2013	10	180,000,000	1,800,000,000	152,304,613	1,523,046,130	Capital reduction by cancellation of treasury stock2,580,000	-	April 2, 2013 Jing-Shou-Shang-Zh i No. 10201060420
December 2015	10	180,000,000	1,800,000,000	149,202,613	1,492,026,130	Capital reduction by cancellation of treasury stock3,102,000	-	December 29, 2015 Jing-Shou-Shang-Zh i No. 10401270240
March 2016	10	180,000,000	1,800,000,000	146,202,613	1,462,026,130	Capital reduction by cancellation of treasury stock3,000,000	-	March 31, 2016 Jing-Shou-Shang-Zh i No. 10501062470
August 2016	10	180,000,000	1,800,000,000	142,367,613	1,423,676,130	Capital reduction by cancellation of treasury stock3,835,000	-	August 17, 2016 Jing-Shou-Shang-Zh i No. 10501202170

Share Type	Authorized Capital			Note
	Issued Shares (Note)	Un-issued Shares	Total	
Common stock	142,367,613	37,632,387	180,000,000	Listed shares

Note: The stock is a listed company stock.

Information on the general reporting system: N/A.

## (II) Shareholder Structure

March 31, 2023 Unit: Person; Shares; %

Shareholder Structure Item	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions and Foreigners	Total
Number of Shareholders	0	4	56	7,637	99	7,796
Shareholding (Shares)	0	33,925	47,592,192	77,542,170	17,199,326	142,367,613
%	0%	0.02%	33.43%	54.47%	12.08%	100.00%

### (III) Shareholding Distribution Status

Type: Common stock; par value of NT\$10 per share

March 31, 2023 Unit: Person; Shares; %

Range of Shareholding	Number of Shareholders	Shareholding (Shares)	Shareholding
1 to 999	872	115,780	0.08%
1,000 to 5,000	5,025	10,656,782	7.49%
5,001 to 10,000	905	7,309,139	5.13%
10,001 to 15,000	260	3,380,760	2.37%
15,001 to 20,000	188	3,458,670	2.43%
20,001 to 30,000	171	4,416,501	3.10%
30,001 to 40,000	87	3,102,373	2.18%
40,001 to 50,000	52	2,379,612	1.67%
50,001 to 100,000	113	8,007,114	5.62%
100,001 to 200,000	56	7,943,591	5.58%
200,001 to 400,000	27	8,020,398	5.63%
400,001 to 600,000	9	4,577,569	3.22%
600,001 to 800,000	9	6,418,651	4.51%
800,001 to 1,000,000	1	999,700	0.70%
1,000,001 or over	21	71,580,973	50.29%
Total	7,796	142,367,613	100.00%

Note: The Company has not issued any preferred shares.

### (IV) List of Major Shareholders

Name, amount and percentage of shareholding of the top ten shareholders with a shareholding ratio of 5% or more:

March 31, 2023 Unit: Shares; %

Shareholder's Name	Shareholding (Shares)	Shareholding
Yung Hsiang Investment CO., LTD.	13,438,441	9.43%
Hsin Ho Investment CO., LTD.	11,904,492	8.36%
Hang Chia Investment CO., LTD.	6,349,437	4.45%
Kuei-Hsiu Sung	6,296,338	4.42%
Chang-Hai Chen	2,716,815	1.90%
Citibank Taiwan in custody for Polunin Emerging Markets Small Cap Fund, LLC	2,483,800	1.74%
Yung-Ming Sung	2,451,411	1.72%
G. Vision Investment CO., LTD.	2,298,098	1.61%
Ying Chia Investment CO., LTD.	2,231,000	1.56%
Szu-Chia Chen	2,230,425	1.56%

(V) Market Price, Net Worth, Earnings, and Dividends, and Related Information per Share  
for the Past Two Fiscal Years

Unit: NT\$

Item \ Year			2021	2022	For the year ended April 7, 2023
Market Price per Share	Highest		55.80	51.80	38.65
	Lowest		35.75	32.10	35.10
	Average		44.86	41.17	37.42
Net Worth per Share	Before Distribution		55.96	58.64	Note 5
	After Distribution		52.96	56.14 (Note 1)	-
Earnings per Share	Weighted Average Shares		142,368 thousand shares	142,368 thousand shares	142,368 thousand shares
	Earnings per Share		6.38	4.53	Note 5
Dividends per Share	Cash Dividends		3.0	2.5 (Note 1)	-
	Stock Dividends	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price/Earnings Ratio (Note 2)		7.03	9.09	Note 5
	Price/Dividend Ratio(Note 3)		14.95	16.47 (Note 1)	-
	Cash Dividend Yield Rate(Note 4)		6.69%	6.07% (Note 1)	-

Note 1. The amount of cash dividends for 2022 was approved by the Board of Directors on February 23, 2023.

Note 2. The price/earnings ratio = average closing price per share for the year/earnings per share.

Note 3. The price/dividend ratio = average closing price per share for the year/cash dividends per share.

Note 4. The cash dividend yield rate = cash dividends per share/average closing price per share for the year.

Note 5. As of the date of publication of the annual report, there is no information on the financial statements for 2023 that has been certified or reviewed by an accountant.

(VI) The Company's dividend policy and implementation status

1. The Company's dividend policy is as follows:

The Company is growing steadily and the majority of its earnings are generated from the reinvestment companies using the equity method. For the Company's sustainable operation and long-term development, the Company should set aside 10% of its annual net income as legal reserve, in addition to tax contributions and deficit recovery, except when the legal reserve has reached the amount of paid-in capital. In addition, the Company shall set aside or reverse the special reserve in accordance with the law or the regulations of the competent authorities, and the remaining balance of the current year's earnings after deducting the above items shall be the total amount of distributable earnings for the current year. The Company gives priority to the distribution of the current year's distributable earnings, with any shortfall being allocated from undistributed earnings of prior years. The Board of Directors shall prepare a statement of earnings distribution and pay dividends in accordance with current and future development plans, taking into account the investment environment, capital requirements and domestic and international competition, as well as the interests of shareholders and the Company's capital structure. Unless otherwise resolved by the Board of Directors and the shareholders' meeting, the amount of surplus to be distributed to shareholders shall not be less than 30% of the distributable earnings for the year, and the amount of cash dividends shall not be less than 10% of the proposed profit for the year. The Board of Directors shall determine the amount of stock dividends to be distributed depending on the operating conditions and capital requirements of the year.

2. Distribution of Dividends Proposed in the Shareholders' Meeting is as follows:

On February 23, 2023, the Board of Directors resolved to distribute cash dividends to shareholders in the amount of NT\$355,919,033 (NT\$2.50 per share) and will submit a report to the 2023 annual shareholders' meeting.

3. Expected Material Change: None.

(VII) Effect upon Business Performance and Earnings per Share of Any Stock Dividend Distribution Proposed or Adopted at the Most Recent Shareholders' Meeting: N/A.

(VIII) Employee and Director Compensation:

1. The percentages or ranges with respect to employee and director compensation, as set forth in the company's Articles of Incorporation.

If the Company makes a profit in a year, it shall first set aside not less than 1% of the profit for that year, not more than 15% of the profit for that year as remuneration to employees, and an amount less than 5% as remuneration to directors. When there is a cumulative deficit, the Company shall reserve such an amount in advance for compensation. When employees are paid in stock or cash, the compensation is paid to employees of subsidiaries who meet certain criteria. The Board of Directors is authorized to set these conditions.

2. The Basis for Estimating the Amount of Employee Compensation and Director Compensation, for Calculating the Number of Shares to be Distributed as Bonuses, and the Accounting Treatment of the Discrepancy, if Any, Between the Actual Distributed Amount and the Estimated Figure, for the Current Period:

The estimates of employees and directors compensation for the current period (2022) are based on prior years' allocations. If the estimates for the current period are different from those in the shareholders' meeting, they will be treated as changes in accounting estimates and adjusted in the year in which the shareholders' meeting resolves.

3. Distribution of Compensation of Employees, Directors, and Supervisors Approved in the Board of Directors Meeting:

- (1) The amount of any employee and director compensation distributed in cash or stock. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

On February 23, 2023, the Board of Directors resolved to distribute employees remuneration in the amount of NT\$35,943,576 and directors remuneration in the amount of NT\$14,000,000 in cash.

If the above estimates of employee and director compensation differ from those approved in the shareholders' meeting, they will be treated as changes in accounting estimates and adjusted in the year in which the shareholders' meeting resolves.

- (2) The amount of any employee compensation distributed in stock, and the size of that amount as a percentage of the sum of the after-tax net income in the parent company only or individual financial statements for the current period and total employee compensation: The Company did not allocate stock-based compensation to employees during the year, therefore, it is not applicable.

4. Information on Distribution of Compensation of Employees, Directors, and Supervisors ( With an Indication of the Number of Distributed Shares, Monetary Amount, and Stock Price ) And, If There Is Any Discrepancy Between the Actual Distribution and the Recognized Employee, Director, or Supervisor Compensation, Additionally the Discrepancy, Cause, and How It Is Treated:

On March 22, 2022, the Board of Directors resolved to distribute employees remuneration in the amount of NT\$34,693,875 and directors and supervisors remuneration in the amount of NT\$15,000,000 in cash, which is not different from the expenses recognized in the 2021 financial statements.

(IX) Share Repurchases: None.

II. Corporate Bonds: None.

III. Preferred Shares: None.

IV. Global Depository Shares: None.

V. Employee Stock Options:

- (I) The Company's employee stock options that have not yet expired: None.
- (II) Names, Acquisition, and Subscription Status of Managerial Officers Who Have Obtained Employee Stock Options And Top Ten Employees With Most Subscribable Shares Under the Employee Stock Options: up to the Date of Publication of the Annual Report: None.

VI. New Restricted Employee Shares: None.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

VIII. Implementation status of capital utilization plan:

- (I) As of the quarter preceding the the date of publication of the annual report, for each previous issuance or private placement of securities that has not yet been completed or has been completed within the last three years and the benefits of the plan have not yet been demonstrated: None.
- (II) As of the quarter preceding the the date of publication of the annual report, for each previous issuance or private placement of securities that has not yet been completed or has been completed within the last three years and the benefits of the plan have not yet been demonstrated: None.

## Chapter V. Operational Highlights

### I. Business Activities

#### (I) Business Scope

##### (1) Principal Business Activities

- 1) Manufacture and sale of precision machinery (machine tool, medical beds) and related machinery parts and molds.
- 2) Manufacture and sale of mechanical steel mold and textile machine parts.
- 3) Manufacture and sale of computer peripheral equipment.
- 4) Manufacture and sale of electrical products (industrial pesticide lamps, dryers, heating appliances, small refrigerators).

##### (2) Proportion of Business

Unit: NT\$ thousands

Item \ Year	2021		2022	
	Sales Revenue	Proportion (%)	Sales Revenue	Proportion (%)
BACK COVER	5,203,120	59.68	4,664,840	59.51
BEZEL	1,533,658	17.59	866,754	11.06
Internet communication	865,048	9.92	842,293	10.74
Others	1,116,672	12.81	1,464,800	18.69
Total	8,718,498	100.00	7,838,687	100.00

##### (3) The Company's current products (services)

We mainly produce metal internal and external mechanical components for LCD TVs, notebooks, tablets, LCD monitors, car displays, industrial computers, Internet communications, etc., such as Bezel, Back Cover, Heat Sink, Inverter Cover, Shielding, Small Size Products (Lamp Cover, Ground Plate, Bracket), etc.

##### (4) New products (services) to be developed

The Company is a professional metal stamping factory with precision mold design and manufacturing capabilities. We cooperate with panel manufacturers, backlight module manufacturers and system manufacturers to produce TV, NoteBook, Monitor, Tablet, vehicle and Internet communication products and other related components that meet the market size of TFT-LCD. As the end consumer electronic products continue to develop towards the trend of lightness, thinness, integration of internal and external components and metal appearance, we will continue to enhance our precision stamping technology and maintain the cooperative relationship with our customers in order to provide them with high standard service quality. In addition, in order to protect the Company from the impact of a single industry and to extend its business footprint, the Company has already entered the medical, Internet communication, and server industries, and is taking orders from large international brand customers to gradually increase its revenue.

#### (II) Industry Overview

## (1) Current Status and Development

In recent years, the market size and applications of end electronic products have been increasing, such as 3C, Internet communication, medical, automotive, VR/AR and other electronic products, etc. The difficulty of manufacturing process also extends to more precise and flexible direction. In this regard, manufacturers with the ability to develop and design molds or a higher degree of automation can achieve relative advantages in production costs, quality and production efficiency. In order to meet the market demand and increase the added value of electronic products in the face of the short life cycle of electronic products and the characteristics of rapid change, Chia Chang will continue to devote itself to precision mold development and production to ensure stable quality and provide customers with diversified choices and high quality products. Chia Chang is mainly engaged in the production of metal stamping internal and external mechanical components for TFT-LCD related products, and the main applications include NB, Tablet, Monitor and other products.

### 1) Notebook

According to research firm TrendForce, there was a rapid reversal in demand due to the global political and economic situation in 2022. Global notebook shipments declined quarter by quarter, with only about 186 million units shipped for the year, an annual decline of 24.5%. The world will still be affected by the political and economic uncertainty in 2023, with an estimated annual decline of about 7.8% and merely 171 million units shipped. Moreover, due to the weak demand in the market, the traditional cyclical momentum in the fourth quarter of 2022 failed to grow. The disposable income of consumers was under high pressure. Although the notebook brand manufacturers offered promotional prices in North America and China, the sales results were still not as expected. It is expected that end inventory de-stocking will continue until the second quarter of 2023, which will further affect the conservative and cautious ordering of channels. In addition, according to Digitimes, global Chromebook shipments in 2019 were 13.97 million units, an annual increase of 12%, and grew significantly to 30.43 million units in 2020. The peak was maintained until the second half of 2021. Global Chromebook shipments fell to 14.65 million units by 2022, down 56.3% annually.

### 2) Tablet

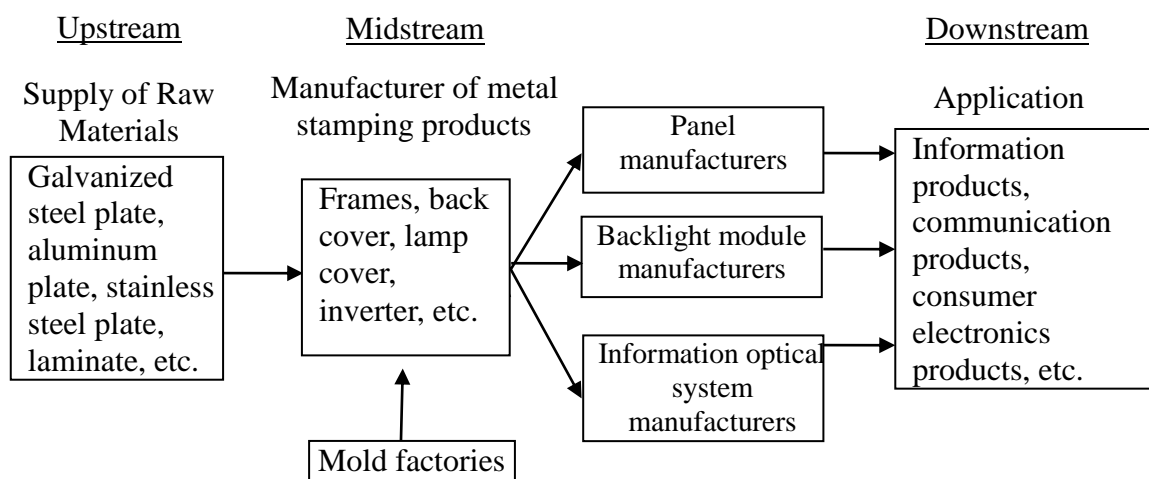
According to the statistics of Digitimes, the demand for global tablets benefited from the pandemic in 2020, with total shipments amounting 154 million units. In the next two years, with the gradual easing of the pandemic dividend, coupled with the impact of the poor economy, high inflation and rising interest rates, global tablet sales momentum also continued to decline with the decline of pandemic dividend, falling to about 141 million units in 2021 and further declining to nearly 138 million units in 2022. With the slowdown in the market demand, we are conservative about the future shipments.

### 3) LCD monitor

According to research firm TrendForce, the overall performance of global LCD monitor shipments in the first half of 2022 was relatively stable. However, the decrease in corporate budget, significant slowdown in business demand, and the impact of inflation and interest rate hikes on the consumer market in the second half of the year resulted in a significant reduction in demand for consumer electronics. Global LCD monitor shipments are expected to be 135 million units in 2022, down 7% year on year. Taking into account the easing of the pandemic-driven demand and the uncertainty of the global political and economic situation, it is estimated that the global LCD monitor shipments in 2023 will be approximately 127 million units, an annual decline of about 5.8%, back to pre-pandemic levels.

### (2) Relationship Amongst Upstream, Midstream, and Downstream Sections of the Industry

The upstream of stamping products are mainly raw material suppliers, while the downstream covers almost all industries. For the Company, the main products are TFT-LCD related stamping components. The upstream, midstream and downstream correlations are as follows:



### (3) Product Development Trends

The Company produces a wide range of internal and external components for a wide range of applications, mainly in consumer electronics, automotive, and Internet communication products. Therefore, changes in the economic climate and technology development have a considerable impact on the production and sales of end products.

At the beginning of each year, CES is a major event in the technology industry and a trend predictor of technology development. Digitimes mentioned that the products exhibited by the NB brand companies this year have focused three main points: firstly, faster speed, including processor speed and screen refresh rate; secondly, more and larger screens, such as dual-screen laptops and 18-inch gaming laptops; and finally, more energy-saving and environmental protection, such as the use of recycled materials for PC. In addition, according to Omdia, OLED notebook panel shipment in 2022 is estimated to be about 6 million pieces, which is slightly lower than the previous estimation, mainly due to the weak demand in the notebook market.

However, after Samsung Display withdrew from LCD panels and switched to OLED panels to enter the notebook panel market, it is estimated that the target of OLED notebook panel shipment in 2023 will be 8.5 million pieces, with an annual growth of more than 40%. If Apple launches OLED panel notebooks in 2024, it will significantly push up the penetration rate of the product.

Research institute Digitimes reported that the tablet brand manufacturers in 2022 to significantly introduce OLED panels, with the penetration rate exceeding 6% for the first time, compared with the previous two years of only 2.1%, 2.8%. However, it is expected that the proportion of flat panel products using OLED panels will drop to 5.6% in 2023, mainly due to the slowdown in market demand and prudent costs consideration of the industry players. In addition, the penetration rate of AMOLED in tablet PC was 2.5% in 2022, and is expected to grow to 18% in 2030.

According to the research firmTrendForce, in anticipation of continued economic downturn, it may become more important to upgrade LCD monitors to maintain profitability than to pursue larger shipments, such as developing high-end OLED monitors, or actively planning to upgrade existing 60Hz or 75Hz products to 100Hz currently implemented by Dell and Acer. In addition, gaming monitor shipments faced the first decline in 2022 since the launch of the product. It is estimated that the shipment will decline to 20.5 million units, an annual decline of 10%, mainly due to the accelerated inflation in Europe and interest rate hikes in North America, seriously affecting and crowding out product demand. Looking ahead to 2023, it is expected that with the increasing variety of panel supplies and brand launches, there will be a chance to maintain shipment growth. In addition, TrendForce also mentioned that curved gaming monitors accounted for 44% of the total gaming monitors in 2022 and are expected to reach 46% in 2023. The reason for the growth is not only the increase in panel supply and high price/performance ratio, but also the increase in the market share of Ultra-Wide products, which is one of the reasons for the increase in curved products.

#### (4) Competition

Our main products are metal mechanism parts and mold design and manufacturing for various electronic products. The main competitors include Jochu, etc. Although there are many competitors, Chia Chang has continued to cultivate its customers and has diversified processes and production lines, with production locations throughout China's optoelectronic supply chain clusters. Each subsidiary operates at a certain scale. In addition, With many years of experience in precision mold development, design and manufacturing, Chia Chang has the ability to develop and design professional molds. As a result, the Company has secured a leading position in the industry in terms of its scale, production technology and ability to receive orders.

### (III) Technology and R&D Overview

		Unit: NT\$ thousands; %	
Item	Year	2021	2022
R&D Expense		76,871	77,536
Sales Revenue		8,718,498	7,838,687
R&D Expense/ Sales Revenue		0.88	0.99

In the last two years, the percentage of R&D expenses to sales revenue ranged from 0.88% to 0.99%, with changes mainly in the direction of automotive applications, Internet communication, server and in-vehicle product R&D.

The Company has been working with LCD panel customers to develop heat dissipation devices for LED backlight modules, which are installed inside the metal back panels of LCD devices, and with LED system customers to develop aluminum alloy exterior parts to provide more appearance and functionality to increase market competitiveness. In addition to successfully producing metal stamping components for TFT-LCD, NoteBook, Monitor, and TV of various standard sizes, we have developed the frame assembly structure of LCD panels to strengthen the frame structure and improve the flatness and quality of the joints, and developed the metal back panel structure for LCD devices to make the metal back panel lightweight.

We are equipped with mold development equipment to meet customers' needs for mass and rapid mold opening, and have developed quick mold setting and unmolding devices to improve the efficiency of mold changing operations. In the manufacturing process, we have introduced automatic stamping equipment and simplified stamping process to improve production efficiency and cost competitiveness.

#### (IV) Long- and Short-Term Business Development Plans

##### 1. Short-Term Business Plan

- (1) Continuously optimize customer structure and strengthen customer penetration rate

Adjust the proportion of Mainland-based, Japanese-based and Korean-based customers, continue to optimize the share of existing customers, develop new customers and new product markets, and increase gross margins.

- (2) Strengthen the quality of customer service and increase the value of being needed

Provide fast and high quality technical services to increase differentiation and competitive threshold to ensure competitive advantage.

- (3) Jointly develop products with customers to create win-win results and increase market entry barriers

Provide customers with solutions that maximize added value through joint development.

- (4) Continuously refine our thin sheet process technology, supplemented by the introduction of high precision production equipment, to meet customer expectations

##### 2. Long-term Business Plan

- (1) Seek new product applications to diversify operational risks

Develop other applications in the metal stamping industry to reduce the concentration of the industry so as to control the risk management of the operation, such as medical, Internet communication industry, etc.

- (2) Develop integrated products to increase the added value of products and achieve a win-win situation with customers.

Invest in and develop the areas with higher added value in the industrial value chain to increase the added value of products and provide customers with one-stop services.

- (3) Strengthen personnel training, enhance automation process, and establish corporate culture

Continue to cultivate professional and technical personnel to meet the Company's future management goals; cultivate organizational members' recognition of the corporate culture in order to establish an organizational culture with common values and achieve a common vision of sustainable management in response to the continuous growth of the Company in the future. In addition, in order to cope with the shortage of manpower due to the season, we will not only cultivate employees with various work skills, but also expand the introduction of automated processes to reduce the reliance on manpower.

## II. Analysis of the Market as well as Production and Marketing Situation

### (I) Market Analysis

#### 1. Sales Regions of Main Products

Unit: NT\$ thousands; %

Sales Regions	2021		2022	
	Amount	%	Amount	%
Mainland China	6,910,941	79.27	5,719,647	72.97
Taiwan	1,779,283	20.41	2,080,689	26.54
Others	28,274	0.32	38,351	0.49
Total	8,718,498	100.00	7,838,687	100.00

#### 2. Market share

The Company is a manufacturer of TFT-LCD metal stamping parts and components. We have the ability to integrate mold design and manufacturing, metal stamping, various surface treatment processes and assembly. The scope of product applications is wide in range, including: consumer electronics, information products, in-car products, network products, etc. Since the material, specification and unit price of metal stamping parts vary depending on the end product they are used in, it is not easy to compile information on the market share of each manufacturer. In addition, because of more than 30 years of experience in mold development, design, and manufacturing, Chia Chang has secured a leading position in the industry in terms of company size, production technology, ability to receive orders, and quality of goods delivered.

#### 3. Future Market Supply, Demand, and Growth Potential

The Company produces a wide range of mechanical parts for applications such as notebooks, tablets, monitors and car display, etc. As the end products continue to develop in the direction of differentiation, light weight, large size, good texture, etc., the stamping technology has been refined. In addition, with the change of design structure, the mold technology and production process also need to be adjusted accordingly, which also bring challenges to the resilience of the stamping factory.

Tablets and notebooks have not changed much in terms of design. The consumer dividend of remote learning and work at home driven by the pandemic in recent

years has come to an end. End-market demand is mostly in recession. As the market for monitors is relatively mature, end-market demand has witnessed a slight increase or decrease.

As a professional manufacturer of metal stamping parts, we provide customers with services from product design, mold development and manufacturing, stamping, processing, assembly, etc. In addition to a certain scale of domestic and overseas production capacity, we have also installed automated machinery and equipment to improve production efficiency, with considerable economies of scale in response to future market changes.

#### 4. Competitive Niches

##### (1) Economy of scale to enter barriers and meet customer needs

The optoelectronics industry is a highly capital-intensive and technology-intensive industry, with rapid product changes and stringent requirements for quality and delivery in the industry supply chain efficiency. The Company has accumulated long-term experience and technology in the field of optoelectronic stamping, and has already established an economy of scale model in mold design and manufacturing capacity. The Company is relatively sound financially, which creates a certain degree of entry barrier for new entrants and existing small-scale operators.

##### (2) Precision integration technology of mold to provide diversified services

The Company has a competitive advantage in mold development in terms of precision and speed, especially in assisting customers in the early stage of product design and providing advice on product design improvement during subsequent mold trials, which shortens the time for customer certification and subsequent mass production, so that customers do not have to look for additional mold vendors and think about alternative production capacity.

##### (3) Provide integrated design and manufacturing service for internal and external mechanisms of stamping parts and components

The Company has the ability to provide integrated design and manufacturing services for internal and external mechanisms of stamping parts and components, providing customers with one-stop integration services for the manufacture of functional internal mechanical components and external surface metal parts, helping customers to reduce supply chain costs and add value.

##### (4) Complete supply chain deployment to provide customers with flexibility in product production

Mainland China is one of the world's most important supply chains and one of the world's largest manufacturing plants. Taiwan, Japan, and Korea's major optoelectronics and information technology companies have established operations in Mainland China. The Company has established production bases in the Yangtze River Delta in eastern China and Chongqing in western China through indirect investment to serve the global manufacturers nearby. Compared with other stamping factories in the industry, the Company has entered China earlier and enjoys an advantage over the industry in terms of construction cost.

##### (5) Dedicated to the development of automated equipment to provide production flexibility and quick response capability

Through our accumulated experience in optoelectronics production, we are committed to developing and designing automated production equipment and enhancing process automation through customized robots, which not only provide production flexibility and quick response capability, but also allow vertical integration to improve production efficiency and product quality.

(6) Dedicated to the industry and high professionalism of the management team

The Company has strict requirements on product quality and technical standards, and we are constantly developing new products, which gives us a competitive advantage in the optoelectronic metal stamping industry. The current management team is dedicated to the industry and is experienced in changes in the industry environment, product development trends, production and manufacturing, and marketing operations. We have great confidence in our overall competitiveness and sustainable management.

5. Favorable and Unfavorable Factors of Development Prospects and Countermeasures

(1) Favorable factors

A. Expanding penetration of the LCD market application market

The LCD application market has expanded from information electronics to home appliances and automotive applications, with a wide range of downstream applications. The increasing range of applications and the continuous upgrade of product technologies have led to the expansion of new applications, such as smart seats for automobiles. In addition to the stable production of our existing optoelectronic products, we are benefiting from the continuous development trend of new application markets, with solid growth of our operating outlook.

B. Quality and delivery well recognized by customers

Our main customers are major optoelectronic panel manufacturers in Taiwan, China and Korea, as well as backlight module manufacturers with global capability. We have been cultivating the optoelectronic metal stamping market for many years and have accumulated an excellent quality image and reputation in the industry. We have built up a good reputation among our customers, which is conducive to developing customers and gaining business.

C. Production capacity and economy of scale of mold design and development to meet customers' production needs

The Company has a complete cross-strait optical and metal stamping distribution, with production sites in major optical and information supply chain clusters in China. With our flexibility in mold development and manufacturing technology, we have a competitive advantage over our competitors and can provide more differentiated and high value-added products, thus raising the barrier of entry for our competitors.

(2) Unfavorable Factors and Countermeasures

A. Large fluctuations in raw material prices that affect parts costs

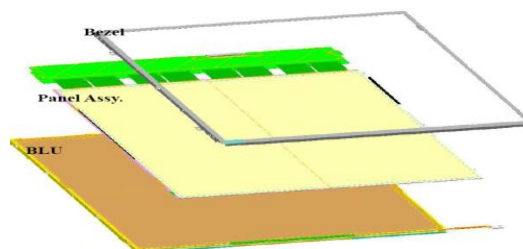
Countermeasures:

1. Through suppliers, we collect information on market dynamics and continue to develop new available materials. In addition, we reduce the impact of short-term (about one quarter) procurement cost increases by pre-ordering important raw materials.
  2. Continue to improve our process technology and strengthen our mold-making capability to enhance our competitiveness. We promote cost-cutting projects to strictly control our management and sales expenses.
  3. We collect information on exchange rate changes in a timely manner to effectively reduce the impact of exchange rate changes on revenue and profitability.
- B. Short product lifecycle and increased enterprise management risk
- Countermeasures:
- The life cycle is getting shorter and shorter due to rapid advancement of information and optoelectronic related products. The order cycle of customers is also getting shorter. The Company adopts order production and strictly controls the raw materials with special specifications to actively reduce inventory and minimize the loss of product stagnation.
- C. Continued compression of product prices and margins
- Countermeasures:
- As the panel metal stamping suppliers have many competitors, with the trend of large size and low price of LCDs, when the panel makers face the pressure of price reduction, it will further compress the price and gross margin of the component suppliers. This causes suppliers to compete by cutting prices.
- The Company will continue to produce high value-added stamping components and actively upgrade its production technology to increase the proportion of production of high margin products, and continue to improve process technology and automation in order to reduce costs.

## (II) Functions and Manufacturing Processes for Main Products

### 1. Important Functions of Main Products

Our main products are TFT-LCD frames (Bezel) and back covers. The design of TFT-LCD module is based on the goal of thinness and lightness, so the selection of shape and material is quite limited, as shown in the following figure: The main structure of TFT-LCD module is composed of three major parts: Bezel, Panel Assy and BLU.

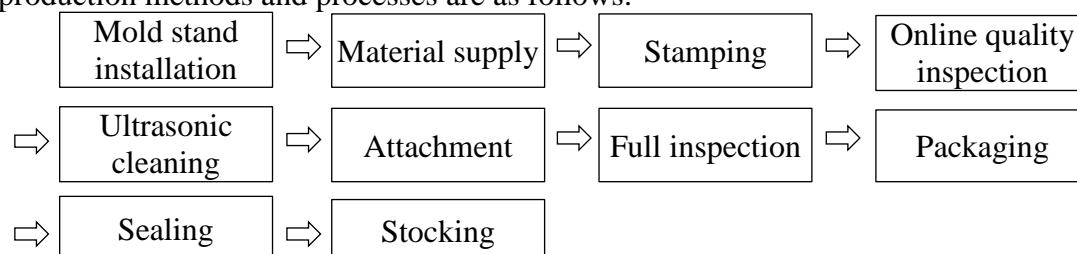


The structure of the backlight module mainly consists of light source, light guide, prism, diffuser, reflective film and back cover, etc. The back cover is the main support structure of the backlight module, and also serves as a barrier for

electromagnetic interference. It promotes heat dissipation and temperature uniformity to avoid local overheating. Therefore, the material used must not only meet the above requirements, but also provide sufficient mechanical strength and be able to withstand complex processing shapes. The structure of the backlight module is based on the plastic frame as the main body, together with some Optic Film, light guide and lamp assembly (Lamp Assy - including lamp shade, lamp shielding), so the whole module is actually the frame combined with the plastic frame to wrap all the parts. The Bezel is stronger than the plastic frame with simpler design. Therefore, the design of Bezel and Back Cover becomes an important part of the overall structure of TFT-LCD.

## 2. Manufacturing Process

We are a professional manufacturer of metal stamping products. Our main business items are Bezel, Back Cover, Lamp Cover, Inverter for TFT-LCD, etc. The production methods and processes are as follows:



## (III) Supply of Major Raw Materials

Major Raw Material	Suppliers	Supply
Galvanizing	Yung Kuang Hwa	Good
Galvanizing zinc aluminum	Lonfon	Good
Aluminum plate	Renme, Harvard	Good
Stainless steel plate	Well Harvest, JUNE FONG	Good
Paste materials	WAIH CHYI, WAIH JING	Good

## (IV) Major Suppliers or Clients Who Have Accounted for at Least 10% of the Total Purchases (Sales) in Any of the Last Two Years, Their Purchases (Sales) Amount and Proportion, and Reasons for Increase or Decrease.

### 1. Major Suppliers Who Have Accounted for at Least 10% of the Total Purchase in Any of the Last Two Years:

Unit: NT\$ thousands

Item	2021				2022			
	Company Name	Amount	Proportion to Annual Net Purchases (%)	Relationship with Issuer	Company Name	Amount	Proportion to Annual Net Purchases (%)	Relationship with Issuer
1	Company A	1,058,051	21.63	None	Company A	699,467	17.71	None
2	Company B	522,137	10.67	None	Company B	326,539	8.27	None
3	Others	3,311,220	67.70	-	Others	2,922,664	74.02	-
	Net Purchase	4,891,408	100.00		Purchase Net Amount	3,948,670	100.00	

2. Reasons for the change in the number of major suppliers:

In 2022, the Company's net purchases decreased due to changes in industry patterns, product mix adjustments, order reductions, and supply chain adjustments due to customer mix adjustments as a result of the pandemic.

3. Major Clients Who Have Accounted for at Least 10% of the Total Sales in Any of the Last Two Years, Their Sales Amount and Proportion, and Reasons for Increase or Decrease :

Unit: NT\$ thousands

Item	2021				2022			
	Company Name	Amount	Proportion to Annual Net Sales (%)	Relationship with Issuer	Company Name	Amount	Proportion to Annual Net Sales (%)	Relationship with Issuer
1	Company A	2,118,955	24.30	None	Company A	1,703,456	21.73	None
2	Company B	1,212,257	13.91	None	Company B	1,223,217	15.61	None
3	Company C	917,139	10.52	None	Company C	812,310	10.36	None
4	Others	4,470,147	51.27	-	Others	4,099,704	52.30	-
	Net Sales	8,718,498	100.00		Sales Net Amount	7,838,687	100.00	

4. Reasons for the change in the major sales:

In 2022, the Company's revenue decreased due to changes in industry patterns and supply chain adjustments as a result of the pandemic.

(V) Production in the Last Two Years

Unit: PCS; NT\$ thousands

Major Product \ Output \ Year	2021			2022		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
BACK COVER	191,933,027	163,143,073	4,211,723	182,465,533	136,849,150	3,877,586
BEZEL	132,139,671	85,890,786	1,175,962	72,943,800	47,413,470	695,007
Others	558,869,865	363,265,413	9,549,277	492,675,169	320,238,860	6,731,920
Total	882,942,563	612,299,272	14,936,962	748,084,502	504,501,480	11,304,513

The decrease in production volume and production value in 2022 compared to 2021 was due to the impact of the pandemic and structural adjustments in the supply chain, resulting in lower production than last year.

(VI) Shipments and Sales in the Last Two Years

Unit: PCS; NT\$ thousands

Shipments & Sales Major Product	Year	2021					
		Mainland China		Taiwan		Overseas	
		Quantity	Amount	Quantity	Amount	Quantity	Amount
BACK COVER		148,145,746	4,853,554	9,419,645	349,566	0	0
BEZEL		79,057,942	1,380,991	6,923,453	152,667	0	0
Internet communication		0	0	2,859,071	865,048	0	0
Others		36,302,266	676,396	34,178,308	412,002	28,274	28,274
Total		263,505,954	6,910,941	53,380,477	1,779,283	28,274	28,274

Shipments & Sales Major Product	Year	2022					
		Mainland China		Taiwan		Overseas	
		Quantity	Amount	Quantity	Amount	Quantity	Amount
BACK COVER		122,925,423	4,289,816	8,766,795	375,024	0	0
BEZEL		43,021,601	788,613	2,738,243	78,141	0	0
Internet communication		0	0	3,569,548	842,293	0	0
Others		29,910,054	641,218	52,950,003	785,231	38,351	38,351
Total		195,857,078	5,719,647	68,024,589	2,080,689	38,351	38,351

In 2022, sales in Mainland China decreased compared to 2021 due to the impact of the pandemic and changes in product structure; however, sales in Taiwan increased compared to 2021 due to changes in product structure.

III. Number of Employees, Average Length of Service, Average Age and Education Distribution Ratio for the Two Most Recent Fiscal Years and Up to the Date of Publication of the Annual Report

Year		2021	2022	March 31, 2023
Number of Employees	Direct	143	138	156
	Indirect	141	167	143
	Total	284	305	299
Average		40.68	40.1	40.02
Average Years of Services (year)		8.25	8.26	8.38
Education (%)	Ph.D.	-	-	-
	Master's	7%	5.5%	7%
	University	36%	38%	36%
	Senior High school	40%	41%	36%
	Below Senior High School	17%	15.5%	21%

#### IV. Disbursements for Environmental Protection

The total amount of losses (including compensation) and penalties suffered as a result of environmental pollution in the most recent year and up to the date of publication of the annual report, together with a description of future countermeasures (including improvement measures) and possible expenses (including the estimated amount of losses, penalties and compensation that may occur if countermeasures are not taken, and if they cannot be reasonably estimated, the fact that they cannot be reasonably estimated): In accordance with the letter Fu-Huan-Shui-Zi No. 1110357791 issued by the Taoyuan City Government in violation of the Water Pollution Control Act (hereinafter referred to as "the Law"), Article 7, Paragraph 1, a fine of NT\$147,000 is imposed in accordance with Article 40, Paragraph 1 of the Water Pollution Control Act, and an environmental lecture of 2 hours is imposed in accordance with Article 23 of the Environmental Education Act.

#### V. Labor Relations

##### (I) Employee Benefit Plans, Continuing Education, Training, and Retirement Systems and the Status of Their Implementation, and the Status of Labor-management Agreements and Measures for Safeguarding Employees' Rights and Interests

###### 1. Employee Welfare and implementation

- (1) Employees are entitled to labor insurance, NHI insurance and group insurance from the day of arrival.
- (2) In addition to the basic monthly salary, we also provide gifts and presents for the Labor Day, Mid-Autumn Festival and Dragon Boat Festival. According to the Company's overall annual operation, team and individual performance, we design the incentive plan according to the flexibility of duties and share the profit surplus with employees to attract and retain talents.
- (3) The Company has an employee cafeteria, which provides free lunch and dinner for employees.
- (4) The Company has appointed a professional medical team to take care of the health of our employees through various health promotion activities to create a comprehensive physical, mental and spiritual health.
- (5) We have established the "Employee Welfare Committee" with the purpose of taking care of workers' lives, promoting physical and mental health, and maintaining harmony between employers and employees. We continue to promote employee welfare business, such as: various festivals, occasional fun competitions, free annual health check-ups, uniforms, safety shoes, employee travel, year-end party, senior staff awards, scholarships for employees' children, contracted vendors, wedding and funeral leaves, maternity gifts and hospitalization, breastfeeding rooms, free parking for automobiles, and dormitories for remote employees.

## 2. Employee Continuing Education and Training

From the beginning of the employment of our employees, we provide training for new employees to explain our corporate policy, which includes corporate social responsibility philosophy and related policies, as well as statutory environmental safety and health courses, Company development direction, management guidelines and related regulations, in order to accelerate the integration of new employees into the organizational culture. We also provide training for the professional skills and knowledge required by different job categories, and provide management-related knowledge and skills for each job based on the common functions of colleagues, with physical courses and online courses for diversified learning. In addition, we also encourage employees to participate in external professional training institutions, industry forums, and seminars to enhance their professional abilities, improve the organization's external competitiveness, and achieve the goals assigned by the organization.

The training course statistics for 2022 are as follows: 3,473 training hours during the year with a total of 1,400 trainees.

## 3. Retirement System and its implementation

The Company's retirement system is based on the provisions of the Labor Standards Act of R.O.C. Since July 1, 2005, the Company has cooperated with the government to implement the new labor retirement system. According to the Labor Pension Act, for those who choose the new system, the Company shall contribute no less than 6% of the workers' monthly wages to the workers' pension account, and shall handle retirement-related matters in accordance with the provisions of the Pension Act.

## 4. Labor-management coordination

The Company has always attached great importance to labor relations. In compliance with labor-related laws and regulations, we hold regular labor-management meetings and monthly mobilization meetings. The Company also conducts annual employee awareness surveys and sets up employee suggestion boxes to understand employees' concerns, and transmits important information and policies to each other through two-way communication to establish a friendly environment for joint participation and full communication between employers and employees.

## 5. Employee Rights Protection Measures

The Company has a comprehensive document management, which sets out various management rules and regulations, specifying employee rights and obligations and welfare items, and regularly reviews and revises the welfare contents. In addition, the work rules and regulations are revised in a timely manner in accordance with laws and regulations promulgated by the government to protect the rights and interests of all employees.

- (II) Any losses incurred as a result of labor disputes in the most recent fiscal year and up to the publication date of the annual report, and an estimate of possible expenses that could be incurred currently and in the future and countermeasures being or to be taken shall be disclosed. If a reasonable estimate cannot be made, an explanation shall be provided: None.

## VI. Information Security Management:

- (I) Describe the information security risk management framework, information security policies, specific management plans, and resources devoted to information security management.
1. To enhance information security management, we have established the Chia Chang Information Security Management Committee, which consists of the Information Security Education Group, the Information Security Risk Group, the Information Security Investigation Group, the Information Security Procedures Group, and the supervisors of each unit. The Chia Chang Information Security Management Committee is responsible for reviewing the information security management strategy and development direction of Chia Chang, monitoring the operation of Chia Chang's information security management, and holding regular information security management review meetings.
  2. The information security strategy of Chia Chang is to enhance information security protection capabilities through personnel management, organizational management, system management, and technology management. The Chia Chang Information Security Committee implements Chia Chang's information security governance by promoting processes such as education and regulation, supervision and management, regular audits, and abnormalities handling.
  3. The objectives of information security management are to ensure the legal access to the Company's information assets, provide complete and uninterrupted information system operation in the event of a possible external intrusion, and reduce the damage and loss that may be caused by an incident by making prompt and necessary responses to restore normal operation in the shortest possible time. The Information Security Committee regularly evaluates the impact of man-made and natural disasters on the Company's information assets and formulates disaster contingency plans for critical information assets and business-critical operations to ensure the continued operation of the Company's business.
  4. In view of the emerging threats to information security, such as malware, DDoS attacks, ransomware, social engineering attacks, information theft and other information security threats, the Information Security Committee continues to pay attention to the changing trends in the information environment, draws up information security contingency plans with reference to external expert opinions or technical journals, and regularly conducts information security incident response drills every year to strengthen the information security awareness of company employees and enhance the company's information security response capability.
- (II) Any losses incurred as a result of major information security incidents in the most recent fiscal year and up to the publication date of the annual report, and any possible impact and response measures. If a reasonable estimate cannot be made, an explanation shall be provided

The Company did not have any significant information security incidents that affected the Company's operations in the most recent fiscal year and up to the publication date of the annual report.

VII. Important Contracts:

Type of Contract	Counterparty	Period	Major Contents	Restrictions
Borrowing contract	First Bank, E.SUN Commercial Bank, The Shanghai Commercial & Savings Bank, CTBC Bank, Industrial and Commercial Bank of China, China Construction Bank	May 2022- November 2031	Working capital loans and endorsement of guarantees for subsidiaries	None

## Chapter VI. Financial Information

### I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years

#### (I) Condensed Balance Sheets and Consolidated Statements of Comprehensive Income - IFRS

##### 1. Condensed Balance Sheet (consolidated)

Unit: NT\$ thousands

<div>Year</div> <div>Item</div>		Financial summary for the last five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		7,819,411	7,810,934	8,100,999	8,662,219	7,577,840
Property, plant and equipment		1,494,417	1,421,035	1,523,132	1,535,788	1,497,306
Intangible assets		4,996	4,865	4,100	5,790	6,138
Other assets		537,346	566,383	621,397	1,107,353	1,686,871
Total assets		9,856,170	9,803,217	10,249,628	11,311,150	10,768,155
Current liabilities	Before Distribution	2,642,928	2,466,580	2,542,514	3,130,198	2,208,429
	After Distribution	2,998,847	2,822,499	2,898,433	3,557,301	2,564,348
Non-current liabilities		202,204	226,981	213,175	207,917	206,328
Total liabilities	Before Distribution	2,845,132	2,693,561	2,755,689	3,338,115	2,414,757
	After Distribution	3,201,051	3,049,480	3,111,608	3,765,218	2,770,676
Equity attributable to shareholders of the parent		7,002,503	7,102,692	7,487,673	7,967,477	8,348,045
Capital stock		1,423,676	1,423,676	1,423,676	1,423,676	1,423,676
Capital surplus		2,820,599	2,820,599	2,820,599	2,820,768	2,820,797
Retained earnings	Before Distribution	3,152,783	3,446,819	3,767,963	4,320,845	4,538,656
	After Distribution	2,796,864	3,090,900	3,412,044	3,893,742	4,182,737
Other equity interest		(394,555)	(588,402)	(524,565)	(597,812)	(435,084)
Non-controlling interest		8,535	6,964	6,266	5,558	5,353
Total equity	Before Distribution	7,011,038	7,109,656	7,493,939	7,973,035	8,353,398
	After Distribution	6,655,119	6,753,737	7,138,020	7,545,932	7,997,479

Note 1. The annual financial information for the most recent five years is certified by CPAs. As of the date of publication of the annual report, there is no information on the financial statements for 2023 that has been certified or reviewed by an accountant.

## 2. Condensed Balance Sheet (Parent Company Only)

Unit: NT\$ thousands

Item \ Year		Financial summary for the last five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		895,148	959,847	801,222	1,233,959	1,347,794
Property, plant and equipment		328,562	331,479	491,811	490,901	494,851
Intangible assets		3,187	2,728	2,055	3,189	2,914
Other assets		6,822,207	6,887,134	7,322,322	7,659,138	7,598,273
Total assets		8,049,104	8,181,188	8,617,410	9,387,187	9,443,832
Current liabilities	Before Distribution	845,591	877,600	928,829	1,218,558	894,622
	After Distribution	1,201,510	1,233,519	1,284,748	1,645,661	1,250,541
Non-current liabilities		201,010	200,896	200,908	201,152	201,165
Total liabilities	Before Distribution	1,046,601	1,078,496	1,129,737	1,419,710	1,095,787
	After Distribution	1,402,520	1,434,415	1,485,656	1,846,813	1,451,706
Capital stock		1,423,676	1,423,676	1,423,676	1,423,676	1,423,676
Capital surplus		2,820,599	2,820,599	2,820,599	2,820,768	2,820,797
Retained earnings	Before Distribution	3,152,783	3,446,819	3,767,963	4,320,845	4,538,656
	After Distribution	2,796,864	3,090,900	3,412,044	3,893,742	4,182,737
Other equity interest		(394,555)	(588,402)	(524,565)	(597,812)	(435,084)
Total equity	Before Distribution	7,002,503	7,102,692	7,487,673	7,967,477	8,348,045
	After Distribution	6,646,584	6,746,773	7,131,754	7,540,374	7,992,126

Note 1. The annual financial information adopts the IFRS, and is certified by CPAs.

### 3. Condensed Statement of Comprehensive Income (Consolidated)

Unit: NT\$ thousands

Item \ Year	Financial summary for the last five years (Note 1)				
	2018	2019	2020	2021	2022
Sales revenue	7,142,528	7,622,723	7,263,201	8,718,498	7,838,687
Gross Profit	1,561,737	1,738,976	1,710,122	2,001,295	1,671,107
Operating profit or loss	762,160	912,852	902,481	1,175,272	851,258
Non-operating income and expenses	146,078	120,573	44,089	137,409	232,728
Net Profit Before Tax	908,238	1,033,425	946,570	1,312,681	1,083,986
Net income from continuing operations	638,647	648,384	676,365	908,093	643,709
Loss from discontinued operations	-	-	-	-	-
Net Profit for the Year	638,647	648,384	676,365	908,093	643,709
Other comprehensive income (Net amount after tax)	(91,201)	(193,847)	63,837	(73,247)	162,728
Total comprehensive income	547,446	454,537	740,202	834,846	806,437
Net income attributable to shareholders of the parent	641,193	649,955	677,063	908,801	644,914
Net income attributable to non-controlling interests	(2,546)	(1,571)	(698)	(708)	(1,205)
Comprehensive income attributable to shareholders of the parent	549,992	456,108	740,900	835,554	807,642
Comprehensive income attributable to non-controlling interest	(2,546)	(1,571)	(698)	(708)	(1,205)
Earnings per Share	4.50	4.57	4.76	6.38	4.53

Note 1. The annual financial information for the most recent five years is certified by CPAs. As of the date of publication of the annual report, there is no information on the financial statements for 2023 that has been certified or reviewed by an accountant.

#### 4. Condensed Statement of Comprehensive Income (Parent Company Only)

Unit: NT\$ thousands

Item \ Year	Financial summary for the last five years (Note)				
	2018	2019	2020	2021	2022
Sales revenue	1,082,420	1,350,869	1,380,641	1,779,283	2,080,345
Gross Profit	359,392	370,598	249,948	332,174	507,346
Operating profit or loss	89,009	94,798	(981)	77,936	235,240
Non-operating income and expenses	677,306	667,002	758,101	989,666	644,933
Net Profit Before Tax	766,315	761,800	757,120	1,067,602	880,173
Net income from continuing operations	641,193	649,955	677,063	908,801	644,914
Loss from discontinued operations	-	-	-	-	-
Net Profit for the Year	641,193	649,955	677,063	908,801	644,914
Other comprehensive income (Net amount after tax)	(91,201)	(193,847)	63,837	(73,247)	162,728
Total comprehensive income	549,992	456,108	740,900	835,554	807,642
Earnings per Share	4.50	4.57	4.76	6.38	4.53

Note: The annual financial information adopts the IFRS, and is certified by CPAs.

#### (II) Name of CPAs and Audit Opinions for the Last Five Years

Year	Accounting Firm	Name of CPA	Audit Opinion
2018	Deloitte & Touche	Mr. Yao-Lin Huang, Ms. Mei-Hui Wu	Unqualified opinion
2019	Deloitte & Touche	Mr. Yao-Lin Huang, Ms. Mei-Hui Wu	Unqualified opinion
2020	Deloitte & Touche	Mr. Yao-Lin Huang, Ms. Mei-Hui Wu	Unqualified opinion
2021	Deloitte & Touche	Mr. Yao-Lin Huang, Ms. Suei-Chin Lee	Unqualified opinion
2022	Deloitte & Touche	Mr. Yao-Lin Huang, Mr. Shih-Chieh Chou	Unqualified opinion

## II. Financial Analyses for the Past Five Fiscal Years

### (I) Adopts IFRS (Consolidated)

Item (Note 2)		Year	Financial analysis for the last five years (Note 1)				
			2018	2019	2020	2021	2022
Financial structure (%)	Debt ratio		28.87	27.48	26.89	29.51	22.42
	Ratio of long-term capital to property, plant and equipment		482.68	516.29	506.00	532.69	571.68
Solvency (%)	Current ratio		295.86	316.67	318.62	276.73	343.13
	Quick ratio		272.79	296.90	300.61	254.19	322.34
	Interest earned ratio		226.99	306.57	239.85	271.38	245.20
Operating performance	Accounts receivable turnover (times)		2.28	2.35	2.37	2.65	2.55
	Average collection period		160.08	155.31	154.00	137.73	143.13
	Inventory turnover (times)		14.10	13.94	14.03	14.59	13.39
	Payables turnover (times)		3.63	3.83	3.88	4.23	4.22
	Average days in sales		25.88	26.18	26.01	25.01	27.25
	Property, plant and equipment turnover (times)		4.78	5.36	4.76	5.68	5.24
	Total asset turnover (times)		0.72	0.78	0.70	0.77	0.73
Profitability	Return on total assets (%)		6.64	6.62	6.78	8.46	5.86
	Return On Equity (%)		9.36	9.18	9.26	11.74	7.89
	Pre-tax income to paid-in capital (%)		63.80	72.59	66.49	92.20	76.14
	Net Profit Margin (%)		8.94	8.51	9.31	10.42	8.21
	Earnings per share (NT\$)		4.50	4.57	4.76	6.38	4.53
Cash Flow	Cash flow ratio (%)		25.35	50.53	33.67	30.22	65.48
	Cash flow adequacy ratio (%)		189.94	216.71	184.30	149.78	179.15
	Cash reinvestment ratio (%)		5.52	9.90	5.38	5.97	9.77
Leverage	Operating leverage		1.89	1.80	1.75	1.53	1.79
	Financial leverage		1.01	1.00	1.00	1.00	1.01
Reasons for changes in financial ratios over the past two fiscal years (Not required if the difference does not exceed 20%):							
<ol style="list-style-type: none"> <li>1. The decrease in debt ratio was mainly due to the decrease in current liabilities in the current year.</li> <li>2. The increase in current ratio and quick ratio was mainly due to the decrease in current liabilities in the current year.</li> <li>3. The decrease in profitability was mainly due to the decrease in profitability in the current year.</li> <li>4. The increase in cash flow ratio and cash reinvestment ratio was mainly due to the increase in cash inflow from operating activities in the current year.</li> </ol>							

Note 1. The annual financial information for the most recent five years is certified by CPAs. As of the date of publication of the annual report, there is no information on the financial statements for 2023 that has been certified or reviewed by an accountant.

Note 2. The calculation formula is described in Note 2 of IFRS (parent company only).

(II) Adopts IFRS (Parent Company Only)

Item (Note 2)		Year	Financial analysis for the last five years (Note 1)				
			2018	2019	2020	2021	2022
Financial structure (%)	Debt ratio		13.00	13.18	13.11	15.12	11.60
	Ratio of long-term capital to property, plant and equipment		2,192.44	2,203.33	1,563.32	1,664.01	1,727.63
Solvency (%)	Current ratio		105.86	109.37	86.26	101.26	150.66
	Quick ratio		98.26	96.78	75.46	85.07	128.79
	Interest earned ratio		212.57	317.36	228.43	252.79	208.15
Operating performance	Accounts receivable turnover (times)		2.06	2.26	2.64	3.27	3.11
	Average collection period		177.18	161.50	138.25	111.62	117.36
	Inventory turnover (times)		25.74	16.65	13.65	11.93	9.65
	Payables turnover (times)		3.23	3.53	3.83	3.68	3.72
	Average days in sales		14.18	21.92	26.73	30.60	37.82
	Property, plant and equipment turnover (times)		3.29	4.08	2.80	3.62	4.20
	Total asset turnover (times)		0.13	0.17	0.16	0.19	0.22
Profitability	Return on total assets (%)		8.08	8.03	8.09	10.13	6.89
	Return On Equity (%)		9.41	9.22	9.28	11.76	7.91
	Pre-tax income to paid-in capital (%) (Note 5)		53.83	53.51	53.18	74.99	61.82
	Net Profit Margin (%)		59.24	48.11	49.04	51.08	31.00
	Earnings per share (NT\$) (Note 3)		4.50	4.57	4.76	6.38	4.53
Cash Flow (Note 4)	Cash flow ratio (%)		9.37	-	8.86	-	-
	Cash flow adequacy ratio (%)		67.34	43.49	7.64	(8.57)	4.61
	Cash reinvestment ratio (%)		(1.21)	(4.72)	(3.40)	(4.76)	(4.92)
Leverage	Operating leverage		1.95	1.87	(83.85)	1.95	1.43
	Financial leverage		1.04	1.03	0.22	1.06	1.02

Reasons for changes in financial ratios over the past year. (Not required if the difference does not exceed 20%)

1. The decrease in debt ratio was mainly due to the decrease in current liabilities in the current year.
2. The increase in current ratio and quick ratio was mainly due to the decrease in current liabilities in the current year.
3. The increase in the average number of sales days compared to last year was mainly due to the decrease in the inventory turnover rate.
4. The decreases in return on assets, return on equity, net income and earnings per share were mainly due to the decreases in the shares of subsidiaries and affiliates recognized under the equity method as compared to last year.
5. The increase in cash flow adequacy ratio was mainly due to the increase in cash inflow from operating activities in the current year.
6. The decrease in operating leverage was mainly due to the increase in revenue in the current year.

Note 1. The annual financial information for the most recent five years is certified by CPAs. As of the date of publication of the annual report, there is no information on the financial statements for 2023 that has been certified or reviewed by an accountant.

Note 2. Formulas for IFRS financial ratios:

1. 1. Financial structure

(1) Debt ratio = Total liabilities/Total assets

(2) Ratio of long-term funds to property, plant, and equipment = ( Total equity + Non-current liabilities ) /Net property, plant, and equipment

2. Solvency
  - (1) Current ratio = Current assets/Current liabilities
  - (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities
  - (3) Interest earned ratio = Earnings before interest and taxes/Interest expenses
3. Operating performance
  - (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities)
  - (2) Average collection period = 365/Accounts receivable turnover
  - (3) Inventory turnover rate = Cost of sales/Average inventory
  - (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and bills payable from business activities)
  - (5) Average days in sales = 365/Inventory turnover
  - (6) Property, plant and equipment turnover rate = Net sales/Average net property, plant, and equipment
  - (7) Total asset turnover rate = Net sales/Average total assets
4. Profitability
  - (1) Asset return ratio = [Profit or loss after tax + Interest expenses  $\times$  ( 1 - Tax rate )]/Average total assets
  - (2) Return on shareholders' equity = Profit or loss after tax/Average total equity
  - (3) Profit ratio = Profit or loss after tax/Net sales
  - (4) Earnings per share = (Income attributable to shareholders of parent company - Preferred shares dividends)/Weighted average number of shares issued (Note 4)
5. Cash Flow
  - (1) Cash flow ratio = Net cash flows from operations/Current liabilities
  - (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years
  - (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital) (Note 5)
6. Leverage
  - (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income (Note 6)
  - (2) Financial leverage = Operating income/(Operating income - Interest expenses)

Note 3. The above formula for calculating earnings per share should be measured with particular attention to the following:

1. The weighted-average number of common shares is based on the number of shares outstanding at the end of the year.
2. The weighted-average number of common shares is based on the weighted-average number of shares outstanding at the end of the year.
3. If there is a capital increase from earnings or capital surplus, the percentage of capital increase should be adjusted retroactively in the calculation of prior years' and semiannual earnings per share, without regard to the period of issuance of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends (whether paid or not) for the year should be deducted from net income after tax or increased by net loss after tax. If the preferred stock is non-cumulative, the dividends should be reduced by the net income after tax if there is a net income after tax; if there is a loss, no adjustment is required.

Note 4. Cash flow analysis should be measured with particular attention to the following:

1. Net cash flow from operating activities represents the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditures represent the annual cash outflow from capital investments.
3. Increases in inventories are included only when the ending balance is greater than the opening balance, or zero if inventories are reduced at the end of the year.
4. Cash dividends include cash dividends on common stock and preferred stock.
5. Gross amount of property, plant and equipment represents the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 5. The issuer should distinguish operating costs and operating expenses into fixed and variable based on their nature. If estimates or subjective judgments are involved, the issuer should pay attention to their reasonableness and maintain consistency.

Note 6. If the Company's stock has no par value or has a par value other than NT\$10 per share, the calculation of the ratio of paid-in capital is based on the ratio of equity attributable to the owners of the parent company in the balance sheet.

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

#### Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 business report, financial statements and annual earnings distribution proposal. The CPA firm of Deloitte & Touche was retained to audit the Company's financial statements and has issued an audit report relating to the financial statements. The business report, financial statements and annual earnings distribution proposal have been reviewed and determined to be accurate by the Audit Committee. According to relevant regulations of the Securities and Exchange Act and the Company Act, and we hereby submit this report.

Chia Chang Co., Ltd.

Chairman of the Audit Committee: Mr. Jui-Hsin Lin

February 23, 2023

IV. Consolidated Financial Statement for the Most Recent Fiscal Year and Independent Auditors' Report: please refer to page 115 to page 172.

V. Parent Company Only Financial Statements for the Most Recent Fiscal Year, Certified by CPAs: please refer to page 173 to page 222.

VI. In the Most Recent Fiscal Year and Up to the Date of Publication of the Annual Report, Any Financial Difficulties Experienced by the Company or Its Affiliates and How Said Difficulties Will Affect the Company's Financial Position: None.

Chapter VII. Review and Analysis of the Company's Financial Position and Financial Performance, and Listing of Risks

I. Financial Position:

Unit: NT\$ thousands; %

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	7,577,840	8,662,219	(1,084,379)	(12.52)
Property, plant and equipment	1,497,306	1,535,788	(38,482)	(2.51)
Intangible assets	6,138	5,790	348	6.01
Other assets	1,686,871	1,107,353	579,518	52.33
Total assets	10,768,155	11,311,150	(542,995)	(4.80)
Current liabilities	2,208,429	3,130,198	(921,769)	(29.45)
Total liabilities	2,414,757	3,338,115	(923,358)	(27.66)
Capital stock	1,423,676	1,423,676	-	-
Capital surplus	2,820,797	2,820,768	29	-
Retained earnings	4,538,656	4,320,845	217,811	5.04
Other equity interest	(435,084)	(597,812)	162,728	(27.22)
Non-controlling interest	5,353	5,558	(205)	(3.69)
Total equity	8,353,398	7,973,035	380,363	4.77

The main reasons and impacts of major changes in assets, liabilities and equity (with changes by at least 10% with an amount reaching NT\$10 million), the main reasons for such changes, their effects and future plans:

Due to the impact of the pandemic and the adjustment of product mix by customers, the operating revenue, gross profit and pre-tax profit of our mainland subsidiary in 2022 was lower than those in 2021.

1. The decrease in current assets was mainly due to the decrease in accounts receivable and inventories compared to last year.
2. The increase in other assets was mainly due to the increase in prepayment for equipment compared to last year.
3. The decrease in current liabilities and total liabilities was mainly due to the decrease in accounts payable and short-term loans compared to last year.
4. The increase in other equity was mainly due to the change in foreign currency exchange rate and the difference in translation of foreign currency statements, which had no significant impact on the Company's future financial position.

## II. Financial Performance

Unit: NT\$ thousands; %

Item \ Year	2022	2021	Increase (Decrease) Amount	Change (%)
Sales revenue	7,838,687	8,718,498	(879,811)	(10.09)
Gross Profit	1,671,107	2,001,295	(330,188)	(16.50)
Operating profit or loss	851,258	1,175,272	(324,014)	(27.57)
Non-operating income and expenses	232,728	137,409	95,319	69.37
Net Profit Before Tax	1,083,986	1,312,681	(228,695)	(17.42)
Net income from continuing operations	643,709	908,093	(264,384)	(29.11)
Loss from discontinued operations	-	-	-	-
Profit or loss	643,709	908,093	(264,384)	(29.11)
Other comprehensive income (net income after tax)	162,728	(73,247)	235,975	(322.16)
Total comprehensive income	806,437	834,846	(28,409)	(3.40)
Net income attributable to shareholders of the parent	644,914	908,801	(263,887)	(29.04)
Net income attributable to non-controlling interests	(1,205)	(708)	(497)	70.20
Comprehensive income attributable to shareholders of the parent	807,642	835,554	(27,912)	(3.34)
Comprehensive income attributable to non-controlling interest	(1,205)	(708)	(497)	70.20
Earnings per Share	4.53	6.38	(1.85)	(29.00)
<p>For changes of 10% or more in the prior and subsequent periods and absolute changes amounting to NT\$10 million, the analysis is as follows:</p> <p>Due to the impact of the pandemic and the adjustment of product mix by customers, the sales revenue, gross profit and pre-tax profit of our China subsidiary in 2022 was lower than those in 2021. The Company will continue to strengthen its mold R&amp;D technology, optimize its process capability, and focus on valuable products.</p>				

### III. Cash Flow

#### (I) Analysis of cash flow changes for the most recent year (2022):

Unit: NT\$ thousands

Cash balance, beginning of year (1)	Annual net cash flows from operating activities (2)	Annual net cash flows from investing activities (3)	Annual net cash flows from financing activities (4)	Effect of exchange rate changes on cash and cash equivalents (5)	Cash surplus (deficit) amount (1)+(2)+(3)+(4)+(5)	Estimated remedial measures for cash deficit (1)+(2)+(3)+(4)+(5)	
						Investment plan	Financial management plan
2,079,687	1,445,988	(759,178)	(737,094)	48,828	2,078,231	NA	NA
Description on analysis:							
(I) Analysis of cash flow changes for the year:							
Operating activities: The net cash inflow from operating activities was mainly due to the net operating profit for the year.							
Investing activities: The net cash outflow from investing activities was mainly due to the increase in prepayment for equipment for the year.							
Financial management activities: The net cash outflow from financial management activities was mainly due to the payment of cash dividends and the decrease in short-term borrowings during the year.							
(II) Estimated remedial measures for cash deficit and liquidity analysis:							
Cash at the end of 2022 was approximately NT\$2.078 billion, and there was no cash shortage.							
(III) Cash Flow Analysis for the Coming Year:							
Cash flow is expected to be good in the future and there will be no cash shortage.							
Cash balance, beginning of year (1)	Annual net cash flows from operating activities (2)	Annual net cash flows from investing activities (3)	Annual net cash flows from financing activities (4)	Cash surplus (deficit) amount (1)+(2)+(3)+(4)	Estimated remedial measures for cash deficit (1)+(2)+(3)+(4)+(5)		
					Investment plan	Financial management plan	
2,078,231	691,977	(189,653)	(427,103)	2,153,452	NA	NA	

#### IV. Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year:

The amount of capital expenditure for new equipment in 2022 was NT\$113 million, accounting for approximately 1.44% of net sales, which has no significant impact on the Company's financial operations.

#### V. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability, and Investment Plans for Coming Year :

##### (I) Reinvestment Policy of the Company:

The Company's reinvestment policy is to align with the Company's business development strategy and operational needs. In the future, the Company will continue to focus on the development needs of the industry and long-term strategic investments, and adjust the scale of the Group's operations in line with the global supply chain layout of customers. We will continue to carefully evaluate our investment plans and consider to dispose of our investment as and when appropriate.

(II) Main reasons for profit or loss :

In recent years, the Group's investment policy has been to make timely disposal of non-core investments in strategic targets that are complementary to the markets in which the Group expects to develop. The main reasons for the profitability of the investment in recent years are the economy of scale of production and operation of the reinvestment business, the implementation of the management system and the market recognition of the products. The Company will continue to counsel and integrate new and loss-making subsidiaries in order to accelerate the reduction of losses in some subsidiaries so as to achieve profitability targets and to maximize the combined effect of M&A as soon as possible.

(III) Improvement plan and investment plan for the coming year: None.

VI. Risk Analysis and Assessment for the Most Recent Fiscal Year and as of the Date of Publication of the Annual Report:

(I) Risk factors

1. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

(1) Interest rate change:

The interest rate risk of the Company and its subsidiaries mainly arises from floating-rate debt borrowed for operating and investment activities, which may cause fluctuations in cash flows due to changes in market interest rates. In order to reduce interest rate risk and increase the uncertainty of financing costs, the Company evaluates and closely monitors the impact of price changes on the Company from time to time. The Company and its subsidiaries will, depending on market conditions, enter into hedging transactions for financial instruments to reduce the impact of interest rate fluctuations at appropriate times.

Net interest income and expenses accounted for 0.67% and 0.77% of the Company's revenue in 2021 and 2022, and approximately 5.85% and 9.34% of the Company's net income after tax.

In terms of assets, the Company and its subsidiaries are conservative and prudent in capital allocation, mainly depositing in bank deposits and highly liquid capital-protected financial products to protect the principal and maintain liquidity.

(2) Exchange rate change:

A. Effect of exchange rate changes on the Company's revenue and profitability

Unit: NT\$ thousands; %

Item	2021	2022
Net foreign exchange gain or loss	(53,557)	195,793
Sales Revenue	8,718,498	7,838,687
Net foreign exchange gain or loss/ sales revenue (%)	(0.61)	2.50
Operating Profit	1,175,272	851,258
Net foreign exchange gain or loss/operating profit (%)	(4.56)	23.00

The Company and its subsidiaries are exposed to foreign currency exchange rate risk primarily from foreign currency denominated cash and cash equivalents, accounts receivable, loans and accounts payable. Therefore, fluctuations in international exchange rates may affect foreign-currency-denominated operating revenues, operating costs and even profitability. In order to avoid the adverse effect of exchange rate changes on the operating results of the Company and its subsidiaries, the Company and its subsidiaries enter into forward exchange contracts with financial institutions to hedge the exchange rate risk of foreign currencies for the Company's foreign-currency-denominated assets and liabilities, in order to reduce the impact of exchange rate risk on the profit or loss of the Company and its subsidiaries.

The exchange gain for the year was NT\$195,793 thousand. We will continue to hedge the exchange rate risk in the future. The ratio of foreign exchange gain to sales revenue for the last two years were (0.61%) and 2.50%, respectively, and the ratio of foreign exchange gain to operating income for the last two years were (4.56%) and 23.00%, respectively.

As for the deployment of foreign exchange funds, through recurring foreign sales and import transactions, foreign currency debts and liabilities are offset to achieve a natural hedge effect to reduce foreign exchange risk. In the future, the main strategy for foreign exchange risk control will continue to be the natural hedge of foreign currency positions, and the positions of foreign currency assets and liabilities will be adjusted in a timely manner to reduce the risk of exchange rate fluctuations. The Company maintains close relationships with financial institutions, continuously observes exchange rate fluctuations, and flexibly adjusts foreign currency positions in the spot market; when necessary in the forward market, the Company undertakes foreign exchange hedging instruments in accordance with changes in foreign exchange revenues and expenses and the foreign exchange market to reduce exchange rate risk.

(3) Inflation:

In recent years, the overall economic environment has shown a slight inflationary trend due to the uncertainty of global economic conditions and rising prices. As of the date of publication of the annual report, the Company has not been materially affected by inflation.

The Company also pays attention to the fluctuation of raw material market prices, maintains good interaction with suppliers and customers, adjusts raw material inventories appropriately, sets purchase quantities in advance and changes purchase pricing currencies to weaker currencies to reduce the impact of price increases.

2. The Company's Policy Regarding High-Risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements, Guarantees, and Derivatives Transactions; The Main Reasons for the Profits/Losses Generated Thereby; And Response Measures to Be Taken in the Future:

- (1) The Company and its subsidiaries do not engage in high-risk, high-leverage investment activities and conduct capital allocation and hedging activities based

on conservative and prudent principles.

- (2) The Company's lending of funds to others is mainly based on the capital financing needs of each reinvestment company to enhance its flexibility in the use of working capital, and is carried out in accordance with the Company's "Procedures for Lending Funds to Others" with limited risk.
- (3) As of the date of publication of the annual report, the Company and its subsidiaries provide endorsement and guarantee only to affiliates of the Company or its subsidiaries.
- (4) The Company engages in derivative transactions mainly for the purpose of hedging the risks arising from changes in exchange rates of foreign-currency assets or liabilities and in accordance with the Company's "Procedures for the Acquisition or Disposal of Assets", and the risk is limited.

3. Research and Development Work to Be Carried Out in the Future, and Further Expenditures Expected for Research and Development Work:

Research and development plan:	Estimated completion schedule
Mini led optical reflection cup new process and technology development	Early 2023
Development of automotive cooling module process	End of 2023
Development of defective products as qualified products	Early 2023
Netcom man-machine equipment development	End of 2023

The Company's R&D plans are based on industry trends and are carried out in a highly integrated and cost-effective manner. R&D expenses amounted to NT\$77,536 thousand and NT\$76,871 thousand for 2022 and 2021, respectively, accounting for 0.99% and 0.88% of revenue for each year. Due to the continuous evolution of the technology, we still need to invest in R&D to develop new products that meet the specifications of next-generation automotive applications, Internet communication, servers and in-vehicle products. The above R&D expenses for future R&D plans represents approximately 1.81% of the total revenue budget for 2023.

4. Effects of and Response to Changes in Policies and Regulations At Home and Abroad Relating to Corporate Finance and Sales:

As of the date of publication of the annual report, there were no policy and legal changes that had a material adverse effect on the Company's financial operations. The Company's operating team will pay close attention to important domestic and international policy and legal changes in order to take appropriate measures and reduce the impact in a timely manner.

5. Effects of and Response to Changes in Technology (including ICT security risk) and the Industry Relating to Corporate Finance and Sales

The TFT-LCD industry is faced with the continuous development of new technologies and new products, coupled with the accelerated replacement of mainstream products in the market. The Company's management team keeps an eye on the changes in technology and product demand in the industry, captures the market trend, and evaluates the impact on the Company's operations. The Company also strengthens the

management of network security and establishes comprehensive network and computer-related information security measures to reduce operational risks, such as strengthening firewalls and anti-virus and anti-hacking tools, introducing complete backup solutions to ensure data security, and strengthening employees' awareness of information security through regular information security education training. As of the date of publication of the annual report, there were no changes in technology or industry changes that had a material impact on the Company's financial operations.

6. The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures:

It is the Company's responsibility to comply with laws and regulations, to value the rights of employees and shareholders, and to fulfill its corporate social responsibility. In case of crisis events and potential external risks, if there is any concern about the impact on the Company's operations or corporate image, the Company will immediately activate the crisis management mechanism, and the relevant personnel will understand the status of the event and conduct risk assessment of the various impacts as soon as possible and take necessary measures. The Company's crisis communication plan also adheres to the principle of open communication to ensure that employees, customers, authorities, the investing public, the news media and relevant stakeholders are kept informed of the latest situation in a timely manner. As of the date of publication of the annual report, no corporate crisis has occurred as a result of changes in corporate image.

7. Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans:

The Company and its subsidiaries have no M&A plan in the most recent year and as of the publication date of the annual report. However, if there is any M&A plan in the future, we will follow the relevant regulations and adopt a prudent assessment attitude to consider whether it can bring concrete comprehensive effect to the Company, so as to protect the interests of the Company and shareholders' rights.

8. Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

At present, the Company and its subsidiaries' main planning focus is to fully utilize the existing production capacity to maximize the economy of scale, so there is no significant need for plant expansion in the near future.

9. Risks Associated With Any Consolidation of Sales or Purchasing Operations, and Mitigation Measures Being or to Be Taken:

(1) Purchase:

The company's main purchases are scattered in domestic and foreign manufacturers. In addition to establishing good relationships with existing suppliers, we have more than two sources of supply for each raw material, and there is no risk of concentration of supply.

(2) Sales:

The Company's top 10 customers accounted for 80.60% and 80.73% of net sales revenue in 2021 and 2022, respectively, which is a relatively concentrated percentage. It was mainly because the panel optoelectronics industry is a highly capitalized industry with a tendency for the big players to stay big, which is in line with the characteristics of the industry in which we operate. Therefore, the percentage of sales to the top ten customers increased.

10. Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors or Shareholders with Shareholdings of over 10%:

There has been no substantial transfer or replacement of equity by directors or major shareholders holding more than 10% of the shares up to the publication date of the annual report.

11. Effects of, Risks Relating to and Response to the Changes in Management Rights:

There have been no changes in management rights in the most recent fiscal year and during the current fiscal year up to the publication date of the annual report.

12. Disclosure of issues in dispute, the monetary amount of claims, filing date, counterparties, and status of any litigation or other legal proceedings up to the publication date of the annual report where the Company and/or any of its directors, President, de facto person in charge, shareholders with 10% or more share ownership, or affiliated companies are involved in pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the shareholders' equity or price of securities: None.

13. Other Important Risks and Mitigation Measures:

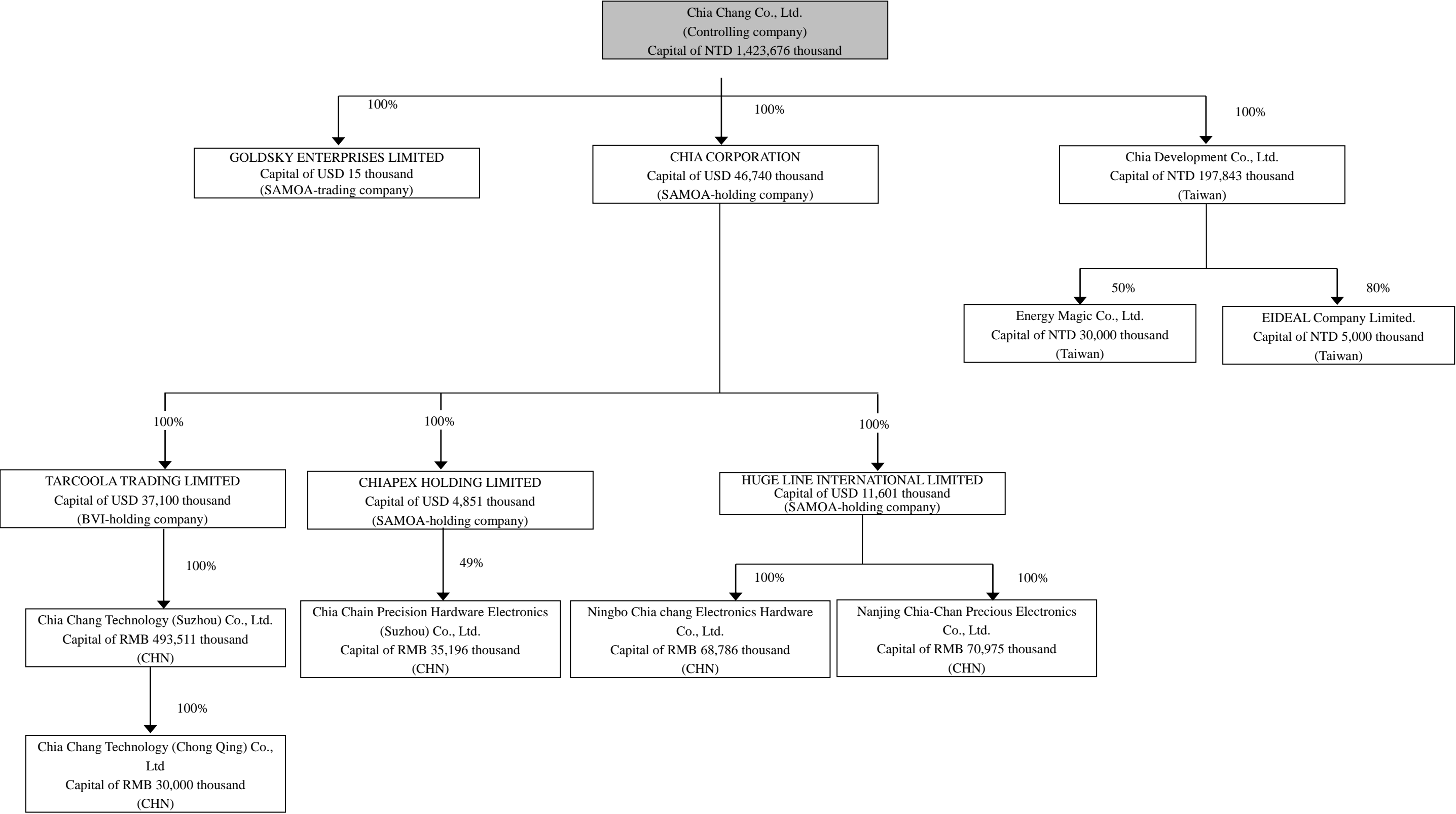
Labor safety and health: We have established "Environmental Safety and Health Management Regulations" for wastewater, drinking water, waste gas, waste materials, chemicals, noise, resources, overhead cranes, forklifts, lifting equipment, and production equipment to implement environmental protection waste reduction, reduction, pollution prevention, and zero industrial safety hazards.

VII. Other Important Matters: None.

I. Information on the Company Affiliates

(I) Affiliate Company Structure

December 31, 2022



(II) Name, date of establishment, address, paid-in capital and main business items of each affiliated company

December 31, 2022

Unit: NT\$ thousands or \$ thousands in foreign currency

Name of Affiliate	Date of Incorporation	Address	Paid-in capital	Main business or production items
Chia Chang Co., Ltd.	September 1985	No. 45, Ln. 205, Sec. 2, Nanshan Rd., Luzhu Dist., Taoyuan City	NTD 1,423,676	Production and sales of information and optoelectronic metal stamping parts
CHIA CORPORATION	August 2006	Intershore Suite, Le Sanalele Complex, Apia, Samoa	USD 46,740	Investment holdings
GOLDSKY ENTERPRISES LIMITED	August 2006	Intershore Suite, Le Sanalele Complex, Apia, Samoa	USD 15	International trading
Chia Development Co., Ltd.	March 2008	No. 45, Ln. 205, Sec. 2, Nanshan Rd., Luzhu Dist., Taoyuan City	NTD 197,843	New business development and investment
TARCOOLA TRADING LIMITED	April 1997	Intershore Suite, Le Sanalele Complex, Apia, Samoa	USD 37,100	Investment holdings
HUGE LINE INTERNATIONAL LIMITED	December 2005	Intershore Suite, Le Sanalele Complex, Apia, Samoa	USD 11,601	Investment holdings
CHIAPEX HOLDING LIMITED	September 2007	Intershore Suite, Le Sanalele Complex, Apia, Samoa	USD 4,851	Investment holdings
Energy Magic Co., Ltd.	April 2011	No. 45, Ln. 205, Sec. 2, Nanshan Rd., Luzhu Dist., Taoyuan City	NTD 30,000	Electronic component manufacturing
EIDEAL Company Limited	July 2022	No. 45, Ln. 205, Sec. 2, Nanshan Rd., Luzhu Dist., Taoyuan City	NTD 5,000	Electronic component manufacturing
Chia Chang Technology (Suzhou) Co., Ltd.	November 2011	No.1, Dongjin Road, Wuzhong Economic Development Zone, Suzhou, Jiangsu Province	RMB 493,511	Production and sales of information and optoelectronic metal stamping parts
Ningbo Chia chang Electronics Hardware Co., Ltd.	February 2006	No.35, Yanshanhe North Road, Daguan Town, Beilun District, Ningbo City, Zhejiang Province	RMB 68,786	Production and sales of information and optoelectronic metal stamping parts
Nanjing Chia-Chan Precious Electronics Co., Ltd.	January 2011	No.5 Hengtai Road, Xingang Development Zone, Nanjing, Jiangsu Province	RMB 70,975	Production and sales of information and optoelectronic metal stamping parts
Chia Chang Technology (Chong Qing) Co., Ltd	July 2017	No. 449, Malingan Road, Chenggong Industrial Park, Hechuan District, Chongqing	RMB 30,000	Production and sales of information and optoelectronic metal stamping parts
Chia Chain Precision Hardware Electronics (Suzhou) Co., Ltd.	November 2004	2A, Wing Chun Industrial Square, Pan Yang Industrial Park, Huang Dai Town, Xiangcheng District, Suzhou, Jiangsu Province	RMB 35,196	Production and sales of information and optoelectronic metal stamping parts

(III) Information on the same shareholders who are presumed to be in a controlling and subordinate relationship: None.

(IV) Industry covered by the business of the overall affiliate:

Bezel, Back Cover, Inverter, Shielding, Small Size Products (Lamp Cover, Gnd Plate, Bracket) for LCD TV, Notebook, LCD Monitor, Computer Peripherals, Car Displays, Mobile Phone, Industrial PC, Internet Communication, Server, Medical, etc. and Investment Holding.

(V) The names of the directors, supervisors and President of each related company and their shareholdings or capital contributions to the Company:

December 31, 2022

Name of Affiliate	Title	Name or Representative	Shareholding	
			Shareholding (shares)	Shareholding (%)
CHIA CORPORATION	Investor	Chia Chang Co., Ltd.	46,740,427	100
	Director	Mr. Kuei-Hsiu Sung	-	-
GOLDSKY ENTERPRISES LIMITED	Investor	Chia Chang Co., Ltd.	15,000	100
	Director	Mr. Tz-Shiuan Chen	-	-
Chia Development Co., Ltd.	Investor	Chia Chang Co., Ltd.	19,784,344	100
	Director	Mr. Chang-Hai Chen, Mr. Kuei-Hsiu Sung, Mr. Tsai-Ho Lu, Mr. Li-Chuan Cheng, Mr. Mei-Cheng Peng	-	-
	Supervisor	Mr. Tz-Shiuan Chen	-	-
Zen Material Technology Inc.	Investor	Chia Chang Co., Ltd.	1,334,188	46.01
	Director	Mr. Chih Chiang Cheng	1,121,998	38.69
	Supervisor	Ms. Ying-Hui Wu	-	-
TARCOOLA TRADING LIMITED	Investor	CHIA CORPORATION	37,100,000	100
	Director	Mr. Chang-Hai Chen	-	-
HUGE LINE INTERNATIONAL LIMITED	Investor	CHIA CORPORATION	11,601,000	100
	Director	Mr. Kuei-Hsiu Sung	-	-
CHIAPEX HOLDING LIMITED	Investor	CHIA CORPORATION	4,851,000	100
	Director	Mr. Chang-Hai Chen	-	-
Energy Magic Co., Ltd.	Investor	Chia Development Co., Ltd.	1,500,000	50
	Director	Mr. Chang-Hai Chen, Mr. Li-Chuan Cheng, Mr. Tai-Ho Yang	-	-
	Supervisor	Mr. Cheng-Ying Liao	-	-
EIDEAL Company Limited	Investor	Chia Development Co., Ltd.	400,000	80
	Director	Mr. Tz-Shiuan Chen, Mr. Li-Chuan Cheng, Mr. Hsiao-Ming Chen	-	-
	Supervisor	Mr. Yung-Ming Sung	-	-
Chia Chang Technology (Suzhou) Co., Ltd.	Investor	TARCOOLA TRADING LIMITED	-	100
	Director	Mr. Chang-Hai Chen, Mr. Kuei-Hsiu Sung, Mr. Huoo-Hsin Chen	-	-
	Supervisor	Mr. Mei-Cheng Peng	-	-
Ningbo Chia chang Electronics Hardware Co., Ltd.	Investor	HUGE LINE INTERNATIONAL LIMITED	-	100
	Director	Mr. Kuei-Hsiu Sung, Mr. Li-Chuan Cheng, Mr. Tz-Shiuan Chen	-	-
	Supervisor	Mr. Mei-Cheng Peng	-	-
Nanjing Chia-Chan Precious Electronics Co., Ltd.	Investor	HUGE LINE INTERNATIONAL LIMITED	-	100
	Director	Mr. Chang-Hai Chen, Mr. Kuei-Hsiu Sung, Mr. Tz-Shiuan Chen	-	-
	Supervisor	Mr. Mei-Cheng Peng	-	-
Chia Chang Technology (Chong Qing) Co., Ltd	Investor	Chia Chang Technology (Suzhou) Co., Ltd.	-	100
	Director	Mr. Kuei-Hsiu Sung, Mr. Huoo-Hsin Chen, Mr. Mo-Hua Su	-	-
	Supervisor	Mr. Tz-Shiuan Chen	-	-
Chia Chain Precision Hardware Electronics (Suzhou) Co., Ltd.	Investor	CHIAPEX HOLDING LIMITED	Note 1	49
	Director	Mr. Chih-Hsien Shen, Ms. Chin-Hua Ho, Mr. Tz-Shiuan Chen	-	-
	Supervisor	Mr. Li-Chuan Cheng	-	-

Note 1. The Company and its subsidiary disposed of 51% equity interest in Chia Chain Precision Hardware Electronics (Suzhou) Co., Ltd. held by CHIAPEX HOLDING LIMITED to a non-related party in January 2018.

## (VI) Overview of Operations of Affiliates

December 31, 2022  
Unit: NT\$ thousands

Company Name	Capital	Total assets	Total liabilities	Net worth	Sales revenue	Income from operations	Profit or loss (after tax)	Earnings Per Share (after tax/ NT\$)
Chia Chang Co., Ltd.	1,423,676	9,443,832	1,095,787	8,348,045	2,080,345	235,240	644,914	4.53
CHIA CORPORATION	1,498,194	6,450,424	37,189	6,413,235	-	(10)	629,385	13.47
GOLDSKY ENTERPRISES LIMITED	33,008	778,347	17,396	760,951	38,352	6,982	5,703	380.20
Chia Development Co., Ltd.	197,843	290,997	3,685	287,312	-	(268)	(71,165)	(3.60)
TARCOOLA TRADING LIMITED	1,237,385	3,595,566	-	3,595,566	-	(58)	375,591	10.12
HUGE LINE INTERNATIONAL LIMITED	361,718	1,609,889	-	1,609,889	-	-	226,339	19.51
CHIAPEX HOLDING LIMITED	157,104	44,527	-	44,527	-	-	2,257	0.47
CHIA-RUI HOLDING LIMITED	-	-	-	-	-	-	(559)	(Note 2)
Energy Magic Co., Ltd.	30,000	9,733	190	9,543	-	(1,650)	(1,574)	(0.52)
EIDEAL Company Limited	5,000	3,838	929	2,909	394	(2,096)	(2,091)	(4.18)
Chia Chang Technology (Suzhou) Co., Ltd.	2,176,087	4,385,199	793,668	3,591,531	3,133,354	425,427	375,590	(Note 1)
Ningbo Chia chang Electronics Hardware Co., Ltd.	303,305	1,407,387	713,678	693,709	1,866,550	213,766	239,265	(Note 1)
Quan Rui (Dong Guan) Industrial Co., Ltd.	-	-	-	-	-	(272)	239	(Note 2)
Nanjing Chia-Chan Precious Electronics Co., Ltd.	312,957	617,089	187,803	429,286	423,300	(30,577)	(13,591)	(Note 1)
Chia Chang Technology (Chong Qing) Co., Ltd.	132,282	295,643	225,459	70,184	361,734	3,848	4,465	(Note 1)
Chia Chain Precision Hardware Electronics (Suzhou) Co., Ltd.	155,193	65,019	120,232	(55,213)	136,383	(20,695)	(20,122)	(Note 1)

Note 1. The company is a limited liability company and is therefore not applicable.

Note 2. Canceled and divested in April 2022.

(VII) Consolidated Financial Statement of Affiliates: please refer to page 115.

(VIII) Reports on Affiliates: N/A.

- II. 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: None.
- III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.
- IV. Other Supplementary Information: None.
- V. Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

## **DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The entities that are required to be included in the combined financial statements of affiliates 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 all 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, relevant information required to be disclosed in the combined financial statements has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Chia Chang Co., Ltd. and its subsidiaries did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

CHIA CHANG CO., LTD.

By

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KUEI-HSIU SUNG  
Chairman

February 23, 2023

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Chia Chang Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Chia Chang Co., Ltd. (the "Corporation") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and 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 matters of the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

#### Occurrence of Recognized Sales Revenue

Chia Chang Co., Ltd. and subsidiaries engage mainly in manufacturing metal stamping of internal and external mechanical parts and related products. Although the overall market demand in 2022 declined, there was still an increase in the sales revenue due to sales made to certain customers. Since the amount and proportion of sales revenue are significant, we considered the occurrence of recognized sales revenue from certain customers as a key audit matter to the consolidated financial statements for the year ended December 31, 2022. Refer to Notes 4 and 21 to the consolidated financial statements for the accounting policies on revenue recognition.

The audit procedures we have performed in respect of the above key audit matter included understanding, assessing and testing of the effectiveness of the design and implementation of the internal control related to the sales revenue. We selected sample transactions of those sales to certain customers and verified the occurrence of sales revenue. We selected sample balances of accounts receivable from those certain customers and performed confirmation procedures. We conducted alternative audit procedures to those who failed to respond to confirmation request immediately and validated the relevant transaction documents and verified the occurrence of sales revenue.

#### **Other Matter**

We have also audited the parent company only financial statements of Chia Chang 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, IFRS, IAS, IFRIC and 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 members of 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 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 Yao-Lin Huang and Shih-Chieh Chou.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 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.*

# CHIA CHANG CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 2,078,231	19	\$ 2,079,687	18
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	45	-	45	-
Notes and accounts receivable, net (Notes 4, 8 and 21)	2,658,467	24	3,500,115	31
Current tax assets (Notes 4 and 23)	142,259	1	146,115	1
Inventories, net (Notes 4 and 9)	397,329	4	524,001	5
Prepayments	61,871	1	181,587	2
Other financial assets - current (Notes 4 and 6)	2,083,673	19	2,051,481	18
Other current assets (Note 4)	<u>155,965</u>	<u>2</u>	<u>179,188</u>	<u>2</u>
Total current assets	<u>7,577,840</u>	<u>70</u>	<u>8,662,219</u>	<u>77</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 10)	191,982	2	164,082	1
Investments accounted for using the equity method (Notes 4 and 12)	124,317	1	302,808	3
Property, plant and equipment (Notes 4, 13 and 28)	1,497,306	14	1,535,788	14
Right-of-use assets (Notes 4, 14 and 28)	147,159	2	155,318	1
Investment properties (Notes 4, 15 and 28)	53,991	1	54,768	1
Deferred tax assets (Notes 4 and 23)	31,335	-	23,898	-
Prepayments for machinery and equipment	1,114,360	10	384,566	3
Other non-current assets (Notes 4 and 19)	<u>29,865</u>	<u>-</u>	<u>27,703</u>	<u>-</u>
Total non-current assets	<u>3,190,315</u>	<u>30</u>	<u>2,648,931</u>	<u>23</u>
<b>TOTAL</b>	<u>\$ 10,768,155</u>	<u>100</u>	<u>\$ 11,311,150</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 16 and 28)	\$ 190,000	2	\$ 470,000	4
Notes payable (Note 17)	212,232	2	190,503	2
Accounts payable (Note 17)	957,242	9	1,564,413	14
Other payables (Note 18)	574,705	5	648,661	6
Current tax liabilities (Notes 4 and 23)	141,754	1	116,788	1
Lease liabilities - current (Notes 4 and 14)	17,889	-	18,463	-
Other current liabilities	<u>114,607</u>	<u>1</u>	<u>121,370</u>	<u>1</u>
Total current liabilities	<u>2,208,429</u>	<u>20</u>	<u>3,130,198</u>	<u>28</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 16 and 28)	4,409	-	-	-
Deferred tax liabilities - non-current (Notes 4 and 23)	201,089	2	201,147	2
Lease liabilities - non-current (Notes 4 and 14)	-	-	5,940	-
Guarantee deposits	<u>830</u>	<u>-</u>	<u>830</u>	<u>-</u>
Total non-current liabilities	<u>206,328</u>	<u>2</u>	<u>207,917</u>	<u>2</u>
Total liabilities	<u>2,414,757</u>	<u>22</u>	<u>3,338,115</u>	<u>30</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4 and 20)</b>				
Ordinary shares	<u>1,423,676</u>	<u>14</u>	<u>1,423,676</u>	<u>12</u>
Capital surplus	<u>2,820,797</u>	<u>26</u>	<u>2,820,768</u>	<u>25</u>
Retained earnings				
Legal reserve	890,220	8	799,339	7
Special reserve	597,812	6	524,565	5
Unappropriated earnings	<u>3,050,624</u>	<u>28</u>	<u>2,996,941</u>	<u>26</u>
Total retained earnings	<u>4,538,656</u>	<u>42</u>	<u>4,320,845</u>	<u>38</u>
Other equity	<u>(435,084)</u>	<u>(4)</u>	<u>(597,812)</u>	<u>(5)</u>
Total equity attributable to owners of the Corporation	8,348,045	78	7,967,477	70
<b>NON-CONTROLLING INTERESTS</b>	<u>5,353</u>	<u>-</u>	<u>5,558</u>	<u>-</u>
Total equity	<u>8,353,398</u>	<u>78</u>	<u>7,973,035</u>	<u>70</u>
<b>TOTAL</b>	<u>\$ 10,768,155</u>	<u>100</u>	<u>\$ 11,311,150</u>	<u>100</u>

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

# CHIA CHANG 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	%
SALES REVENUE (Notes 4 and 21)	\$ 7,838,687	100	\$ 8,718,498	100
COST OF GOODS SOLD (Notes 4, 9 and 22)	<u>6,167,580</u>	<u>79</u>	<u>6,717,203</u>	<u>77</u>
GROSS PROFIT	<u>1,671,107</u>	<u>21</u>	<u>2,001,295</u>	<u>23</u>
OPERATING EXPENSES (Notes 4, 8 and 22)				
Selling and marketing expenses	277,643	3	291,491	4
General and administrative expenses	464,670	6	457,661	5
Research and development expenses	<u>77,536</u>	<u>1</u>	<u>76,871</u>	<u>1</u>
Total operating expenses	<u>819,849</u>	<u>10</u>	<u>826,023</u>	<u>10</u>
INCOME FROM OPERATIONS	<u>851,258</u>	<u>11</u>	<u>1,175,272</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Share of profit (loss) of associates using equity method (Note 12)	(82,051)	(1)	109,821	1
Interest income	64,588	1	57,990	1
Other income (Note 22)	58,837	1	28,010	-
Interest expense	(4,439)	-	(4,855)	-
Exchange gains (loss) (Note 29)	<u>195,793</u>	<u>2</u>	<u>(53,557)</u>	<u>-</u>
Total non-operating income and expenses	<u>232,728</u>	<u>3</u>	<u>137,409</u>	<u>2</u>
INCOME BEFORE INCOME TAX	1,083,986	14	1,312,681	15
INCOME TAX EXPENSE (Notes 4 and 23)	<u>440,277</u>	<u>6</u>	<u>404,588</u>	<u>4</u>
NET INCOME	<u>643,709</u>	<u>8</u>	<u>908,093</u>	<u>11</u>

(Continued)

# CHIA CHANG 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)

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	\$ (16,852)	-	\$ (13,697)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	<u>179,580</u>	<u>2</u>	<u>(59,550)</u>	<u>(1)</u>
Other comprehensive income (loss)	<u>162,728</u>	<u>2</u>	<u>(73,247)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 806,437</u>	<u>10</u>	<u>\$ 834,846</u>	<u>10</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 644,914	8	\$ 908,801	10
Non-controlling interests	<u>(1,205)</u>	<u>-</u>	<u>(708)</u>	<u>-</u>
	<u>\$ 643,709</u>	<u>8</u>	<u>\$ 908,093</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 807,642	10	\$ 835,554	10
Non-controlling interests	<u>(1,205)</u>	<u>-</u>	<u>(708)</u>	<u>-</u>
	<u>\$ 806,437</u>	<u>10</u>	<u>\$ 834,846</u>	<u>10</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 24)				
Basic	<u>\$ 4.53</u>		<u>\$ 6.38</u>	
Diluted	<u>\$ 4.47</u>		<u>\$ 6.31</u>	

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

(Concluded)

# CHIA CHANG 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 Corporation											
	Ordinary Shares	Capital Surplus	Retained Earnings				Exchange Differences on Translation of Foreign Operations	Other Equity	Total	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2021	\$ 1,423,676	\$ 2,820,599	\$ 731,633	\$ 588,402	\$ 2,447,928	\$ 3,767,963	\$ (597,795)	\$ 73,230	\$ (524,565)	\$ 7,487,673	\$ 6,266	\$ 7,493,939
Appropriation of 2020 earnings												
Legal reserve	-	-	67,706	-	(67,706)	-	-	-	-	-	-	-
Special reserve	-	-	-	(63,837)	63,837	-	-	-	-	-	-	-
Cash dividends distributed	-	-	-	-	(355,919)	(355,919)	-	-	-	(355,919)	-	(355,919)
Total appropriation of 2020 earnings	-	-	67,706	(63,837)	(359,788)	(355,919)	-	-	-	(355,919)	-	(355,919)
Net income for the year ended December 31, 2021	-	-	-	-	908,801	908,801	-	-	-	908,801	(708)	908,093
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	(59,550)	(13,697)	(73,247)	(73,247)	-	(73,247)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	908,801	908,801	(59,550)	(13,697)	(73,247)	835,554	(708)	834,846
Changes in percentage of ownership interests in subsidiaries	-	169	-	-	-	-	-	-	-	169	-	169
BALANCE AT DECEMBER 31, 2021	1,423,676	2,820,768	799,339	524,565	2,996,941	4,320,845	(657,345)	59,533	(597,812)	7,967,477	5,558	7,973,035
Appropriation of 2021 earnings												
Legal reserve	-	-	90,881	-	(90,881)	-	-	-	-	-	-	-
Special reserve	-	-	-	73,247	(73,247)	-	-	-	-	-	-	-
Cash dividends distributed	-	-	-	-	(427,103)	(427,103)	-	-	-	(427,103)	-	(427,103)
Total appropriation of 2021 earnings	-	-	90,881	73,247	(591,231)	(427,103)	-	-	-	(427,103)	-	(427,103)
Net income (loss) for the year ended December 31, 2022	-	-	-	-	644,914	644,914	-	-	-	644,914	(1,205)	643,709
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	179,580	(16,852)	162,728	162,728	-	162,728
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	644,914	644,914	179,580	(16,852)	162,728	807,642	(1,205)	806,437
Changes in percentage of ownership interests in subsidiaries	-	29	-	-	-	-	-	-	-	29	-	29
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,000	1,000
BALANCE AT DECEMBER 31, 2022	\$ 1,423,676	\$ 2,820,797	\$ 890,220	\$ 597,812	\$ 3,050,624	\$ 4,538,656	\$ (477,765)	\$ 42,681	\$ (435,084)	\$ 8,348,045	\$ 5,353	\$ 8,353,398

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

# CHIA CHANG 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	\$ 1,083,986	\$ 1,312,681
Adjustments for:		
Depreciation	249,003	240,970
Amortization	199,082	146,304
Share of profit or loss of associates	82,051	(109,821)
Interest income	(64,588)	(57,990)
Dividend income	(15,995)	(13,073)
Unrealized loss (gain) on foreign exchange	11,322	(3,862)
Gain on disposal and retirement of property, plant and equipment	(9,675)	(2,604)
Interest expense	4,439	4,855
Impairment loss recognized on non-financial assets	4,406	10,639
Net loss on disposal of investments	3,917	-
Expected credit loss recognized	1,150	2,270
Net gain on fair value changes of financial assets at fair value through profit or loss	(619)	(1)
Changes in operating assets and liabilities:		
Notes and accounts receivable	839,675	(420,195)
Inventories	128,695	(137,714)
Prepayments	119,716	(120,721)
Other current assets	(163,379)	(172,854)
Notes payable	21,729	90,225
Accounts payable	(609,605)	246,057
Other payables	(72,408)	76,551
Other current liabilities	(6,763)	93,338
Cash generated from operations	1,806,139	1,185,055
Interest received	59,600	67,806
Income tax paid	(419,751)	(306,931)
Net cash generated by operating activities	<u>1,445,988</u>	<u>945,930</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease in other financial assets	2,641,769	3,897,057
Increase in other financial assets	(2,597,999)	(3,680,223)
Increase in prepayments for machinery and equipment	(763,344)	(365,482)
Acquisition of property, plant and equipment	(112,895)	(147,916)
Purchase of financial assets at fair value through profit or loss	(89,440)	-
Disposal of financial assets at fair value through profit or loss	89,339	-
Dividends received	33,795	15,913
Proceeds from capital reduction of investments accounts for using the equity method	30,000	-
Proceeds from disposal of property, plant and equipment	14,104	13,128
		(Continued)

# CHIA CHANG 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
Increase in other non-current assets	\$ (4,507)	\$ (15,794)
Acquisition of right-of-use assets	-	(68,455)
Acquisition of investments accounted for using the equity method	<u>-</u>	<u>(50,000)</u>
Net cash used in investing activities	<u>(759,178)</u>	<u>(401,772)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash dividends paid	(427,103)	(355,919)
Increase (decrease) in short-term borrowings	(280,000)	12,000
Repayment of the principal portion of lease liabilities	(30,574)	(28,094)
Interest paid	(4,826)	(5,145)
Proceeds from long-term borrowings	4,409	-
Change in non-controlling interests	1,000	-
Proceeds from guarantee deposits	<u>-</u>	<u>230</u>
Net cash used in financing activities	<u>(737,094)</u>	<u>(376,928)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>48,828</u>	<u>(9,260)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(1,456)	157,970
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<u>2,079,687</u>	<u>1,921,717</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<u>\$ 2,078,231</u>	<u>\$ 2,079,687</u>

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

(Concluded)

# CHIA CHANG 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

Chia Chang Co., Ltd. (the “Corporation”) was incorporated in September 1985, and engages mainly in manufacturing, processing and trading of various precision machinery, related mechanical mold components, mechanical steel mold accessories and computer peripheral equipment.

The Corporation’s shares have been listed on the Taiwan Stock Exchange (TWSE) since June 2011.

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on February 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 accounting policies of the Corporation and its subsidiaries (collectively referred to as the “Group”).

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

<b>New, Revised or Amended 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 were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of above standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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

<b><u>New, Revised or Amended Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB (Note 1)</u></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 9 and IFRS 17 - 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 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 of the application of above standards and interpretations 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**

##### **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.

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; 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 Corporation and its subsidiaries. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, 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 Corporation 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 interest 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 Corporation.

See Note 11, Table 5 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (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 items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Corporation's foreign operations (including subsidiaries and associates in other countries) that are prepared using functional currencies which are different from the currency of the Corporation 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; 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 (attributed to the owners of the Corporation and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and 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. 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. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of the associate attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate 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 Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Corporation subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (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 Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

#### h. 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 on 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 method 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 net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

#### i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

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 recognized in profit or loss.

j. Intangible assets

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 life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

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, right-of-use asset, investment properties, and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment property, and intangible assets, excluding 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. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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 that would have been determined had no impairment loss been recognized for 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 issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) 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 fair value through profit or loss 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 category

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

i. Financial asset at FVTPL

Financial asset is classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and financial assets that do not meet the amortized cost criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

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

- i) The financial asset is 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 asset 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 and accounts receivable, other financial assets - current, other receivables and refundable deposits, are measured at amortized cost, which equals to gross carrying amount determined by 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 a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- ii) Financial asset that is not credit impaired on purchase or origination but has 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.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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 equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation 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, they 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 accounts receivable).

The Group always recognizes lifetime Expected Credit Loss (ECL) for accounts receivable. 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 a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL 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 indication 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 150 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 by a reduction in their carrying amount through a loss allowance account.

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 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 that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by an entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by an entity are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity, and its book value is calculated based on the weighted average of stock types. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

The difference between the carrying amount of the 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.

Revenue from the sale of goods comes from sales of metal stamped products. Sales of metal stamped products are recognized as revenue according to the terms of the sale agreed with the customer, such as when the goods have been delivered to the customer's specific location 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. Accounts receivable are recognized concurrently.

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.

1) 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.

2) 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 leases and low-value asset leases accounted for 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. 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 and in-substance 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. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expense when employees have rendered service 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 past service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefit expenses 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 liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. 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.

p. Taxation

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

1) Current tax

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

According to the Income Tax Law 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, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology and research and development expenditures, and personnel training expenditures 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 and associates, except where the Group and the associates are 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 only recognized 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 they 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 asset 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset 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 period

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 AND UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about 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 estimates and underlying assumptions are reviewed on an ongoing basis by the Group's management. 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.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Checking accounts and demand deposits	\$ 1,461,100	\$ 1,490,722
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	616,537	588,211
Cash on hand	<u>594</u>	<u>754</u>
	<u>\$ 2,078,231</u>	<u>\$ 2,079,687</u>

As of December 31, 2022 and 2021, time deposits with original maturities of more than 3 months were \$2,083,673 thousand and \$2,051,481 thousand, respectively, which were classified as other financial assets - current. As of December 31, 2022 and 2021, the interest rates of the time deposits with original maturities more than 3 months were 0.76%-5.20% and 0.22%-2.85%, respectively.

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	<u>\$ 45</u>	<u>\$ 45</u>

## 8. NOTES AND ACCOUNTS RECEIVABLE

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Notes receivable - operating	\$ 82,484	\$ 117,710
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	2,579,737	3,384,975
Less: Allowance for impairment loss	(3,754)	(2,570)
	<u>2,575,983</u>	<u>3,382,405</u>
Total accounts receivable at amortized cost	\$ <u>2,658,467</u>	\$ <u>3,500,115</u>

The average credit period of sales of goods was 60-180 days. No interest is charged on unpaid accounts receivable.

In order to mitigate credit risk, the management of the Group has delegated qualified personnel in accordance with the segregation of duties principle to be 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 accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates. As 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 accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of the receivables. For accounts receivable 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 notes and accounts receivable based on the Group's provision matrix.

### December 31, 2022

	Not Past Due	Past Due				Total
		Less than 90 Days	91 to 120 Days	121 to 150 Days	Over 150 Days	
Expected credit loss rate	0.01%	0.17%	-	-	100%	
Gross carrying amount	\$ 2,645,119	\$ 13,585	\$ 10	\$ -	\$ 3,507	\$ 2,662,221
Allowance for impairment loss (Lifetime ECL)	(224)	(23)	-	-	(3,507)	(3,754)
Amortized cost	\$ <u>2,644,895</u>	\$ <u>13,562</u>	\$ <u>10</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,658,467</u>

## December 31, 2021

	Not Past Due	Past Due				Total
		Less than 90 Days	91 to 120 Days	121 to 150 Days	Over 150 Days	
Expected credit loss rate	-	5%	20%	50%	100%	
Gross carrying amount	\$ 3,490,887	\$ 4,597	\$ 4,331	\$ 2,744	\$ 126	\$ 3,502,685
Allowance for impairment loss (Lifetime ECL)	-	(228)	(866)	(1,350)	(126)	(2,570)
Amortized cost	<u>\$ 3,490,887</u>	<u>\$ 4,369</u>	<u>\$ 3,465</u>	<u>\$ 1,394</u>	<u>\$ -</u>	<u>\$ 3,500,115</u>

The movements of the allowance for impairment loss of notes and accounts receivable were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 2,570	\$ 2,704
Add: Impairment loss recognized	1,150	2,270
Less: Amount written off	-	(2,390)
Effect of exchange rate differences	<u>34</u>	<u>(14)</u>
Balance at December 31	<u>\$ 3,754</u>	<u>\$ 2,570</u>

## 9. INVENTORIES

	December 31	
	2022	2021
Finished goods	\$ 218,829	\$ 215,123
Work in progress	74,617	106,625
Raw materials	<u>103,883</u>	<u>202,253</u>
	<u>\$ 397,329</u>	<u>\$ 524,001</u>

The cost of goods sold included the following:

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	\$ 6,163,174	\$ 6,706,564
Inventory write-downs	4,406	9,070
Impairment loss on mold (Note 22)	<u>-</u>	<u>1,569</u>
	<u>\$ 6,167,580</u>	<u>\$ 6,717,203</u>

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

	December 31	
	2022	2021
<u>Non-current</u>		
Domestic investments		
Unlisted ordinary shares		
Chimei Motor Electronics Co., Ltd.	\$ 16,500	\$ 8,696
Top Taiwan XIII Venture Capital Co., Ltd.	39,079	-
WK Technology Fund IX Ltd.	<u>136,403</u>	<u>155,386</u>
	<u>\$ 191,982</u>	<u>\$ 164,082</u>

These investments in equity instruments are held for medium to long-term strategic purposes. 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.

## 11. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2022	2021	
The Corporation	CHIA CORPORATION	Investment activities	100.00	100.00	-
	GOLDSKY ENTERPRISES LIMITED	International trade	100.00	100.00	-
	Chia Development Co., Ltd.	New business development and investment	100.00	100.00	-
CHIA CORPORATION	TARCOOLA TRADING LIMITED	Investment activities	100.00	100.00	-
	HUGE LINE INTERNATIONAL LIMITED	Investment activities	100.00	100.00	-
	CHIAPEX HOLDING LIMITED	Investment activities	100.00	100.00	-
TARCOOLA TRADING LIMITED	CHIA-RUI HOLDING LIMITED	Investment activities	-	100.00	2)
	Chia Chang Technology (Suzhou) Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	-
	HUGE LINE INTERNATIONAL LIMITED	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00
CHIA-RUI HOLDING LIMITED	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	-
	Quan Rui (Dong Guan) Industrial Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	-	100.00	1)
	Chia Development Co., Ltd.	Energy Magic Co., Ltd.	Manufacturing of electronic components	50.00	50.00
Chia Chang Technology (Suzhou) Co., Ltd.	EIDEAL Company Limited	Manufacturing of electronic components	80.00	-	3)
	Chia Chang Technology (Chong Qing) Co., Ltd.	Manufacturing and selling of IT and optronics components stamped	100.00	100.00	-

- 1) On June 3, 2020, the Corporation's board of directors approved the disposal of the equipment and the termination of the operation of Quan Rui (Dong Guan) Industrial Co., Ltd., a subsidiary in China, in order to improve production efficiency and to save both fixed expenses and management costs through the integration of production plants in China. The tax clearance certificate was obtained on February 18, 2022, and the remaining share capital were refunded to CHIA-RUI HOLDING LIMITED on April 14, 2022.
  - 2) It was deregistered and divested in April 2022.
  - 3) It was established in July 2022.
- b. Subsidiaries excluded from the consolidated financial statements: None.
- c. Details of subsidiaries that have material non-controlling interests: None.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Investment in associates</u>		
Associate that is not individually material	\$ <u>124,317</u>	\$ <u>302,808</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>

The Group's share of:

Net income (loss) and comprehensive income (loss)	\$ <u>(82,051)</u>	\$ <u>109,821</u>
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The Group held an interest in Top Taiwan XIII Venture Capital Co., Ltd. and it was accounted for as an associate. On May 17, 2022, three additional directors were elected by the Corporation through the resolution of the shareholders in their meeting and the Group ceased to have significant influence over Top Taiwan XIII Venture Capital Co., Ltd. The Group accounted for the remaining interests as financial assets at FVTOCI rather than using the equity method. This transaction resulted in the recognition of a loss on disposal, which was calculated as follows:

Proceeds from disposal	\$ -
Plus: Fair value of retained investment	44,752
Less: Carrying amount of investment on the date of loss of significant influence	<u>(48,669)</u>
Loss recognized	\$ <u>(3,917)</u>

When the Group's share of loss of an associate equals or exceeds its interest in that associate, the Group discontinues recognizing its share of further loss, if any. The amounts of unrecognized share of losses of Zen Material Technology Inc. and Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd. from the relevant financial statements of the associates, both for the year and cumulatively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Unrecognized share of losses of the associates for the year	\$ <u>(10,127)</u>	\$ <u>(4,475)</u>
Accumulated unrecognized share of losses of the associates	\$ <u>(17,194)</u>	\$ <u>(7,067)</u>

### 13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Total
<u>Cost</u>					
Balance at January 1, 2021	\$ 326,047	\$ 824,859	\$ 1,908,841	\$ 298,817	\$ 3,358,564
Additions	-	975	108,515	38,426	147,916
Disposals	-	(630)	(46,335)	(12,697)	(59,662)
Effect of exchange rate differences	-	(3,573)	(8,637)	(1,393)	(13,603)
Reclassification	-	-	69,122	22,760	91,882
Balance at December 31, 2021	<u>\$ 326,047</u>	<u>\$ 821,631</u>	<u>\$ 2,031,506</u>	<u>\$ 345,913</u>	<u>\$ 3,525,097</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2021	\$ -	\$ 417,897	\$ 1,212,796	\$ 204,739	\$ 1,835,432
Disposals	-	(630)	(36,539)	(11,969)	(49,138)
Depreciation expense	-	32,810	136,088	42,214	211,112
Effect of exchange rate differences	-	(1,910)	(5,285)	(902)	(8,097)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 448,167</u>	<u>\$ 1,307,060</u>	<u>\$ 234,082</u>	<u>\$ 1,989,309</u>
Carrying amount at December 31, 2021	<u>\$ 326,047</u>	<u>\$ 373,464</u>	<u>\$ 724,446</u>	<u>\$ 111,831</u>	<u>\$ 1,535,788</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 326,047	\$ 821,631	\$ 2,031,506	\$ 345,913	\$ 3,525,097
Additions	-	10,146	80,962	20,626	111,734
Disposals	-	(963)	(46,752)	(2,921)	(50,636)
Effect of exchange rate differences	-	10,415	26,708	4,644	41,767
Reclassification	-	-	36,749	14,733	51,482
Balance at December 31, 2022	<u>\$ 326,047</u>	<u>\$ 841,229</u>	<u>\$ 2,129,173</u>	<u>\$ 382,995</u>	<u>\$ 3,679,444</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2022	\$ -	\$ 448,167	\$ 1,307,060	\$ 234,082	\$ 1,989,309
Disposals	-	(590)	(43,037)	(2,580)	(46,207)
Depreciation expense	-	32,685	135,307	45,947	213,939
Effect of exchange rate differences	-	5,861	16,319	2,917	25,097
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 486,123</u>	<u>\$ 1,415,649</u>	<u>\$ 280,366</u>	<u>\$ 2,182,138</u>
Carrying amount at December 31, 2022	<u>\$ 326,047</u>	<u>\$ 355,106</u>	<u>\$ 713,524</u>	<u>\$ 102,629</u>	<u>\$ 1,497,306</u>

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

Buildings	
Main buildings	20-45 years
Elevators	15-20 years
Engineering system	10-20 years
Others	5-8 years
Machinery and equipment	2-10 years
Miscellaneous equipment	2-10 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 28.

## 14. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amount</u>		
Land	\$ 119,632	\$ 121,877
Buildings	<u>27,527</u>	<u>33,441</u>
	<u>\$ 147,159</u>	<u>\$ 155,318</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 28,695</u>	<u>\$ 101,108</u>
Depreciation charge for right-of-use assets		
Land	4,175	\$ 3,137
Buildings	<u>30,112</u>	<u>25,944</u>
	<u>\$ 34,287</u>	<u>\$ 29,081</u>

Right-of-use assets pledged as collateral for bank borrowings were set out in Note 28.

### b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amount</u>		
Current	<u>\$ 17,889</u>	<u>\$ 18,463</u>
Non-current	<u>\$ -</u>	<u>\$ 5,940</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Buildings	0.9%	0.9%

### c. Material leasing activities and terms

The Group leases certain land, plant and office with lease terms from 2019 to 2025. These arrangements do not contain renewal or purchase options.

The Group also leases land for producing products in China with lease terms of 44 to 50 years. The Group does not have bargain purchase options to acquire the leasehold land at the end of lease terms.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases	\$ 11,505	\$ 12,072
Total cash outflow for leases	\$ 42,268	\$ 108,924

The Group's leases of certain office equipment qualify as short-term leases and leases of certain office equipment 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.

## 15. INVESTMENT PROPERTIES

Except for depreciation recognized during the year, the Group did not have significant addition, disposal, or impairment of investment properties for the years ended December 31, 2022 and 2021. Investment properties are depreciated on a straight-line basis over the estimated useful life of 45 years.

Management was unable to reliably measure the fair value of investment properties located at Dafeng St., Luzhu District, Taoyuan City 338028, Taiwan (ROC) because of the remote location. The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Corporation determined that the fair value of the investment properties is not reliably measurable.

The investment properties of the Group were held under freehold interests. The investment properties pledged as collateral for bank borrowings are set out in Note 28.

## 16. BORROWINGS

a. Short-term borrowings

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Secured borrowings</u>		
Bank loans	\$ 140,000	\$ 190,000
<u>Unsecured borrowings</u>		
Line of credit borrowings	50,000	280,000
	<u>\$ 190,000</u>	<u>\$ 470,000</u>
Annual interest rate	1.65%-1.73%	0.86%

b. Long-term borrowings

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Secured borrowings</u>		
Bank loans	\$ 4,409	\$ -
Less: Current portion	<u>-</u>	<u>-</u>
Long-term borrowings	<u>\$ 4,409</u>	<u>\$ -</u>
Annual interest rate	3.95%	-

The secured borrowings were secured by the Group's land, buildings and the investment properties. Refer to Note 28 for details.

## 17. NOTES PAYABLE AND ACCOUNTS PAYABLE

Accounts payable are not bearing interest. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## 18. OTHER PAYABLES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Payable for salaries and bonuses	\$ 270,095	\$ 315,717
Compensation payable to directors and employees	49,944	49,694
Payable for transportation	49,396	75,565
Payable for purchase of equipment	31,653	32,814
Others	<u>173,617</u>	<u>174,871</u>
	<u>\$ 574,705</u>	<u>\$ 648,661</u>

## 19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The subsidiaries in China are subject to relevant local pension insurance system and annually appropriate a fixed percentage of the salary as the pension cost deposited in designated responsible institution.

b. Defined benefit plans

The Corporation adopted the defined benefit plan under the Labor Standards Act, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contribute 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 Corporation 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 Corporation 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 ("the Bureau"). The Corporation has no right to influence the investment policy and strategy.

All the employees of the Corporation who are under the defined benefit plan have been converted to defined contribution plan in 2014. The Corporation no longer recognized cost of defined benefit since 2015.

For the years ended December 31, 2022 and 2021, the Corporation contributed \$67 thousand and \$66 thousand, respectively, to the retirement fund deposited in the Bank of Taiwan. The fair value of plan assets increased by \$447 thousand and \$91 thousand respectively, because of the interest on the deposits.

## 20. EQUITY

a. Share capital

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Authorized shares (in thousands)	<u>180,000</u>	<u>180,000</u>
Authorized capital	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Issued and paid shares (in thousands)	<u>142,368</u>	<u>142,368</u>
Issued capital	<u>\$ 1,423,676</u>	<u>\$ 1,423,676</u>

The authorized shares include 600 thousand shares reserved for the exercise of employee stock options.

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 (1)</u>		
Additional paid-in capital	\$ 2,784,898	\$ 2,784,898
Expired employee share options	14,311	14,311
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>21,588</u>	<u>21,559</u>
	<u>\$ 2,820,797</u>	<u>\$ 2,820,768</u>

- 1) Such capital surplus may be used to offset a deficit; when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).
  - 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.
- c. Retained earnings and dividends policy

The amendments to Articles of Incorporation were resolved by the shareholders in their meeting on June 22, 2022. Under the dividends policy as set forth in the amended Articles, where the Corporation 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 in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders in their meeting for the distribution of dividends and bonuses to shareholders. In the preceding paragraph, the board of directors is authorized to adopt a resolution to distribute dividends and bonuses in cash, and a report should be submitted in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 22-(e).

The Corporation distributes dividends after taking into consideration its future capital needs and long-term financial plans. Where the Corporation made a profit in a fiscal year, the Corporation could propose cash dividends between 10% and 100% of distributable earnings. The shareholders may adjust the ratio of dividends to reflect the profit and the adequacy of capital.

Appropriations of earnings to legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash. In the preceding paragraph, the board of directors is authorized to adopt a resolution to capital or distributed in cash, and a report should be submitted in the shareholders' meeting.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2021 and 2020 that had been resolved by the shareholders in their meetings on June 22, 2022 and July 30, 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	\$ 90,881	\$ 67,706
Special reserve (reversal)	\$ 73,247	\$ (63,837)
Cash dividends	\$ 427,103	\$ 355,919
Cash dividends per share (NT\$)	\$ 3.0	\$ 2.5

The appropriations of earnings for 2022 were as follows:

	<b>For the Year Ended December 31, 2022</b>
Legal reserve	\$ <u>64,491</u>
Special reserve (reversal)	\$ <u>(162,728)</u>
Cash dividends	\$ <u>355,919</u>
Cash dividends per share (NT\$)	\$ 2.5

The above cash dividends have been resolved by the board of directors on February 23, 2023 and the rest are pending the resolution of the shareholder meeting scheduled to be held on May 29, 2023.

d. Special reserve

	<b>For the Year Ended December 31 2022</b>	<b>2021</b>
Balance at January 1	\$ 524,565	\$ 588,402
Appropriations (reversals) in respect of Debits (reversal of the debit) to other equity items	<u>73,247</u>	<u>(63,837)</u>
Balance at December 31	<u>\$ 597,812</u>	<u>\$ 524,565</u>

A proportionate share of the special reserve relating to exchange differences on translating the financial statements of foreign operations (including the subsidiaries of the Corporation) will be reversed on the Group's disposal of foreign operations; on the Group's loss of significant influence, however, the entire special reserve will be reversed. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

e. Non-controlling interests

	<b>For the Year Ended December 31 2022</b>	<b>2021</b>
Balance at January 1	\$ 5,558	\$ 6,266
Non-controlling interests from acquisition of subsidiaries	1,000	-
Attributable to non-controlling interests Net income for the year	<u>(1,205)</u>	<u>(708)</u>
Balance at December 31	<u>\$ 5,353</u>	<u>\$ 5,558</u>

## 21. REVENUE

	<b>For the Year Ended December 31 2022</b>	<b>2021</b>
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$ 7,838,687</u>	<u>\$ 8,718,498</u>

a. Contract information

The goods are sold at the fair value of the consideration received or receivable. The Group eliminates the estimated customer returns, discounts and other similar discounts from the amount of goods sold to determine the revenue from sale of goods.

b. Contract balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Notes and accounts receivable (Note 8)	<u>\$ 2,662,221</u>	<u>\$ 3,502,685</u>	<u>\$ 3,079,126</u>

c. Disaggregation of revenue

Refer to Note 31 for information on disaggregation of revenue.

## 22. INCOME BEFORE INCOME TAX

a. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Government subsidy income	\$ 28,953	\$ 6,510
Dividend income	15,995	13,073
Gain on disposal and retirement of property, plant and equipment, net	9,675	2,604
Loss on disposal of investment	(3,917)	-
Others	<u>8,131</u>	<u>5,823</u>
	<u>\$ 58,837</u>	<u>\$ 28,010</u>

b. Impairment losses

As a result of the decline in sales of some products, the estimated future cash flows expected to arise from the related mold (recognized as other current assets) and equipment decreased. Therefore, the Group recognized impairment losses of \$1,569 thousand for the years ended December 31, 2021. The Group determined the recoverable amounts of the relevant assets on the basis of their value in use. Since there was no value in use after consideration, the Group recognized the impairment losses in cost of goods sold in the consolidated statements of comprehensive income.

c. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 213,939	\$ 211,112
Intangible assets and others	199,082	146,304
Right-of-use assets	34,287	29,081
Investment properties	<u>777</u>	<u>777</u>
	<u>\$ 448,085</u>	<u>\$ 387,274</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
An analysis of depreciation by function		
Operating costs	\$ 208,169	\$ 198,146
Operating expenses	40,057	42,047
Non-operating expenses	<u>777</u>	<u>777</u>
	<u>\$ 249,003</u>	<u>\$ 240,970</u>
An analysis of amortization by function		
Operating costs	\$ 194,793	\$ 143,857
Operating expenses	<u>4,289</u>	<u>2,447</u>
	<u>\$ 199,082</u>	<u>\$ 146,304</u>
		(Concluded)

d. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Payroll expense	\$ 1,234,792	\$ 1,334,988
Post-employment benefits		
Defined contribution plans	50,295	43,691
Other employee benefits	<u>114,477</u>	<u>115,678</u>
Total employee benefits expense	<u>\$ 1,399,564</u>	<u>\$ 1,494,357</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 962,668	\$ 1,071,422
Operating expenses	<u>436,896</u>	<u>422,935</u>
	<u>\$ 1,399,564</u>	<u>\$ 1,494,357</u>

e. Compensation of employees and remuneration of directors

The Corporation accrued compensation of employees at rates of no less than 1% and no higher than 15%, and remuneration of directors at rates of no higher than 5%, respectively, 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 Corporation's board of directors on February 23, 2023 and March 22, 2022, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	3.86%	3.11%
Remuneration of directors	1.51%	1.34%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	\$ 35,944	\$ 34,694
Remuneration of directors	\$ 14,000	\$ 15,000

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Corporation's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 23. INCOME TAXES

### a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 429,786	\$ 388,079
Income tax on unappropriated earnings	18,307	15,334
Adjustments for prior year	(633)	1,732
	<u>447,460</u>	<u>405,145</u>
Deferred tax		
In respect of the current year	(7,183)	(557)
Income tax expense recognized in profit or loss	<u>\$ 440,277</u>	<u>\$ 404,588</u>

A reconciliation of accounting profit and income tax expense was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Income tax expense calculated at the statutory rate	\$ 364,458	\$ 497,600
Deferred tax effect of earnings of subsidiaries	25,500	(52,197)
Tax-exempt income	23,357	(51,406)
Nondeductible expenses in determining taxable income	9,174	9,414
Deduction for tax incentives	(7,493)	(8,143)
Unrecognized loss carryforwards	7,607	(7,746)
Adjustments for prior years' tax	(633)	1,732
Income tax on unappropriated earnings	<u>18,307</u>	<u>15,334</u>
Income tax expense recognized in profit or loss	<u>\$ 440,277</u>	<u>\$ 404,588</u>

b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets		
Prepaid tax - withholding dividends	\$ 142,249	\$ 137,822
Other	<u>10</u>	<u>8,293</u>
	<u>\$ 142,259</u>	<u>\$ 146,115</u>
Current tax liabilities		
Income tax payable	<u>\$ 141,754</u>	<u>\$ 116,788</u>

c. 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>Temporary Differences</b>	<b>Beginning Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Ending Balance</b>
<u>Deferred tax assets</u>				
Unrealized amortization expense	\$ 22,136	\$ 4,585	\$ 312	\$ 27,033
Unrealized inventory write-down	1,645	262	13	1,920
Unrealized exchange loss	<u>117</u>	<u>2,265</u>	<u>-</u>	<u>2,382</u>
	<u>\$ 23,898</u>	<u>\$ 7,112</u>	<u>\$ 325</u>	<u>\$ 31,335</u>
<u>Deferred tax liabilities</u>				
Unappropriated earnings of subsidiaries	\$ (200,000)	\$ -	\$ -	\$ (200,000)
Defined benefit obligations	(322)	(13)	-	(335)
Property, plant and equipment	<u>(825)</u>	<u>84</u>	<u>(13)</u>	<u>(754)</u>
	<u>\$ (201,147)</u>	<u>\$ 71</u>	<u>\$ (13)</u>	<u>\$ (201,089)</u>

For the year ended December 31, 2021

<b>Temporary Differences</b>	<b>Beginning Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Ending Balance</b>
<u>Deferred tax assets</u>				
Unrealized amortization expense	\$ 21,198	\$ 1,038	\$ (100)	\$ 22,136
Unrealized inventory write-down	1,280	367	(2)	1,645
Unrealized exchange loss	<u>890</u>	<u>(773)</u>	<u>-</u>	<u>117</u>
	<u>\$ 23,368</u>	<u>\$ 632</u>	<u>\$ (102)</u>	<u>\$ 23,898</u>
<u>Deferred tax liabilities</u>				
Unappropriated earnings of subsidiaries	\$ (200,000)	\$ -	\$ -	\$ (200,000)
Defined benefit obligations	(308)	(14)	-	(322)
Property, plant and equipment	<u>(767)</u>	<u>(61)</u>	<u>3</u>	<u>(825)</u>
	<u>\$ (201,075)</u>	<u>\$ (75)</u>	<u>\$ 3</u>	<u>\$ (201,147)</u>

- d. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Loss carryforwards		
Expiry in 2022	\$ -	\$ 40,111
Expiry in 2023	40,764	66,901
Expiry in 2024	16,312	54,376
Expiry in 2025	5,659	76,371
Expiry in 2026	111	580
Expiry in 2027	115	115
Expiry in 2028	88	88
Expiry in 2029	1,174	1,174
Expiry in 2030	1,537	1,537
Expiry in 2031	1,656	1,656
Expiry in 2032	<u>3,665</u>	<u>-</u>
	<u>\$ 71,081</u>	<u>\$ 242,909</u>

- e. Income tax examination

Income tax returns of the following companies have been examined by the tax authorities:

- 1) Chia Chang Co., Ltd - though 2020
- 2) Energy Magic Co., Ltd. - through 2020
- 3) Chia Development Co., Ltd. - through 2020

## 24. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

### Net Income for the Year

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 644,914</u>	<u>\$ 908,801</u>

### Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	<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	142,368	142,368
Effect of potentially dilutive ordinary shares:		
Employee share options	<u>1,990</u>	<u>1,635</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>144,358</u>	<u>144,003</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 will be 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.

## 25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowing offset by cash and cash equivalents) and equity attributable to owners of the Corporation (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Group review the capital structure on an annual basis. In order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, or the number of new shares issued or repurchased.

## 26. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

The disclosures of fair value are not required for financial instruments that are not measured at fair value but with carrying value approximating fair value such as cash and cash equivalents, notes and accounts receivable, other financial assets-current, refundable deposits, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, and guarantee deposits.

### b. Fair value of financial instruments that are measured at fair value on a recurring basis

#### 1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ <u>45</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>45</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>191,982</u>	\$ <u>191,982</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ <u>45</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>45</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>164,082</u>	\$ <u>164,082</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

	Financial Assets at FVTOCI
Balance at January 1, 2022	\$ 164,082
Reclassification from investments accounted for using the equity method	44,752
Recognized in other comprehensive income or loss	<u>(16,852)</u>
Balance at December 31, 2022	\$ <u>191,982</u>

For the year ended December 31, 2021

	<b>Financial Assets at FVTOCI</b>
Balance at January 1, 2021	\$ 177,779
Recognized in other comprehensive income or loss	<u>(13,697)</u>
Balance at December 31, 2021	<u>\$ 164,082</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

For the domestic non-listed stocks held by the Group and measured at fair value, such fair value is determined by market approach and asset-based approach. The market approach is referring to the observable market price or to the comparable company. The asset-based approach is evaluating the total value of the individual assets and individual liabilities covered by evaluation target to measure its fair value.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 45	\$ 45
Financial assets at amortized cost (1)	6,869,645	7,684,871
Financial assets at FVTOCI	191,982	164,082
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	1,942,064	2,874,407

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other financial assets - current, other receivables, and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings, and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, accounts receivable, accounts payable, 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.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Corporation's treasury function reports quarterly to the Corporation's board of directors.

# 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 were managed and measured.

## a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which expose the Group to foreign currency risk. Parts of the Group's sales are denominated in currencies other than the functional currency of the entity in the Group making the sale, whilst parts of costs are denominated in currencies other than the functional currency of the entity in the Group. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (excluding those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 29.

The Group was mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the U.S. dollar. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit associated with the New Taiwan dollar strengthening 1% against the U.S. dollar. For a 1% weakening of the New Taiwan dollar against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	<b>U.S. Dollar Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit or loss*	\$ 27,831	\$ 27,810

\* The result was mainly attributable to the exposure on outstanding receivables and payables in U.S. dollar which were not hedged at the end of the reporting period.

## b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrow funds at fixed interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 2,185,723	\$ 2,322,308
Financial liabilities	212,298	494,403
Cash flow interest rate risk		
Financial assets	1,975,587	1,808,106

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of the asset outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 25 basis points 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 increased/decreased by \$4,730 thousand and \$4,077 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$1,920 thousand and \$1,641 thousand, respectively, as a result of the changes in financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to mitigate credit risk, the management of the Group has delegated qualified personnel in accordance with the segregation of duties principle to be 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.

Since the counterparty of current funds and derivative financial instruments is a financial institution with a good credit rating, the Group does not expect any material credit risk.

The Group's concentration of credit risk of 50% and 53% of total accounts receivable as of December 31, 2022 and 2021, respectively, was attributable to the Group's three largest 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.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unsecured bank loan facilities*		
Amount used	\$ 50,000	\$ 280,000
Amount unused	<u>950,000</u>	<u>670,000</u>
	<u>\$ 1,000,000</u>	<u>\$ 950,000</u>
Secured bank loan facilities*		
Amount used	\$ 144,409	\$ 190,000
Amount unused	<u>1,859,351</u>	<u>150,000</u>
	<u>\$ 2,003,760</u>	<u>\$ 340,000</u>

\* Including the amount signed by the Group and the bank.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon 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.

#### December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months-1 Year</b>	<b>1+ Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 572,059	\$ 1,172,120	\$ -	\$ 830
Lease liabilities	2,638	-	15,348	-
Fixed interest rate borrowings	<u>190,204</u>	<u>-</u>	<u>-</u>	<u>4,778</u>
	<u>\$ 764,901</u>	<u>\$ 1,172,120</u>	<u>\$ 15,348</u>	<u>\$ 5,608</u>

December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months-1 Year</b>	<b>1+ Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 648,661	\$ 1,754,916	\$ -	\$ 830
Lease liabilities	-	1,150	17,500	5,967
Fixed interest rate borrowings	<u>470,243</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,118,904</u>	<u>\$ 1,756,066</u>	<u>\$ 17,500</u>	<u>\$ 6,797</u>

## 27. RELATED PARTY TRANSACTIONS

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows:

### Remuneration of key management personnel

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 103,047	\$ 100,238
Post-employment benefits	<u>860</u>	<u>940</u>
	<u>\$ 103,907</u>	<u>\$ 101,178</u>

## 28. PLEDGED ASSETS

The following assets were provided as collateral or guarantee for bank financing, amount of endorsement and guarantee, and for issuing commercial paper:

	<b><u>December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment		
Land	\$ 185,000	\$ 185,000
Buildings	98,025	92,548
Right-of-use assets	65,857	-
Investment properties	<u>53,991</u>	<u>54,768</u>
	<u>\$ 402,873</u>	<u>\$ 332,316</u>

## 29. SIGNIFICANT FINANCIAL 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 of the entities in the Group and the related exchange rates between the foreign currencies and respective functional currencies were as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	US\$ 26,477	30.710 (USD:NTD)	\$ 813,103
USD	US\$ 75,260	6.9646 (USD:RMB)	2,311,982
RMB	RMB 33,358	0.1436 (RMB:USD)	147,091

Financial liabilities

Monetary items			
USD	US\$ 1,662	30.710 (USD:NTD)	51,042
USD	US\$ 14,262	6.9646 (USD:RMB)	438,002

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	US\$ 27,410	27.680 (USD:NTD)	\$ 758,701
USD	US\$ 98,155	6.3757 (USD:RMB)	2,716,972
RMB	RMB 32,517	0.1568 (RMB:USD)	141,173

Financial liabilities

Monetary items			
USD	US\$ 7,037	27.680 (USD:NTD)	194,771
USD	US\$ 23,160	6.3757 (USD:RMB)	641,075

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
Functional Currency	Exchange Rate	2022	Exchange Rate	2021
		Net Foreign Exchange Gains (Losses)		Net Foreign Exchange Gains (Losses)
USD	29.803 (USD:NTD)	\$ 74,493	28.009 (USD:NTD)	\$ (12,209)
USD	6.7212 (USD:RMB)	134,546	6.4514 (USD:RMB)	(44,314)
RMB	4.4342 (RMB:NTD)	(146)	4.3415 (RMB:NTD)	(287)
RMB	0.1488 (RMB:USD)	(13,100)	0.1550 (RMB:USD)	3,253
		<u>\$ 195,793</u>		<u>\$ (53,557)</u>

### 30. ADDITIONAL DISCLOSURES

#### a. Information on significant transactions:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures). (Table 3)
- 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. (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
- 9) Trading in derivative instruments. (None)
- 10) Intercompany relationships and significant transactions. (Table 4)

#### 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, net income (loss) of the investee, carrying amount of the investment at the end of the year, 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:
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year. (None)
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year. (None)
  - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (Table 2)

- e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
  - 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 receiving of services. (None)
- 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 7)

### 31. 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. Specifically, the Group's reportable segments are stamping department and others.

#### a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	<b>For the Year Ended December 31, 2022</b>		
	<b>Stamping Business</b>	<b>Others</b>	<b>Total</b>
Revenue from external customers	<u>\$ 7,838,343</u>	<u>\$ 344</u>	<u>\$ 7,838,687</u>
Segment income	\$ 855,155	\$ (3,897)	\$ 851,258
Share of profit or loss of associate for using the equity method	(969)	(81,082)	(82,051)
Interest income	64,373	215	64,588
Exchange gains and losses	195,793	-	195,793
Interest expense	(4,439)	-	(4,439)
Other gains and losses	<u>42,842</u>	<u>15,995</u>	<u>58,837</u>
Income (loss) before income tax	<u>\$ 1,152,755</u>	<u>\$ (68,769)</u>	<u>\$ 1,083,986</u>

	<b>For the Year Ended December 31, 2021</b>		
	<b>Stamping Business</b>	<b>Others</b>	<b>Total</b>
Revenue from external customers	<u>\$ 8,718,498</u>	<u>\$ -</u>	<u>\$ 8,718,498</u>
Segment income	\$ 1,176,937	\$ (1,665)	\$ 1,175,272
Share of profit or loss of associate for using the equity method	(559)	110,380	109,821
Interest income	57,886	104	57,990
Exchange gains and losses	(53,557)	-	(53,557)
Interest expense	(4,855)	-	(4,855)
Other gains and losses	<u>14,937</u>	<u>13,073</u>	<u>28,010</u>
Income before income tax	<u>\$ 1,190,789</u>	<u>\$ 121,892</u>	<u>\$ 1,312,681</u>

Segment profit represented the profit before tax earned by each segment without the allocation of central administration costs and directors' salaries, share of profit of associates, gains on disposal of interests in associates, lease income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gains or losses on financial instruments, interest expense 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. Segment assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Segment assets</u>		
Stamping business segment	\$ 10,470,686	\$ 10,887,824
Others	<u>297,469</u>	<u>423,326</u>
Consolidated total assets	<u>\$ 10,768,155</u>	<u>\$ 11,311,150</u>
<u>Segment liabilities</u>		
Stamping business segment	\$ 2,409,953	\$ 3,337,302
Others	<u>4,804</u>	<u>813</u>
Consolidated total liabilities	<u>\$ 2,414,757</u>	<u>\$ 3,338,115</u>

For the purpose of monitoring segment performance and allocating resources between segments:

- 1) All assets were allocated to reportable segments other than interests in associates accounted for using the equity method, other financial assets, and current and deferred tax assets. Goodwill was allocated to the reportable segments. Assets used jointly by reportable segments were allocated on the basis of the revenue earned by individual reportable segments; and
- 2) All liabilities were allocated to reportable segments other than borrowings, other financial liabilities, current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable were allocated in proportion to segment assets.

c. Revenue from major products

The following is an analysis of the Group's revenue from its major products.

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Metal stamped display back cover parts	\$ 4,664,840	\$ 5,203,120
Metal stamped display front frame parts	866,754	1,533,658
Metal stamped server parts	842,293	865,048
Others	<u>1,464,800</u>	<u>1,116,672</u>
	<u>\$ 7,838,687</u>	<u>\$ 8,718,498</u>

d. Geographical information

The Group operates in two principal geographical areas: Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations 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>
China	\$ 5,719,647	\$ 6,910,941	\$ 2,257,516	\$ 1,592,940
Taiwan	2,080,689	1,779,283	569,153	549,701
Others	<u>38,351</u>	<u>28,274</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,838,687</u>	<u>\$ 8,718,498</u>	<u>\$ 2,826,669</u>	<u>\$ 2,142,641</u>

Non-current assets excluded financial instruments, deferred tax assets and defined benefit assets.

e. Information about major customers

Major customers' that contributed 10% or more to the sales revenue for both 2022 and 2021.

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Customer A	\$ 1,703,456	\$ 2,118,955
Customer B	1,223,217	1,212,257
Customer C	<u>812,310</u>	<u>917,139</u>
	<u>\$ 3,738,983</u>	<u>\$ 4,248,351</u>

**TABLE 1**

**CHIA CHANG CO., LTD. AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Foreign Currencies in Thousands)	Ending Balance (Foreign Currencies in Thousands)	Amount Actually Drawn (Foreign Currencies in Thousands)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Foreign Currencies in Thousands) (Note 1)	Financing Company's Total Financing Amount Limits (Foreign Currencies in Thousands) (Note 2)
													Item	Value		
1	GOLDSKY ENTERPRISES LIMITED	Chia Chang Co., Ltd.	Other receivables	Yes	\$ 61,420 (US\$ 2,000)	\$ 61,420 (US\$ 2,000)	\$ -	-	Short-term financing	Not applicable	Operating capital	\$ -	-	-	\$ 152,168 (US\$ 4,955)	\$ 304,367 (US\$ 9,911)
2	CHIA CORPORATION	Chia Chang Co., Ltd.	Other receivables	Yes	614,200 (US\$ 20,000)	614,200 (US\$ 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,282,646 (RMB 290,889)	2,565,292 (RMB 581,778)
		Nanjing Chia-Chan Precious Electronics Co., Ltd.	Other receivables	Yes	61,420 (US\$ 2,000)	61,420 (US\$ 2,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,282,646 (RMB 290,889)	2,565,292 (RMB 581,778)
		Chia Chang Technology (Suzhou) Co., Ltd.	Other receivables	Yes	614,200 (US\$ 20,000)	614,200 (US\$ 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,282,646 (RMB 290,889)	2,565,292 (RMB 581,778)
		Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	214,970 (US\$ 7,000)	214,970 (US\$ 7,000)	88,188 (RMB 20,000) Note 3	4.35%	Short-term financing	Not applicable	Operating capital	-	-	-	1,282,646 (RMB 290,889)	2,565,292 (RMB 581,778)
3	Chia Chang Technology (Suzhou) Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	88,188 (RMB 20,000)	88,188 (RMB 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	718,304 (RMB 162,903)	1,436,609 (RMB 325,806)
4	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	88,188 (RMB 20,000)	88,188 (RMB 20,000)	44,094 (RMB 10,000) Note 3	4.35%	Short-term financing	Not applicable	Operating capital	-	-	-	69,369 (RMB 15,732)	277,484 (RMB 62,930)
		Chia Chang Technology (Suzhou) Co., Ltd.	Other receivables	Yes	88,188 (RMB 20,000)	88,188 (RMB 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	69,369 (RMB 15,732)	277,484 (RMB 62,930)
5	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	44,094 (RMB 10,000)	44,094 (RMB 10,000)	22,047 (RMB 5,000) Note 3	4.35%	Short-term financing	Not applicable	Operating capital	-	-	-	42,926 (RMB 9,735)	171,711 (RMB 38,942)
		Chia Chang Technology (Suzhou) Co., Ltd.	Other receivables	Yes	44,094 (RMB 10,000)	44,094 (RMB 10,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	42,926 (RMB 9,735)	171,711 (RMB 38,942)

Note 1: The limit for lending to each borrower is as follows:

a. For companies with transactions and short-term funding needs, the amount for lending to a company shall not exceed 2% of the net equity of the Corporation based on its latest financial statements. The total amount for lending shall not exceed 5% of the net equity of the Corporation based on its latest financial statements.

b. For associates with short-term funding needs, in which the Corporation holds less than 100% of the voting shares of each associate, the amount for lending shall not exceed 10% of the net equity of the associate. For associates with short-term funding needs, in which the Corporation holds 100% of the voting shares of each associate, the amount for lending shall not exceed 20% of the net equity of the associate.

Note 2: The total amount for lending shall not exceed 40% of the net equity of the Corporation based on its latest financial statements.

Note 3: All intercompany transactions have been eliminated upon consolidation.

TABLE 2

CHIA CHANG CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Foreign Currencies in Thousands)	Outstanding Endorsement/ Guarantee at the End of the Period (Foreign Currencies in Thousands)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals (Foreign Currencies in Thousands)	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiaries	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	The Corporation	GOLDSKY ENTERPRISES LIMITED CHIA CORPORATION	Note 1	\$ 4,174,022	\$ 552,780 (US\$ 18,000)	\$ 552,780 (US\$ 18,000)	\$ -	\$ -	6.62%	\$ 4,174,022	Yes	No	No
			Note 1		1,535,500 (US\$ 50,000)	1,535,500 (US\$ 50,000)		614,200 (US\$ 20,000)	18.39%		Yes	No	No
1	Chia Chang Technology (Suzhou) Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Note 1	4,174,022	88,188 (RMB 20,000)	88,188 (RMB 20,000)	-	-	1.06%	4,174,022	No	No	Yes
2	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Note 1	4,174,022	88,188 (RMB 20,000)	88,188 (RMB 20,000)	-	-	1.06%	4,174,022	No	No	Yes

Note 1:   Subsidiary in which the Corporation directly or indirectly owns more than 50% of its voting shares.

Note 2:   According to the Corporation’s endorsement/guarantee operating procedures, the total amount of guarantee provided by the Corporation to any individual entity shall not exceed 2% of the Corporation’s net equity based on its latest financial statements, except for the guarantee provided to any entity whose voting shares are 50% owned. The total balance of guarantee shall not exceed 50% of the Corporation’s net equity based on its latest financial statements.

TABLE 3

CHIA CHANG CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares (Units in Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chia Chang Co., Ltd.	Ordinary share(s) Chimei Motor Electronics Co., Ltd. Top Taiwan XIII Venture Capital Co., Ltd.	None The Corporation is its corporate directors	Financial assets at FVTOCI - non-current Financial assets at FVTOCI - non-current	1,372 5,000	\$ 16,500 39,079	4.65 5.81	\$ 16,500 39,079	Notes 1 and 2 Notes 1 and 2
TARCOOLA TRADING LIMITED	Mutual fund(s) Capital RMB Money Market Fund-RMB	None	Financial assets at FVTPL - current	1	45	-	45	Notes 1 and 2
Chia Development Co., Ltd.	Ordinary share(s) WK Technology Fund IX Ltd.	One of the Corporation’s key management personnel is one of its supervisors	Financial assets at FVTOCI - non-current	7,690	136,403	7.69	136,403	Notes 1 and 2

Note 1: The unlisted stocks mentioned above are calculated using a valuation method at fair value, and the mutual fund is calculated at net value on December 31, 2022.

Note 2: The securities held at end of period have not been provided as collateral or pledged for loans.

**TABLE 4****CHIA CHANG CO., LTD. AND SUBSIDIARIES**
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(In Thousands of New Taiwan Dollars)

No.	Transaction Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets
0	The Corporation	GOLDSKY ENTERPRISES LIMITED	1	Other current liabilities	\$ 18,174	Note 6	-
1	CHIA CORPORATION	Chia Chang Technology (Chong Qing) Co., Ltd.	3	Other receivables	90,034	Note 3, interest rate 4.35%	1
2	GOLDSKY ENTERPRISES LIMITED	Chia Chang Co., Ltd.	2	Accounts receivables	18,174	Note 6	-
3	Chia Chang Technology (Suzhou) Co., Ltd.	Nanjing Chia-Chan Precious Electronics Co., Ltd.	3	Purchase	24,258	Note 2	-
4	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Nanjing Chia-Chan Precious Electronics Co., Ltd.	3	Purchase	34,677	Note 2	-
		Chia Chang Technology (Chong Qing) Co., Ltd.	3	Other receivables	45,112	Note 4, interest rate 4.35%	-
5	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Chia Chang Technology (Suzhou) Co., Ltd.	3	Sales revenue	24,258	Note 2	-
		Ningbo Chia Chang Electronics Hardware Co., Ltd.	3	Sales revenue	34,677	Note 2	-
		Chia Chang Technology (Chong Qing) Co., Ltd.	3	Other receivables	22,082	Note 5, interest rate 4.35%	-
6	Chia Chang Technology (Chong Qing) Co., Ltd.	Nanjing Chia-Chan Precious Electronics Co., Ltd.	3	Other payables	22,082	Note 5, interest rate 4.35%	-
		Ningbo Chia Chang Electronics Hardware Co., Ltd.	3	Other payables	45,112	Note 4, interest rate 4.35%	-
		CHIA CORPORATION	3	Other payables	90,034	Note 3, interest rate 4.35%	1

Note 1: The flow of transactions are identified by the following numbers in the “Relationship” column:

- a. 1 - from parent company to subsidiary;
- b. 2 - from subsidiary to parent company;
- c. 3 - between subsidiaries.

Note 2: For the purchase and sales transactions between the Group and its related parties, the collection period is 60-180 days.

Note 3: Other receivables from Chia Chang Technology (Chong Qing) Co., Ltd. recognized by CHIA CORPORATION included loan of \$88,188 thousand and interest receivable of \$1,846 thousand.

Note 4: Other receivables from Chia Chang Technology (Chong Qing) Co., Ltd. recognized by Ningbo Chia Chang Electronics Hardware Co., Ltd. included loan of \$44,094 thousand and interest receivable of \$1,018 thousand.

Note 5: Other receivables from Chia Chang Technology (Chong Qing) Co., Ltd. recognized by Nanjing Chia-Chan Precious Electronics Co., Ltd. included loan of \$22,047 thousand and interest receivable of \$35 thousand.

Note 6: Accounts receivable and accounts payable that resulted from the mold payments on behalf and mold receipts under custody between the Group and the related parties.

Note 7: A transaction is disclosed if it amounts to more than \$10,000 thousand.

Note 8: All intercompany transactions have been eliminated upon consolidation.

**TABLE 5****CHIA CHANG CO., LTD. AND SUBSIDIARIES**

**NAMES, LOCATIONS AND RELATED INFORMATION ON INVESTEEES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee (Foreign Currencies in Thousands)	Share of Profit (Loss) (Note 1)	Note
				December 31, 2022 (Foreign Currencies in Thousands)	December 31, 2021 (Foreign Currencies in Thousands)	Number of Shares (Units in Thousands)	Percentage of Ownership	Carrying Amount (Foreign Currencies in Thousands)			
Chia Chang Co., Ltd.	CHIA CORPORATION	Samoa	Investment holdings	\$ 1,513,766	\$ 1,513,766	46,740	100.00	\$ 6,413,235 (Note 2)	RMB 141,939	\$ 629,386 (Note 2)	Subsidiary
	GOLDSKY ENTERPRISES LIMITED	Samoa	International trade	33,892	33,892	15	100.00	760,951 (Note 2)	US\$ 191	5,703 (Note 2)	Subsidiary
	Chia Development Co., Ltd.	Taoyuan, Taiwan	New business development and investment	263,564	263,564	19,784	100.00	287,456 (Note 2)	(71,165)	(71,165) (Note 2)	Subsidiary
	Zen Material Technology Inc.	Kaohsiung, Taiwan	Electronic components production	92,950	92,950	1,334	46.01	-	(581)	-	Associate
	Top Taiwan XIII Venture Capital Co., Ltd.	Taipei, Taiwan	Investment business	-	50,000	-	-	-	(Note 4)	(969)	Note 4
CHIA CORPORATION	TARCOOLA TRADING LIMITED	British Virgin Islands	Investment holdings	US\$ 30,589	US\$ 30,589	37,100	100.00	RMB 814,979 (Note 2)	RMB 84,703	Not applicable	Subsidiary
	HUGE LINE INTERNATIONAL LIMITED	Samoa	Investment holdings	US\$ 11,400	US\$ 11,400	11,601	100.00	RMB 365,104 (Note 2)	RMB 51,044	Not applicable	Subsidiary
	CHIAPEX HOLDING LIMITED	Samoa	Investment holdings	US\$ 4,911	US\$ 4,911	4,851	100.00	RMB 10,098 (Note 2)	RMB 509	Not applicable	Subsidiary
	CHIA-RUI HOLDING LIMITED	Samoa	Investment holdings	-	US\$ 23,807	-	-	- (Note 3)	RMB (126)	Not applicable	Subsidiary
Chia Development Co., Ltd.	Energy Magic Co., Ltd.	Taoyuan, Taiwan	Electronic components production	15,496	15,496	1,500	50.00	5,277 (Note 2)	(1,574)	Not applicable	Subsidiary
	EIDEAL Company Limited	Taoyuan, Taiwan	Electronic components production	4,000	-	400	80.00	2,327 (Note 2)	(2,091)	Not applicable	Subsidiary
	Top Taiwan IX Venture Capital Co., Ltd.	Taipei, Taiwan	Investment business	70,000	100,000	7,000	12.50	124,317	(648,654)	Not applicable	Associate

Note 1: Information on investments in mainland China is referred to Table 6.

Note 2: All intercompany transactions have been eliminated upon consolidation.

Note 3: CHIA-RUI HOLDING LIMITED had liquidated and the remaining share capital had been refunded to CHIA CORPORATION in April 2022.

Note 4: The Corporation held an interest in Top Taiwan XIII Venture Capital Co., Ltd. and it was accounted for as an associate. On May 17, 2022, three additional directors were elected by the Corporation through the resolution of the shareholders in their meeting, and the Group ceased to have significant influence over Top Taiwan XIII Venture Capital Co., Ltd. The Corporation accounted for the remaining interests as financial assets at FVTOCI rather than using the equity method.

TABLE 6

CHIA CHANG 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)

Investee Company	Main Businesses and Products	Paid-in Capital (RMB in Thousands)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (US\$ in Thousands)	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of December 31, 2022 (US\$ in Thousands)	Net Income (Loss) of the Investee (RMB in Thousands)	Ownership of Direct or Indirect Investment	Share of Profits (Losses) (RMB in Thousands)	Carrying Amount as of December 31, 2022 (RMB in Thousands)	Accumulated Inward Remittance of Earnings as of December 31, 2022 (RMB in Thousands)
					Outward	Inward						
Chia Chang Technology (Suzhou) Co., Ltd.	Production and sale of IT and optronics metal stamped components	\$ 2,176,087 (RMB 493,511)	Indirect investment in TARCOOLA TRADING LIMITED through CHIA CORPORATION, with the former investing operating funds	\$ 925,569 (US\$ 30,139)	\$ -	\$ -	\$ 925,569 (US\$ 30,139)	\$ 375,590 (RMB 84,703)	100.00%	\$ 375,590 (RMB 84,703) (Note 2)	\$ 3,591,531 (RMB 814,517) (Note 2)	\$ 745,550 (RMB 169,082)
Ningbo Chia Chang Electronics Hardware Co., Ltd.	Production and sale of IT and optronics metal stamped components	303,305 (RMB 68,786)	Indirect investment in HUGE LINE INTERNATIONAL LIMITED through CHIA CORPORATION, with the former investing operating funds	196,544 (US\$ 6,400)	-	-	196,544 (US\$ 6,400)	239,265 (RMB 53,959)	100.00%	239,265 (RMB 53,959) (Note 2)	693,709 (RMB 157,325) (Note 2)	1,515,665 (RMB 343,735)
Quan Rui (Dong Guan) Industrial Co., Ltd.	Production and sale of IT and optronics metal stamped components	-	Indirect investment in CHIA-RUI HOLDING LIMITED through CHIA CORPORATION, with the former investing operating funds	161,228 (US\$ 5,250)	-	-	161,228 (US\$ 5,250)	239 (RMB 54)	-	239 (RMB 54) (Note 2)	-	80,220 (RMB 18,193)
Nanjing Chia-Chan Precious Electronics Co., Ltd.	Production and sale of IT and optronics metal stamped components	312,957 (RMB 70,975)	Indirect investment in HUGE LINE INTERNATIONAL LIMITED through CHIA CORPORATION, with the former investing operating funds	-	-	-	- (RMB -3,065)	(13,591) (RMB -3,065) (Note 2)	100.00%	(13,591) (RMB -3,065) (Note 2)	429,286 (RMB 97,357) (Note 2)	174,361 (RMB 39,543)
Chia Chang Technology (Chong Qing) Co., Ltd.	Production and sale of IT and optronics metal stamped components	132,282 (RMB 30,000)	Through Chia Chang Technology (Suzhou) Co., Ltd. invest operating funds	-	-	-	- (RMB 1,007)	4,465 (RMB 1,007) (Note 2)	100.00%	4,465 (RMB 1,007) (Note 2)	70,184 (RMB 15,917) (Note 2)	-
Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd.	Production and sale of IT and optronics metal stamped components	155,193 (RMB 35,196)	Indirect investment in CHIAPEX HOLDING LIMITED through CHIA CORPORATION, with the former investing operating funds	150,817 (US\$ 4,911)	-	-	150,817 (US\$ 4,911)	(20,122) (RMB -4,538)	49.00%	-	-	315,422 (RMB 71,534)

Accumulated Investment in Mainland China as of December 31, 2022 (US\$ in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on Investment Stipulated by the Investment Commission, MOEA
\$ 1,434,158 (US\$ 46,700)	\$ 4,059,401 (US\$ 132,185)	\$ 5,008,827 (Note 1)

Note 1: The investment limit is 60% of the Corporation’s net equity.

Note 2: All intercompany transactions have been eliminated upon consolidation.

**TABLE 7****CHIA CHANG CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yung Hsiang Investment Co., Ltd.	13,438,441	9.43
Hsin Ho Investment Co., Ltd.	11,904,492	8.36

Note: 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 preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation 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.

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Chia Chang Co., Ltd.

### **Opinion**

We have audited the accompanying financial statements of Chia Chang Co., Ltd. (the "Corporation"), which comprise the balance sheets as of December 31, 2022 and 2021, and 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 Corporation 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 Corporation 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 matters of the Corporation's financial statements for the year ended December 31, 2022 are described as follows:

#### Occurrence of Recognized of Sales Revenue

Chia Chang Co., Ltd. engages mainly in manufacturing metal stamping of internal and external mechanical parts and related products. Although the overall market demand declined in 2022, there was still a significant increase in the sales revenue due to sales made to certain customers. Since the amount and proportion of sales revenue are significant, we considered the occurrence of recognized sales revenue from certain customers as a key audit matter of the financial statements for the year ended December 31, 2022. Refer to Notes 4 and 17 to the financial statements for the accounting policies on revenue recognition.

The audit procedures we have performed in respect of the above key audit matter included understanding, assessing and testing of the effectiveness of the design and implementation of the internal control related to the sales revenue. We selected sample transactions of those sales to certain customers to verify the occurrence of sales revenue. We selected sample balances of accounts receivable from those certain customers and performed confirmation procedures. We conducted alternative audit procedures to those who failed to respond to confirmation request immediately and validated the relevant transaction documents to verify the occurrence of sales revenue.

#### **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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the audit committee) are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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 entities or business activities within the Corporation 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 Yao-Lin Huang and Shih-Chieh Chou.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 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.*

# CHIA CHANG CO., LTD.

## BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 298,655	3	\$ 314,483	3
Notes and accounts receivable, net (Notes 4, 7 and 17)	715,074	8	623,967	7
Current tax assets (Notes 4 and 19)	-	-	8,272	-
Inventories, net (Notes 4 and 8)	164,440	2	161,689	2
Prepayments	31,139	-	35,634	-
Other financial assets - current (Notes 4 and 6)	118,920	1	60,000	1
Other current assets	<u>19,566</u>	<u>-</u>	<u>29,914</u>	<u>-</u>
Total current assets	<u>1,347,794</u>	<u>14</u>	<u>1,233,959</u>	<u>13</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 9)	55,579	1	8,696	-
Investments accounted for using the equity method (Notes 4 and 10)	7,461,642	79	7,589,321	81
Property, plant and equipment (Notes 4, 11 and 24)	494,851	5	490,901	5
Investment properties (Notes 4, 12 and 24)	53,991	1	54,768	1
Deferred tax assets (Notes 4 and 19)	7,474	-	2,365	-
Prepayments for machinery and equipment	15,210	-	707	-
Other non-current assets	<u>7,291</u>	<u>-</u>	<u>6,470</u>	<u>-</u>
Total non-current assets	<u>8,096,038</u>	<u>86</u>	<u>8,153,228</u>	<u>87</u>
<b>TOTAL</b>	<u>\$ 9,443,832</u>	<u>100</u>	<u>\$ 9,387,187</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 13 and 24)	\$ 190,000	2	\$ 470,000	5
Notes payable (Note 14)	212,232	2	190,503	2
Accounts payable (Notes 14 and 23)	153,758	2	290,181	3
Other payables	204,593	2	171,324	2
Current tax liabilities (Notes 4 and 19)	98,674	1	60,989	1
Other current liabilities (Note 23)	<u>35,365</u>	<u>1</u>	<u>35,561</u>	<u>-</u>
Total current liabilities	<u>894,622</u>	<u>10</u>	<u>1,218,558</u>	<u>13</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 19)	200,335	2	200,322	2
Guarantee deposits	<u>830</u>	<u>-</u>	<u>830</u>	<u>-</u>
Total non-current liabilities	<u>201,165</u>	<u>2</u>	<u>201,152</u>	<u>2</u>
Total liabilities	<u>1,095,787</u>	<u>12</u>	<u>1,419,710</u>	<u>15</u>
<b>EQUITY (Notes 4 and 16)</b>				
Ordinary shares	<u>1,423,676</u>	<u>15</u>	<u>1,423,676</u>	<u>15</u>
Capital surplus	<u>2,820,797</u>	<u>30</u>	<u>2,820,768</u>	<u>30</u>
Retained earnings				
Legal reserve	890,220	10	799,339	8
Special reserve	597,812	6	524,565	6
Unappropriated earnings	<u>3,050,624</u>	<u>32</u>	<u>2,996,941</u>	<u>32</u>
Total retained earnings	<u>4,538,656</u>	<u>48</u>	<u>4,320,845</u>	<u>46</u>
Other equity	<u>(435,084)</u>	<u>(5)</u>	<u>(597,812)</u>	<u>(6)</u>
Total equity	<u>8,348,045</u>	<u>88</u>	<u>7,967,477</u>	<u>85</u>
<b>TOTAL</b>	<u>\$ 9,443,832</u>	<u>100</u>	<u>\$ 9,387,187</u>	<u>100</u>

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

# CHIA CHANG 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 REVENUE (Notes 4 and 17)	\$ 2,080,345	100	\$ 1,779,283	100
COST OF GOODS SOLD (Notes 8, 18 and 23)	<u>1,572,999</u>	<u>76</u>	<u>1,447,109</u>	<u>82</u>
GROSS PROFIT	<u>507,346</u>	<u>24</u>	<u>332,174</u>	<u>18</u>
OPERATING EXPENSES (Note 18)				
Selling and marketing expenses	45,317	2	36,112	2
General and administrative expenses	181,236	9	176,858	10
Research and development expenses	<u>45,553</u>	<u>2</u>	<u>41,268</u>	<u>2</u>
Total operating expenses	<u>272,106</u>	<u>13</u>	<u>254,238</u>	<u>14</u>
INCOME FROM OPERATIONS	<u>235,240</u>	<u>11</u>	<u>77,936</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates accounted for using the equity method	562,955	27	998,939	56
Interest income	4,457	-	2,290	-
Interest expense	(4,249)	-	(4,240)	-
Other income and expenses (Notes 18, 23 and 25)	<u>81,770</u>	<u>4</u>	<u>(7,323)</u>	<u>-</u>
Total non-operating income and expenses	<u>644,933</u>	<u>31</u>	<u>989,666</u>	<u>56</u>
PROFIT BEFORE INCOME TAX	880,173	42	1,067,602	60
INCOME TAX EXPENSE (Notes 4 and 19)	<u>235,259</u>	<u>11</u>	<u>158,801</u>	<u>9</u>
NET INCOME	<u>644,914</u>	<u>31</u>	<u>908,801</u>	<u>51</u>

(Continued)

# CHIA CHANG 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)

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
(Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	\$ 2,131	-	\$ 1,921	-
Share of the other comprehensive loss of subsidiaries and associates for using the equity method	(18,983)	(1)	(15,618)	(1)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	<u>179,580</u>	<u>9</u>	<u>(59,550)</u>	<u>(3)</u>
Other comprehensive income (loss)	<u>162,728</u>	<u>8</u>	<u>(73,247)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 807,642</u>	<u>39</u>	<u>\$ 835,554</u>	<u>47</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 20)				
Basic	<u>\$ 4.53</u>		<u>\$ 6.38</u>	
Diluted	<u>\$ 4.47</u>		<u>\$ 6.31</u>	

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

(Concluded)

CHIA CHANG CO., LTD.

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

	Ordinary Shares		Capital Surplus	Retained Earnings				Exchange Differences on Translation of Foreign Operations	Other Equity	Total	Total Equity
	Share (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE AT JANUARY 1, 2021	142,368	\$ 1,423,676	\$ 2,820,599	\$ 731,633	\$ 588,402	\$ 2,447,928	\$ 3,767,963	\$ (597,795)	\$ 73,230	\$ (524,565)	\$ 7,487,673
Appropriation of 2020 earnings											
Legal reserve	-	-	-	67,706	-	(67,706)	-	-	-	-	-
Special reserve	-	-	-	-	(63,837)	63,837	-	-	-	-	-
Cash dividends distributed	-	-	-	-	-	(355,919)	(355,919)	-	-	-	(355,919)
Total appropriation of 2020 earnings	-	-	-	67,706	(63,837)	(359,788)	(355,919)	-	-	-	(355,919)
Changes in percentage of ownership interests in subsidiaries	-	-	169	-	-	-	-	-	-	-	169
Net income for the year ended December 31, 2021	-	-	-	-	-	908,801	908,801	-	-	-	908,801
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	(59,550)	(13,697)	(73,247)	(73,247)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	908,801	908,801	(59,550)	(13,697)	(73,247)	835,554
BALANCE AT DECEMBER 31, 2021	142,368	1,423,676	2,820,768	799,339	524,565	2,996,941	4,320,845	(657,345)	59,533	(597,812)	7,967,477
Appropriation of 2021 earnings											
Legal reserve	-	-	-	90,881	-	(90,881)	-	-	-	-	-
Special reserve	-	-	-	-	73,247	(73,247)	-	-	-	-	-
Cash dividends distributed	-	-	-	-	-	(427,103)	(427,103)	-	-	-	(427,103)
Total appropriation of 2021 earnings	-	-	-	90,881	73,247	(591,231)	(427,103)	-	-	-	(427,103)
Changes in percentage of ownership interests in subsidiaries	-	-	29	-	-	-	-	-	-	-	29
Net income for the year ended December 31, 2022	-	-	-	-	-	644,914	644,914	-	-	-	644,914
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	-	-	179,580	(16,852)	162,728	162,728
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	644,914	644,914	179,580	(16,852)	162,728	807,642
BALANCE AT DECEMBER 31, 2022	142,368	\$ 1,423,676	\$ 2,820,797	\$ 890,220	\$ 597,812	\$ 3,050,624	\$ 4,538,656	\$ (477,765)	\$ 42,681	\$ (435,084)	\$ 8,348,045

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

# CHIA CHANG 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	\$ 880,173	\$ 1,067,602
Adjustments for:		
Share of profit of subsidiaries and associates for using the equity method	(562,955)	(998,939)
Amortization	45,976	19,802
Depreciation	21,803	22,273
Interest income	(4,457)	(2,290)
Interest expense	4,249	4,240
Net loss on disposal of investments	3,917	-
Gain on disposal and retirement of property, plant and equipment, net	(3,335)	(118)
Unrealized loss (gain) on foreign exchange	3,223	(4,693)
Impairment losses recognized on non-financial assets	1,813	46
Changes in operating assets and liabilities:		
Notes and accounts receivable	(91,896)	(152,963)
Inventories	(4,564)	(80,917)
Prepayments	4,495	(16,109)
Other current assets	(33,045)	(31,282)
Notes payable	21,729	90,225
Accounts payable	(138,857)	82,834
Other payables	33,476	44,406
Other current liabilities	(196)	(1,797)
Cash generated from operations	181,549	42,320
Income tax paid	(194,398)	(95,232)
Interest received	2,970	2,558
Net cash used in operating activities	(9,879)	(50,354)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received	802,591	635,585
Increase in other financial assets	(144,430)	(140,060)
Decrease in other financial assets	82,500	139,289
Acquisitions of property, plant and equipment	(24,353)	(18,718)
Increase in prepayments for machinery and equipment	(15,210)	(707)
Proceeds from disposal of property, plant and equipment	3,419	118
Increase in other non-current assets	(1,917)	(2,232)
Acquisitions of investments accounted for using the equity method	-	(50,000)
Net cash generated by investing activities	702,600	563,275

(Continued)

# CHIA CHANG CO., LTD.

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

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	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividends paid	\$ (427,103)	\$ (355,919)
Increase (decrease) in short-term borrowings	(280,000)	12,000
Interest paid	(4,456)	(4,229)
Proceeds from guarantee deposits	<u>-</u>	<u>230</u>
Net cash used in financing activities	<u>(711,559)</u>	<u>(347,918)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>3,010</u>	<u>771</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(15,828)	165,774
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>314,483</u>	<u>148,709</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 298,655</u>	<u>\$ 314,483</u>

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

(Concluded)

# CHIA CHANG 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

Chia Chang Co., Ltd. (the “Corporation”) was incorporated in September 1985, and engages mainly in manufacturing, processing and trading of various precision machinery, related mechanical mold components, mechanical steel mold accessories and computer peripheral equipment.

The Corporation’s shares have been listed on the Taiwan Stock Exchange (TWSE) since June 2011.

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation’s board of directors on February 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 Corporation’s accounting policies.

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

<b>New, Revised or Amended 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 were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the financial statements were authorized for issue, the Corporation has assessed that the application of above standards and interpretations will not have a material impact on the Corporation's financial position and financial performance.

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

<b><u>New, Revised or Amended Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB (Note 1)</u></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 9 and IFRS 17 - 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 Corporation is continuously assessing the possible impact of the application of above standards and interpretations on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- 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.

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 financial statements, the Corporation used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Corporation in its 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 and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these financial statements.

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

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- 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:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, and
- Liabilities for which the Corporation 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 Corporation's financial statements, transactions in currencies other than the Corporation'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 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 item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and 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 Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of the equity of associates attributable to the Corporation.

When the Corporation'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 Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Corporation'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 Corporation'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 Corporation 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 Corporation 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.

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 Corporation.

g. Investments in associates

An associate is an entity over which the Corporation has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Corporation uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the Corporation's share of the equity of associates attributable to the Corporation.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of an associate 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 Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Corporation subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in the associate. The Corporation records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Corporation's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate, the Corporation discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Corporation discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation's financial statements only to the extent of interests in the associate that are not related to the Corporation.

#### h. 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 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 net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

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 recognized in profit or loss.

j. Intangible assets

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.

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, and intangible assets other than goodwill

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment, investment property and intangible assets, excluding 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 Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, 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 Corporation 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 amortized cost and investment in equity instruments at FVTOCI.

#### i. 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 and accounts receivable, other financial assets-current, other receivables 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 asset, 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 asset that is not credit impaired on purchase or origination but has 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.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

- iv) The disappearance of an active market for that financial asset because of financial difficulties.

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.

- ii. Investments in equity instruments at FVTOCI

On initial recognition, the Corporation 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 Corporation'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 Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Corporation always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Corporation 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 Corporation 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 Corporation considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Corporation):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 150 days past due unless the Corporation 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 by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Corporation 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 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) Equity instruments

Debt and equity instruments issued by the Corporation are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity, and its book value is calculated based on the weighted average of stock types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation's own equity instruments.

3) 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 Corporation 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 comes from sales of metal stamped products. Sales of metal stamped products are recognized as revenue according to the terms of the sale agreed with the customer, such as when the goods have been delivered to the customer's specific location 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. Accounts receivable are recognized concurrently.

The Corporation 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 Corporation assesses whether the contract is, or contains, a lease.

1) The Corporation 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.

2) The Corporation as lessee

The Corporation 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 applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

o. 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, past 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 Corporation'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.

p. Taxation

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

1) Current tax

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, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures 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 and associates and interests in joint ventures, except where the Corporation 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 Corporation 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

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 AND UNCERTAINTY**

In the application of the Corporation'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 estimates and underlying assumptions are reviewed on an ongoing basis by the Corporation's management. 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.

## 6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Checking accounts and demand deposits	\$ 175,814	\$ 84,733
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	122,840	229,744
Cash on hand	<u>1</u>	<u>6</u>
	<u>\$ 298,655</u>	<u>\$ 314,483</u>

As of December 31, 2022 and 2021, time deposits with original maturities of more than 3 months were \$118,920 thousand and \$60,000 thousand, respectively, which were classified as other financial assets - current. As of December 31, 2022 and 2021, the interest rates of the time deposits with original maturities of more than 3 months were 0.76%-4.65% and 0.76%, respectively.

## 7. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2022	2021
<u>Notes receivable</u>	<u>\$ 250</u>	<u>\$ 578</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	714,824	623,389
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>714,824</u>	<u>623,389</u>
Total accounts receivable at amortized cost	<u>\$ 715,074</u>	<u>\$ 623,967</u>

The average credit period of sales of goods was 60-180 days. No interest is charged on unpaid accounts receivable.

In order to mitigate credit risk, the management of the Corporation has delegated qualified personnel in accordance with the segregation of duties principle to be 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 Corporation 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 Corporation's credit risk was significantly reduced.

The Corporation measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates. As the Corporation'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 Corporation's different customer base.

The Corporation writes off accounts receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery of the receivables. For accounts receivable that have been written off, the Corporation 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 notes and accounts receivable based on the Corporation's provision matrix.

#### December 31, 2022

	Not Past Due	Past Due				Total
		Less than 90 Days	91 to 120 Days	121 to 150 Days	Over 150 Days	
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	\$ 714,151	\$ 913	\$ 10	\$ -	\$ -	\$ 715,074
Allowance for impairment loss (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 714,151</u>	<u>\$ 913</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715,074</u>

#### December 31, 2021

	Not Past Due	Past Due				Total
		Less than 90 Days	91 to 120 Days	121 to 150 Days	Over 150 Days	
Expected credit loss rate	-	-	-	-	-	
Gross carrying amount	\$ 623,967	\$ -	\$ -	\$ -	\$ -	\$ 623,967
Allowance for impairment loss (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 623,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 623,967</u>

## 8. INVENTORIES

	December 31	
	2022	2021
Finished goods	\$ 104,380	\$ 56,228
Work in progress	31,360	49,080
Raw materials	<u>28,700</u>	<u>56,381</u>
	<u>\$ 164,440</u>	<u>\$ 161,689</u>

The cost of goods sold included the following:

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	\$ 1,571,186	\$ 1,447,063
Inventory write-downs	<u>1,813</u>	<u>46</u>
	<u>\$ 1,572,999</u>	<u>\$ 1,447,109</u>

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

	December 31	
	2022	2021
<u>Non-current</u>		
Domestic investments		
Unlisted ordinary shares		
Chimei Motor Electronics Co., Ltd.	\$ 16,500	\$ 8,696
Top Taiwan XIII Venture Capital Co., Ltd	<u>39,079</u>	<u>-</u>
	<u>\$ 55,579</u>	<u>\$ 8,696</u>

These investments in equity instruments are held for medium to long-term strategic purposes. 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 Corporation's strategy of holding these investments for long-term purposes.

## 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	\$ 7,461,642	\$ 7,539,712
Investments in associates	<u>-</u>	<u>49,609</u>
	<u>\$ 7,461,642</u>	<u>\$ 7,589,321</u>

### a. Investments in subsidiaries

	December 31	
	2022	2021
CHIA CORPORATION	\$ 6,413,235	\$ 6,405,548
GOLDSKY ENTERPRISE LIMITED	760,951	716,559
Chia Development Co., Ltd.	<u>287,456</u>	<u>417,605</u>
	<u>\$ 7,461,642</u>	<u>\$ 7,539,712</u>

	% of Ownership and Voting Rights	
	December 31	
Name of Subsidiary	2022	2021
CHIA CORPORATION	100.00%	100.00%
GOLDSKY ENTERPRISE LIMITED	100.00%	100.00%
Chia Development Co., Ltd.	100.00%	100.00%

b. Investments in associates

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Associates that are not individually material	\$ <u>-</u>	\$ <u>49,609</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
The Corporation's share of:		
Net loss	\$ (969)	\$ (560)
Other comprehensive income (loss)	<u>-</u>	<u>-</u>
Total comprehensive income (loss)	\$ <u>(969)</u>	\$ <u>(560)</u>

The Corporation held an interest in Top Taiwan XIII Venture Capital Co., Ltd. and it was accounted for as an associate. On May 17, 2022, three additional directors were elected by the Corporation through the resolution of the shareholders in their meeting and the Corporation ceased to have significant influence over Top Taiwan XIII Venture Capital Co., Ltd. The Corporation accounted for the remaining interests as financial assets at FVTOCI rather than using the equity method. This transaction resulted in the recognition of a loss on disposal, which was calculated as follows:

Proceeds from disposal	\$ -
Plus: Fair value of retained investment	44,752
Less: Carrying amount of investment on the date of loss of significant influence	<u>(48,669)</u>
Loss recognized	\$ <u>(3,917)</u>

When the Corporation's share of loss of an associate equals or exceeds its interest in that associate, the Corporation discontinues recognizing its share of further loss, if any. The amounts of unrecognized share of losses of Zen Material Technology Inc. and Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd. from the relevant financial statements of the associates, both for the year and cumulatively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Unrecognized share of losses of the associates for the year	\$ <u>(10,127)</u>	\$ <u>(4,475)</u>
Accumulated unrecognized share of losses of the associates	\$ <u>(17,194)</u>	\$ <u>(7,067)</u>

## 11. PROPERTY, PLANT AND EQUIPMENT

	<b>Land</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Miscellaneous Equipment</b>	<b>Total</b>
<u>Cost</u>					
Balance at January 1, 2021	\$ 326,047	\$ 155,693	\$ 313,715	\$ 37,201	\$ 832,656
Additions	-	975	13,963	3,780	18,718
Disposals	-	(631)	(1,953)	(3,970)	(6,554)
Reclassification	<u>-</u>	<u>-</u>	<u>1,868</u>	<u>-</u>	<u>1,868</u>
Balance at December 31, 2021	\$ <u>326,047</u>	\$ <u>156,037</u>	\$ <u>327,593</u>	\$ <u>37,011</u>	\$ <u>846,688</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Total
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2021	\$ -	\$ 60,062	\$ 246,301	\$ 34,482	\$ 340,845
Disposals	-	(631)	(1,953)	(3,970)	(6,554)
Depreciation expense	-	4,058	15,881	1,557	21,496
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 63,489</u>	<u>\$ 260,229</u>	<u>\$ 32,069</u>	<u>\$ 355,787</u>
Carrying amount at December 31, 2021	<u>\$ 326,047</u>	<u>\$ 92,548</u>	<u>\$ 67,364</u>	<u>\$ 4,942</u>	<u>\$ 490,901</u>
<u>Cost</u>					
Balance at January 1, 2022	\$ 326,047	\$ 156,037	\$ 327,593	\$ 37,011	\$ 846,688
Additions	-	10,146	13,267	940	24,353
Disposals	-	(141)	(19,060)	(440)	(19,641)
Reclassification	-	-	707	-	707
Balance at December 31, 2022	<u>\$ 326,047</u>	<u>\$ 166,042</u>	<u>\$ 322,507</u>	<u>\$ 37,511</u>	<u>\$ 852,107</u>
<u>Accumulated depreciation and impairment</u>					
Balance at January 1, 2022	\$ -	\$ 63,489	\$ 260,229	\$ 32,069	\$ 355,787
Disposals	-	(141)	(18,976)	(440)	(19,557)
Depreciation expense	-	4,669	14,734	1,623	21,026
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 68,017</u>	<u>\$ 255,987</u>	<u>\$ 33,252</u>	<u>\$ 357,256</u>
Carrying amount at December 31, 2022	<u>\$ 326,047</u>	<u>\$ 98,025</u>	<u>\$ 66,520</u>	<u>\$ 4,259</u>	<u>\$ 494,851</u>

(Concluded)

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

Buildings	
Main buildings	20-45 years
Elevators	15-20 years
Others	5-8 years
Machinery and equipment	2-10 years
Miscellaneous equipment	2-10 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 24.

## 12. INVESTMENT PROPERTIES

Except for depreciation recognized during the year, the Corporation did not have significant addition, disposal, or impairment of investment properties for the years ended December 31, 2022 and 2021. Investment properties are depreciated on a straight-line basis over the estimated useful life of 45 years.

Management was unable to reliably measure the fair value of investment properties located at Dafeng St., Luzhu District, Taoyuan City 338028, Taiwan (ROC) because of the remote location. The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Corporation determined that the fair value of the investment properties is not reliably measurable.

The investment properties of the Corporation were held under freehold interests. The investment properties pledged as collateral for bank borrowings are set out in Note 24.

### 13. SHORT-TERM BORROWINGS

	December 31	
	2022	2021
<u>Secured borrowings</u>		
Bank loans	\$ 140,000	\$ 190,000
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>50,000</u>	<u>280,000</u>
	<u>\$ 190,000</u>	<u>\$ 470,000</u>
Annual interest rate	1.65%-1.73%	0.86%

The secured borrowings were secured by the Corporation's land, buildings and investment properties. Refer to Note 24 for details.

### 14. NOTES PAYABLE AND ACCOUNTS PAYABLE

Accounts payable are not bearing interest. The Corporation has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

### 15. RETIREMENT BENEFIT PLANS

#### a. Defined contribution plans

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

#### b. Defined benefit plans

The Corporation adopted the defined benefit plan under the Labor Standards Act, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation 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 Corporation 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 Corporation 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 (the "Bureau") The Corporation has no right to influence the investment policy and strategy.

All the employees of the Corporation who are under the defined benefit plan have been converted to defined contribution plan in 2014. The Corporation no longer recognized cost of defined benefit since 2015.

For the years ended December 31, 2022 and 2021, the Corporation contributed \$67 thousand and \$66 thousand, respectively, to the retirement fund deposited in the Bank of Taiwan. The fair value of plan assets increased by \$447 thousand and \$91 thousand, respectively, because of the interest on the deposits.

## 16. EQUITY

### a. Share capital

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Authorized shares (in thousands)	<u>180,000</u>	<u>180,000</u>
Authorized capital	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>
Issued and paid shares (in thousands)	<u>142,368</u>	<u>142,368</u>
Issued capital	<u>\$ 1,423,676</u>	<u>\$ 1,423,676</u>

The authorized shares include 600 thousand shares reserved for the exercise of employee stock options.

### b. Capital surplus

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital (1)</u>		
Additional paid-in capital	\$ 2,784,898	\$ 2,784,898
Expired employee share options	14,311	14,311
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	<u>21,588</u>	<u>21,559</u>
	<u>\$ 2,820,797</u>	<u>\$ 2,820,768</u>

- 1) Such capital surplus may be used to offset a deficit; when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

The amendments to Articles of Incorporation were resolved by the shareholders in their meeting on June 22, 2022. Under the dividends policy as set forth in the amended Articles, where the Corporation 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 in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders in their meeting for the distribution of dividends and bonuses to shareholders. In the preceding paragraph, the board of directors is authorized to adopt a resolution to distribute dividends and bonuses in cash, and a report should be submitted in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 18-(d).

The Corporation distributes dividends after taking into consideration its future capital needs and long-term financial plans. Where the Corporation made a profit in a fiscal year, the Corporation could propose cash dividends between 10% and 100% of distributable earnings. The shareholders may adjust the ratio of dividends to reflect the profit and the adequacy of capital.

Appropriations of earnings to legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash. In the preceding paragraph, the board of directors is authorized to adopt a resolution to capital or distributed in cash, and a report should be submitted in the shareholders' meeting.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings.

The appropriations of earnings for 2021 and 2020 that had been resolved by the shareholders in their meetings on June 22, 2022 and July 30, 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	\$ 90,881	\$ 67,706
Special reserve (reversal)	\$ 73,247	\$ (63,837)
Cash dividends	\$ 427,103	\$ 355,919
Cash dividends per share (NT\$)	\$ 3.0	\$ 2.5

The appropriations of earnings for 2022 were as follows:

	<b>For the Year Ended December 31, 2022</b>
Legal reserve	\$ 64,491
Special reserve (reversal)	\$ (162,728)
Cash dividends	\$ 355,919
Cash dividends per share (NT\$)	\$ 2.5

The above cash dividends have been resolved by the board of directors on February 23, 2023 and the rest are pending the resolution of the shareholder meeting scheduled to be held on May 29, 2023.

d. Special reserve

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 524,565	\$ 588,402
Appropriations (reversals) in respect of		
Debits (reversal of the debit) to other equity items	<u>73,247</u>	<u>(63,837)</u>
Balance at December 31	<u>\$ 597,812</u>	<u>\$ 524,565</u>

A proportionate share of the special reserve relating to exchange differences on translating the financial statements of foreign operations (including the subsidiaries of the Corporation) will be reversed on the Group's disposal of foreign operations; on the Group's loss of significant influence, however, the entire special reserve will be reversed. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

## 17. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 2,080,345</u>	<u>\$ 1,779,283</u>

a. Contract information

The goods are sold at the fair value of the consideration received or receivable. The Corporation eliminates the estimated customer returns, discounts and other similar discounts from the amount of goods sold to determine the revenue from sale of goods.

b. Contract balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Notes and accounts receivable (Note 7)	<u>\$ 715,074</u>	<u>\$ 623,967</u>	<u>\$ 465,250</u>

c. Disaggregation of revenue

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Metal stamped server parts	\$ 842,293	\$ 865,048
Metal stamped display back cover parts	375,024	349,566
Metal stamped syringe	256,403	122,161
Metal stamped display front frame parts	78,141	152,667
Others	<u>528,484</u>	<u>289,841</u>
	<u>\$ 2,080,345</u>	<u>\$ 1,779,283</u>

## 18. INCOME BEFORE INCOME TAX

### a. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Net foreign exchange income (loss)	\$ 74,347	\$ (12,496)
Loss on disposal of investment	(3,917)	-
Gain on disposal and retirement of property, plant and equipment, net	3,335	118
Rental income	3,193	2,022
Others	<u>4,812</u>	<u>3,033</u>
	<u>\$ 81,770</u>	<u>\$ (7,323)</u>

### b. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 21,026	\$ 21,496
Intangible assets and others	45,976	19,802
Investment properties	<u>777</u>	<u>777</u>
	<u>\$ 67,779</u>	<u>\$ 42,075</u>
An analysis of depreciation by function		
Operating costs	\$ 16,012	\$ 16,581
Operating expenses	5,014	4,915
Non-operating expenses	<u>777</u>	<u>777</u>
	<u>\$ 21,803</u>	<u>\$ 22,273</u>
An analysis of amortization by function		
Operating costs	\$ 44,880	\$ 18,770
Operating expenses	<u>1,096</u>	<u>1,032</u>
	<u>\$ 45,976</u>	<u>\$ 19,802</u>

### c. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Payroll expense	\$ 309,182	\$ 295,866
Labor and health insurance expense	20,314	19,219
Post-employment benefits		
Defined contribution plans	8,065	8,186
Other employee benefits	<u>11,218</u>	<u>10,678</u>
Total employee benefits expense	<u>\$ 348,779</u>	<u>\$ 333,949</u>

(Continued)

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
An analysis of employee benefits expense by function		
Operating costs	\$ 131,669	\$ 129,558
Operating expenses	<u>217,110</u>	<u>204,391</u>
	<u>\$ 348,779</u>	<u>\$ 333,949</u>
		(Concluded)

d. Compensation of employees and remuneration of directors

The Corporation accrued compensation of employees at rates of no less than 1% and no higher than 15%, and remuneration of directors at rates of no higher than 5%, respectively, 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 Corporation's board of directors on February 23, 2023 and March 22, 2022, respectively, are as follows:

Accrual rate

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	3.86%	3.11%
Remuneration of directors	1.51%	1.34%

Amount

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Compensation of employees	<u>\$ 35,944</u>	<u>\$ 34,694</u>
Remuneration of directors	<u>\$ 14,000</u>	<u>\$ 15,000</u>

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Corporation's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## 19. INCOME TAXES

### a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 226,167	\$ 140,745
Income tax on unappropriated earnings	14,822	14,845
Adjustments for prior years	<u>(634)</u>	<u>1,609</u>
	<u>240,355</u>	<u>157,199</u>
Deferred tax		
In respect of the current year	<u>(5,096)</u>	<u>1,602</u>
Income tax expense recognized in profit or loss	<u>\$ 235,259</u>	<u>\$ 158,801</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>
Income tax expense calculated at the statutory rate	\$ 176,035	\$ 213,520
Deferred tax effect of earnings of subsidiaries	25,500	(52,196)
Tax-exempt income	14,427	(24,266)
Nondeductible expenses in determining taxable income	5,109	5,289
Adjustments for prior years' tax	(634)	1,609
Income tax on unappropriated earnings	<u>14,822</u>	<u>14,845</u>
Income tax expense recognized in profit or loss	<u>\$ 235,259</u>	<u>\$ 158,801</u>

### b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets		
Tax refund receivable	<u>\$ -</u>	<u>\$ 8,272</u>
Current tax liabilities		
Income tax payable	<u>\$ 98,674</u>	<u>\$ 60,989</u>

c. 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>Temporary Differences</b>	<b>Beginning Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Ending Balance</b>
<u>Deferred tax assets</u>			
Unrealized amortization expense	\$ 1,431	\$ 2,482	\$ 3,913
Unrealized inventory write-down	816	363	1,179
Unrealized exchange loss	<u>118</u>	<u>2,264</u>	<u>2,382</u>
	<u>\$ 2,365</u>	<u>\$ 5,109</u>	<u>\$ 7,474</u>
<u>Deferred tax liabilities</u>			
Unappropriated earnings of subsidiaries	\$ (200,000)	\$ -	\$ (200,000)
Defined benefit obligations	<u>(322)</u>	<u>(13)</u>	<u>(335)</u>
	<u>\$ (200,322)</u>	<u>\$ (13)</u>	<u>\$ (200,335)</u>

For the year ended December 31, 2021

<b>Temporary Differences</b>	<b>Beginning Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Ending Balance</b>
<u>Deferred tax assets</u>			
Unrealized amortization expense	\$ 2,256	\$ (825)	\$ 1,431
Unrealized inventory write-down	807	9	816
Unrealized exchange loss	<u>890</u>	<u>(772)</u>	<u>118</u>
	<u>\$ 3,953</u>	<u>\$ (1,588)</u>	<u>\$ 2,365</u>
<u>Deferred tax liabilities</u>			
Unappropriated earnings of subsidiaries	\$ (200,000)	\$ -	\$ (200,000)
Defined benefit obligations	<u>(308)</u>	<u>(14)</u>	<u>(322)</u>
	<u>\$ (200,308)</u>	<u>\$ (14)</u>	<u>\$ (200,322)</u>

d. Income tax assessments

Income tax returns through 2020 have been examined by the tax authorities

## 20. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

### Net Income for the Year

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Earnings used in the computation of basic and diluted earnings per share	<u>\$ 644,914</u>	<u>\$ 908,801</u>

### Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	<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	142,368	142,368
Effect of potentially dilutive ordinary shares:		
Employees share options	<u>1,990</u>	<u>1,635</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>144,358</u>	<u>144,003</u>

The Corporation may settle the compensation of employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be 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.

## 21. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that it will be able to continue as a going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Corporation's overall strategy remains unchanged.

The capital structure of the Corporation consists of net debt (borrowing offset by cash and cash equivalents) and equity of the Corporation (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Corporation review the capital structure on an annual basis. In order to balance the overall capital structure, the Corporation may adjust the amount of dividends paid to shareholders, or the number of new shares issued or repurchased.

## 22. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

The disclosures of fair value are not required for financial instruments that are not measured at fair value but with carrying value approximating fair value such as cash and cash equivalents, notes and accounts receivable, other financial assets-current, refundable deposits, short-term borrowings, notes payable, accounts payable, other payables and guarantee deposits.

### b. Fair value of financial instruments that are measured at fair value on recurring basis

#### 1) Fair value hierarchy

##### December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 55,579	\$ 55,579

##### December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 8,696	\$ 8,696

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

	Financial Assets at FVTOCI
Balance at January 1, 2022	\$ 8,696
Reclassification from investments accounted for using the equity method	44,752
Recognized in other comprehensive income or loss	<u>2,131</u>
Balance at December 31, 2022	\$ <u>55,579</u>

##### For the year ended December 31, 2021

	Financial Assets at FVTOCI
Balance at January 1, 2021	\$ 6,775
Recognized in other comprehensive income or loss	<u>1,921</u>
Balance at December 31, 2021	\$ <u>8,696</u>

### 3) Valuation techniques and inputs applied for Level 3 fair value measurement

For the domestic non-listed stocks held by the Corporation and measured at fair value, such fair value is determined by referring to the observable market price or to the comparable company.

#### c. Categories of financial instruments

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 1,134,733	\$ 1,006,554
Financial assets at FVTOCI	55,579	8,696
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	779,587	1,146,573

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other financial assets - current, other receivables (recognized as other current assets) and refundable deposits.
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, accounts payable, other payables, receipts under custody (recognized as other current liabilities) and guarantee deposits received.

#### d. Financial risk management objectives and policies

The Corporation's major financial instruments include equity investments, accounts receivable, accounts payable and borrowings. The Corporation'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 Corporation 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. The Corporation did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Corporation's treasury function reports quarterly to the Corporation's board of directors.

##### 1) Market risk

The Corporation's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rate (see (b) below).

There has been no change to the Corporation's exposure to market risks or the manner in which these risks were managed and measured.

##### a) Foreign currency risk

The Corporation has foreign currency denominated sales and purchases, which expose the Corporation to foreign currency risk. Approximately 80% of sales and almost 35% of costs are denominated in currencies other than the functional currency of the Corporation.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities are set out in Note 25.

The Corporation was mainly exposed to the U.S. dollar.

The following table details the Corporation's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the U.S. dollar. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit associated with the New Taiwan dollar strengthening 1% against the U.S. dollar. For a 1% weakening of the New Taiwan dollar against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	<b>U.S. Dollar Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit or loss*	\$ 7,621	\$ 5,639

\* The result was mainly attributable to the exposure on outstanding receivables and payables in U.S. dollar which were not hedged at the end of the reporting period.

b) Interest rate risk

The Corporation was exposed to interest rate risk because the Corporation borrow funds at fixed interest rates.

The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 190,260	\$ 289,744
Financial liabilities	190,000	470,000
Cash flow interest rate risk		
Financial assets	227,314	84,733

The sensitivity analysis below was determined based on the Corporation's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets, the analysis was prepared assuming the amount of the asset outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$390 thousand and \$193 thousand, respectively.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes. The Corporation does not actively trade these investments.

The sensitivity analysis below were determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by \$556 thousand and \$87 thousand, respectively, as a result of the changes in financial assets at FVTOCI.

## 2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Corporation. At the end of the reporting period, the Corporation's maximum exposure to credit risk, which would cause a financial loss to the Corporation due to the failure of the counterparty to discharge its obligation, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to mitigate credit risk, the management of the Corporation has delegated qualified personnel in accordance with the segregation of duties principle to be 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 Corporation 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 Corporation's credit risk was significantly reduced.

Since the counterparty of current funds is a financial institution with a good credit rating, the Corporation does not expect any material credit risk.

The Corporation's concentration of credit risk of 60% and 63% of total accounts receivable as of December 31, 2022 and 2021, respectively, was attributable to the Corporation's three largest customers.

## 3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation'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.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unsecured bank loan facilities		
Amount used	\$ 50,000	\$ 280,000
Amount unused	<u>950,000</u>	<u>670,000</u>
	<u>\$ 1,000,000</u>	<u>\$ 950,000</u>
Secured bank loan facilities		
Amount used	\$ 140,000	\$ 190,000
Amount unused	<u>100,000</u>	<u>150,000</u>
	<u>\$ 240,000</u>	<u>\$ 340,000</u>

The following table details the Corporation's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The table includes both interest and principal cash flows.

December 31, 2022

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1+ Years</b>
Non-interest bearing liabilities	\$ 204,593	\$ 384,164	\$ -	\$ 830
Fixed interest rate borrowings	<u>190,204</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 394,797</u>	<u>\$ 384,164</u>	<u>\$ -</u>	<u>\$ 830</u>

December 31, 2021

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1+ Years</b>
Non-interest bearing liabilities	\$ 171,324	\$ 504,419	\$ -	\$ 830
Fixed interest rate borrowings	<u>470,243</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 641,567</u>	<u>\$ 504,419</u>	<u>\$ -</u>	<u>\$ 830</u>

## 23. RELATED PARTY TRANSACTIONS

Besides information disclosed elsewhere in the other notes, details of transactions between the Corporation and other related parties are disclosed below.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Chia Chang Technology (Suzhou) Co., Ltd.	Subsidiary
Ningbo Chia Chang Electronics Hardware Co., Ltd.	Subsidiary
Chia Development Co., Ltd.	Subsidiary
EIDEAL Company Limited	Subsidiary
CHIA CORPORATION	Subsidiary
GOLDSKY ENTERPRISE LIMITED	Subsidiary
Energy Magic Co., Ltd.	Subsidiary

b. Purchases

	<u>For the Year Ended December 31</u>	
<b>Related Party Category</b>	<b>2022</b>	<b>2021</b>
Subsidiary	<u>\$ 1,821</u>	<u>\$ 33,943</u>

The transaction terms for related parties are equivalent to the general non-related party.

c. Accounts payable

<b>Line Item</b>	<b>Related Party Category</b>	<b>December 31, 2021</b>
Accounts payable	Subsidiary	<u>\$ 25,514</u>

The outstanding accounts payable to related parties are unsecured.

d. Other transactions

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Receipts under custody (recognized as other current liabilities)</u>		
GOLDSKY ENTERPRISE LIMITED	<u>\$ 18,174</u>	<u>\$ 23,735</u>
<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Rental receipts</u>		
Subsidiary	<u>\$ 117</u>	<u>\$ 96</u>
<u>Other income</u>		
Subsidiary	<u>\$ 809</u>	<u>\$ 708</u>

e. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 78,709	\$ 76,131
Post-employment benefits	<u>860</u>	<u>940</u>
	<u>\$ 79,569</u>	<u>\$ 77,071</u>

## 24. PLEDGED ASSETS

The following assets were provided to financial institution as collateral or guarantee for bank financing, amount of endorsement and guarantee, and for issuing commercial paper:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment		
Land	\$ 185,000	\$ 185,000
Buildings	98,025	92,548
Investment properties	<u>53,991</u>	<u>54,768</u>
	<u>\$ 337,016</u>	<u>\$ 332,316</u>

## 25. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Corporation'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 were as follows:

### December 31, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	US\$ 26,477	30.710 (USD:NTD)	\$ 813,103
Non-monetary items			
Investment accounted by using equity method			
USD	US\$ 24,779	30.710 (USD:NTD)	760,951
RMB	RMB 1,454,446	4.4094 (RMB:NTD)	6,413,235
<u>Financial liabilities</u>			
Monetary items			
USD	US\$ 1,662	30.710 (USD:NTD)	51,042

### December 31, 2021

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	US\$ 27,410	27.680 (USD:NTD)	\$ 758,701
Non-monetary items			
Investment accounted by using equity method			
USD	US\$ 25,887	27.680 (USD:NTD)	716,559
RMB	RMB 1,475,423	4.3415 (RMB:NTD)	6,405,548
<u>Financial liabilities</u>			
Monetary items			
USD	US\$ 7,037	27.680 (USD:NTD)	194,771

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Functional Currency	For the Year Ended December 31			
	2022		2021	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	29.803 (USD:NTD)	\$ 74,493	28.009 (USD:NTD)	\$ (12,209)
RMB	4.4342 (RMB:NTD)	<u>(146)</u>	4.3415 (RMB:NTD)	<u>(287)</u>
		<u>\$ 74,347</u>		<u>\$ (12,496)</u>

## 26. ADDITIONAL DISCLOSURES

### a. Information on significant transactions:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures). (Table 3)
- 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. (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
- 9) Trading in derivative instruments. (None)

### b. Information of investees. (Table 4)

### 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, net income (loss) of investee, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 5)

- 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:
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year. (None)
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year. (None)
  - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (Table 2)
  - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
  - 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 receiving of services. (None)
- 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 6)

TABLE 1

## CHIA CHANG CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period (Foreign Currencies in Thousands)	Ending Balance (Foreign Currencies in Thousands)	Amount Actually Drawn (Foreign Currencies in Thousands)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Foreign Currencies in Thousands) (Note 1)	Financing Company's Total Financing Amount Limits (Foreign Currencies in Thousands) (Note 2)
													Item	Value		
1	GOLDSKY ENTERPRISES LIMITED	Chia Chang Co., Ltd.	Other receivables	Yes	\$ 61,420 (US\$ 2,000)	\$ 61,420 (US\$ 2,000)	\$ -	-	Short-term financing	Not applicable	Operating capital	\$ -	-	-	\$ 152,168 (US\$ 4,955)	\$ 304,367 (US\$ 9,911)
2	CHIA CORPORATION	Chia Chang Co., Ltd.	Other receivables	Yes	614,200 (US\$ 20,000)	614,200 (US\$ 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,282,646 (RMB 290,889)	2,565,292 (RMB 581,778)
		Nanjing Chia-Chan Precious Electronics Co., Ltd.	Other receivables	Yes	61,420 (US\$ 2,000)	61,420 (US\$ 2,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,282,646 (RMB 290,889)	2,565,292 (RMB 581,778)
		Chia Chang Technology (Suzhou) Co., Ltd.	Other receivables	Yes	614,200 (US\$ 20,000)	614,200 (US\$ 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	1,282,646 (RMB 290,889)	2,565,292 (RMB 581,778)
		Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	214,970 (US\$ 7,000)	214,970 (US\$ 7,000)	88,188 (RMB 20,000)	4.35%	Short-term financing	Not applicable	Operating capital	-	-	-	1,282,646 (RMB 290,889)	2,565,292 (RMB 581,778)
3	Chia Chang Technology (Suzhou) Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	88,188 (RMB 20,000)	88,188 (RMB 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	718,304 (RMB 162,903)	1,436,609 (RMB 325,806)
4	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	88,188 (RMB 20,000)	88,188 (RMB 20,000)	44,094 (RMB 10,000)	4.35%	Short-term financing	Not applicable	Operating capital	-	-	-	69,369 (RMB 15,732)	277,484 (RMB 62,930)
		Chia Chang Technology (Suzhou) Co., Ltd.	Other receivables	Yes	88,188 (RMB 20,000)	88,188 (RMB 20,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	69,369 (RMB 15,732)	277,484 (RMB 62,930)
5	Nanjing Chia-Chan Precious Electronics Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Other receivables	Yes	44,094 (RMB 10,000)	44,094 (RMB 10,000)	22,047 (RMB 5,000)	4.35%	Short-term financing	Not applicable	Operating capital	-	-	-	42,926 (RMB 9,735)	171,711 (RMB 38,942)
		Chia Chang Technology (Suzhou) Co., Ltd.	Other receivables	Yes	44,094 (RMB 10,000)	44,094 (RMB 10,000)	-	-	Short-term financing	Not applicable	Operating capital	-	-	-	42,926 (RMB 9,735)	171,711 (RMB 38,942)

Note 1: The limit for lending to each borrower is as follows:

- For companies with transactions and short-term funding needs, the amount for lending to a company shall not exceed 2% of the net equity of the Corporation based on its latest financial statements. The total amount for lending shall not exceed 5% of the net equity of the Corporation based on its latest financial statements.
- For associates with short-term funding needs, in which the Corporation holds less than 100% of the voting shares of each associate, the amount for lending shall not exceed 10% of the net equity of the associate. For associates with short-term funding needs, in which the Corporation holds 100% of the voting shares of each associate, the amount for lending shall not exceed 20% of the net equity of the associate.

Note 2: The total amount for lending shall not exceed 40% of the net equity of the Corporation based on its latest financial statements.

TABLE 2

CHIA CHANG CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Foreign Currencies in Thousands)	Outstanding Endorsement/ Guarantee at the End of the Period (Foreign Currencies in Thousands)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals (Foreign Currencies in Thousands)	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Provided by Parent Company	Endorsement/ Guarantee Provided by Subsidiaries	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	The Corporation	GOLDSKY ENTERPRISES LIMITED CHIA CORPORATION	Note 1	\$ 4,174,022	\$ 552,780 (US\$ 18,000)	\$ 552,780 (US\$ 18,000)	\$ -	\$ -	6.62%	\$ 4,174,022	Yes	No	No
			Note 1		1,535,500 (US\$ 50,000)	1,535,500 (US\$ 50,000)		614,200 (US\$ 20,000)	18.39%		Yes	No	No
1	Chia Chang Technology (Suzhou) Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Note 1	4,174,022	88,188 (RMB 20,000)	88,188 (RMB 20,000)	-	-	1.06%	4,174,022	No	No	Yes
2	Ningbo Chia Chang Electronics Hardware Co., Ltd.	Chia Chang Technology (Chong Qing) Co., Ltd.	Note 1	4,174,022	88,188 (RMB 20,000)	88,188 (RMB 20,000)	-	-	1.06%	4,174,022	No	No	Yes

Note 1:   Subsidiary in which the Corporation directly or indirectly owns more than 50% of its voting shares.

Note 2:   According to the Corporation’s endorsement/guarantee operating procedures, the total amount of guarantee provided by the Corporation to any individual entity shall not exceed 2% of the Corporation’s net equity based on its latest financial statements, except for the guarantee provided to any entity whose voting shares are 50% owned. The total balance of guarantee shall not exceed 50% of the Corporation’s net equity based on its latest financial statements.

**TABLE 3****CHIA CHANG CO., LTD. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares (Units in Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Chia Chang Co., Ltd.	Ordinary share(s) Chimei Motor Electronics Co., Ltd. Top Taiwan XIII Venture Capital Co., Ltd.	None The Corporation is its corporate directors	Financial assets at FVTOCI - non-current Financial assets at FVTOCI - non-current	1,372 5,000	\$ 16,500 39,079	4.65 5.81	\$ 16,500 39,079	Notes 1 and 2 Notes 1 and 2
TARCOOLA TRADING LIMITED	Mutual fund(s) Capital RMB Money Market Fund-RMB	None	Financial assets at FVTPL - current	1	45	-	45	Notes 1 and 2
Chia Development Co., Ltd.	Ordinary share(s) WK Technology Fund IX Ltd.	One of the Corporation's key management personnel is one of its supervisors	Financial assets at FVTOCI - non-current	7,690	136,403	7.69	136,403	Notes 1 and 2

Note 1: The unlisted stocks mentioned above are calculated using a valuation method at fair value, and the mutual fund is calculated at net value on December 31, 2022.

Note 2: The securities held at end of period have not been provided as collateral or pledged for loans.

**TABLE 4****CHIA CHANG CO., LTD. AND SUBSIDIARIES**

**NAMES, LOCATIONS AND RELATED INFORMATION ON INVESTEEES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee (Foreign Currencies in Thousands)	Share of Profit (Loss) (Note 1)	Note
				December 31, 2022 (Foreign Currencies in Thousands)	December 31, 2021 (Foreign Currencies in Thousands)	Number of Shares (Units in Thousands)	Percentage of Ownership	Carrying Amount (Foreign Currencies in Thousands)			
Chia Chang Co., Ltd.	CHIA CORPORATION	Samoa	Investment holdings	\$ 1,513,766	\$ 1,513,766	46,740	100.00	\$ 6,413,235	RMB 141,939	\$ 629,386	Subsidiary
	GOLDSKY ENTERPRISES LIMITED	Samoa	International trade	33,892	33,892	15	100.00	760,951	US\$ 191	5,703	Subsidiary
	Chia Development Co., Ltd.	Taoyuan, Taiwan	New business development and investment	263,564	263,564	19,784	100.00	287,456	(71,165)	(71,165)	Subsidiary
	Zen Material Technology Inc.	Kaohsiung, Taiwan	Electronic components production	92,950	92,950	1,334	46.01	-	(581)	-	Associate
CHIA CORPORATION	Top Taiwan XIII Venture Capital Co., Ltd.	Taipei, Taiwan	Investment business	-	50,000	-	-	-	(Note 3)	(969)	Note 3
	TARCOOLA TRADING LIMITED	British Virgin Islands	Investment holdings	US\$ 30,589	US\$ 30,589	37,100	100.00	RMB 814,979	RMB 84,703	Not applicable	Subsidiary
	HUGE LINE INTERNATIONAL LIMITED	Samoa	Investment holdings	US\$ 11,400	US\$ 11,400	11,601	100.00	RMB 365,104	RMB 51,044	Not applicable	Subsidiary
	CHIAPEX HOLDING LIMITED	Samoa	Investment holdings	US\$ 4,911	US\$ 4,911	4,851	100.00	RMB 10,098	RMB 509	Not applicable	Subsidiary
	CHIA-RUI HOLDING LIMITED	Samoa	Investment holdings	-	US\$ 23,807	-	-	- (Note 2)	RMB (126)	Not applicable	Subsidiary
Chia Development Co., Ltd.	Energy Magic Co., Ltd.	Taoyuan, Taiwan	Electronic components production	15,496	15,496	1,500	50.00	5,277	(1,574)	Not applicable	Subsidiary
	EIDEAL Company Limited	Taoyuan, Taiwan	Electronic components production	4,000	-	400	80.00	2,327	(2,091)	Not applicable	Subsidiary
	Top Taiwan IX Venture Capital Co., Ltd.	Taipei, Taiwan	Investment business	70,000	100,000	7,000	12.50	124,317	(648,654)	Not applicable	Associate

Note 1: Information on investments in mainland China is referred to Table 5.

Note 2: CHIA-RUI HOLDING LIMITED had liquidated and the remaining share capital had been refunded to CHIA CORPORATION in April 2022.

Note 3: The Corporation held an interest in Top Taiwan XIII Venture Capital Co., Ltd. and it was accounted for as an associate. On May 17, 2022, three additional directors were elected by the Corporation through the resolution of the shareholders in their meeting, and the Group ceased to have significant influence over Top Taiwan XIII Venture Capital Co., Ltd. The Corporation accounted for the remaining interests as financial assets at FVTOCI rather than using the equity method.

**TABLE 5**

**CHIA CHANG 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)**

Investee Company	Main Businesses and Products	Paid-in Capital (RMB in Thousands)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022 (US\$ in Thousands)	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of December 31, 2022 (US\$ in Thousands)	Net Income (Loss) of the Investee (RMB in Thousands)	Ownership of Direct or Indirect Investment	Share of Profits (Losses) (RMB in Thousands)	Carrying Amount as of December 31, 2022 (RMB in Thousands)	Accumulated Inward Remittance of Earnings as of December 31, 2022 (RMB in Thousands)
					Outward	Inward						
Chia Chang Technology (Suzhou) Co., Ltd.	Production and sale of IT and optronics metal stamped components	\$ 2,176,087 (RMB 493,511)	Indirect investment in TARCOOLA TRADING LIMITED through CHIA CORPORATION, with the former investing operating funds	\$ 925,569 (US\$ 30,139)	\$ -	\$ -	\$ 925,569 (US\$ 30,139)	\$ 375,590 (RMB 84,703)	100.00%	\$ 375,590 (RMB 84,703)	\$ 3,591,531 (RMB 814,517)	\$ 745,550 (RMB 169,082)
Ningbo Chia Chang Electronics Hardware Co., Ltd.	Production and sale of IT and optronics metal stamped components	303,305 (RMB 68,786)	Indirect investment in HUGE LINE INTERNATIONAL LIMITED through CHIA CORPORATION, with the former investing operating funds	196,544 (US\$ 6,400)	-	-	196,544 (US\$ 6,400)	239,265 (RMB 53,959)	100.00%	239,265 (RMB 53,959)	693,709 (RMB 157,325)	1,515,665 (RMB 343,735)
Quan Rui (Dong Guan) Industrial Co., Ltd.	Production and sale of IT and optronics metal stamped components	-	Indirect investment in CHIA-RUI HOLDING LIMITED through CHIA CORPORATION, with the former investing operating funds	161,228 (US\$ 5,250)	-	-	161,228 (US\$ 5,250)	239 (RMB 54)	-	239 (RMB 54)	-	80,220 (RMB 18,193)
Nanjing Chia-Chan Precious Electronics Co., Ltd.	Production and sale of IT and optronics metal stamped components	312,957 (RMB 70,975)	Indirect investment in HUGE LINE INTERNATIONAL LIMITED through CHIA CORPORATION, with the former investing operating funds	-	-	-	-	(13,591) (RMB -3,065)	100.00%	(13,591) (RMB -3,065)	429,286 (RMB 97,357)	174,361 (RMB 39,543)
Chia Chang Technology (Chong Qing) Co., Ltd.	Production and sale of IT and optronics metal stamped components	132,282 (RMB 30,000)	Through Chia Chang Technology (Suzhou) Co., Ltd. invest operating funds	-	-	-	-	4,465 (RMB 1,007)	100.00%	4,465 (RMB 1,007)	70,184 (RMB 15,917)	-
Chia Chain Precious Hardware & Electronics (Suzhou) Co., Ltd.	Production and sale of IT and optronics metal stamped components	155,193 (RMB 35,196)	Indirect investment in CHIAPEX HOLDING LIMITED through CHIA CORPORATION, with the former investing operating funds	150,817 (US\$ 4,911)	-	-	150,817 (US\$ 4,911)	(20,122) (RMB -4,538)	49.00%	-	-	315,422 (RMB 71,534)

Accumulated Investment in Mainland China as of December 31, 2022 (US\$ in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on Investment Stipulated by the Investment Commission, MOEA
\$ 1,434,158 (US\$ 46,700)	\$ 4,059,401 (US\$ 132,185)	\$ 5,008,827 (Note)

Note: The investment limit is 60% of the Corporation’s net equity.

**TABLE 6****CHIA CHANG CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yung Hsiang Investment Co., Ltd.	13,438,441	9.43
Hsin Ho Investment Co., Ltd.	11,904,492	8.36

Note: 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 preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation 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.