Stock Code：3625

C-TECH UNITED CORP.

ANNUAL REPORT 2022

Annual Report on the Taiwan Stock Exchange Market Observation Post System: http://mops.twse.com.tw/

Corporate Website：http://www.c-techone.com/

Prepared by: C-TECH UNITED CORP.

Printed on March 31, 2023

C-TECH UNITED CORP.　ANNUAL REPORT 2022

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Overseas Securities Exchange:
None

Overseas Securities Information inquiry method
None

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I . Letter to Shareholders

Ladies and gentlemen, shareholders:

First of all, I am very grateful to all shareholders for their long-term support and care for C-TECH UNITED CORP. The following is the report of business results for 2022 and the outlook for 2023:

1. Operating Report in 2022

(1) Operating Performance

After rising demand for work from home, shortage of chips, and the closure of cities in mainland China, which led to a surge in notebook computer shipments, the PC industry is returning to normal, but this has directly led to a decline in shipments by supply chain manufacturers recently. Meanwhile, global notebook computers continue to adjust inventory, and terminal demand is still affected by the downturn. The Group's consolidated operating income was NT$1,467,651,000 in 2022, down by nearly 30%, compared to 2021.

"Becoming an integrator of world-class green energy systems" is the Company's business vision. To achieve this goal, the Company is undergoing strategic transformation, focusing on the two-wheel electric vehicle battery module and small/medium-sized energy storage module market, and continues to invest in relevant R&D and equipment resources.

The production line of the Company's highly automated Taipei factory has been officially launched. In addition to serving customers nearby, it also provides the Company with flexibility in production scheduling. The proportion of E-Bike & Storage in the Group's shipments increased from less than 10% in 2021 to nearly 20% in 2022, and is expected to exceed 30% in 2023. And because these products have better gross profit margins, they are expected to become the main profit-making force of the Group in the near future.

(2) Budget implementation: The Company has not announced its financial forecast for 2022.

(3) Fnancial and profitability analysis:

Unit: NT$ thousand

Item	2022	2021	Amount Change	Percent Change (%)
Operating Income	1,467,651	2,175,627	(707,976)	-32.54%
Operating Profit	174,767	240,975	(66,208)	-27.48%
Operating Loss	(136,321)	(78,964)	(57,357)	72.64%
Net Loss After Tax	(492,767)	(168,496)	(324,271)	192.45%

(4). Research and development status

Latest RD expenditure and results：

Year	RD Expenditure (NT$ thousand)	Ratio of revenue (%)	Major results
2020	45,363	2.04%	1. Electric locomotive/electric bicycle lithium battery module 2. Lithium battery module for energy storage/uninterruptible power supply system 3. 3C/IT application lithium battery module 4. TW battery module to prevent flame spillage
2021	79,113	3.64%	1. Electric locomotive/electric bicycle lithium battery module 2. Lithium battery module for energy storage/uninterruptible power supply system 3. 3C/IT application lithium battery module 4. Battery modules with volatile flame retardant materials 5. Battery modules filled with phase change endothermic materials

Year	RD Expenditure (NT$ thousand)	Ratio of revenue (%)	Major results
2022	86,873	5.92%	1. ESS lithium battery module energy storage system 2. UPS uninterruptible lithium battery module system 3. BBU backup lithium battery power module 4. 3C/IT application lithium battery module 5. e-Bike electric bicycle lithium battery module 6. e-Pedelec electric bicycle lithium battery module 7. e-Scooter electric scooter lithium battery module 8. e-Motorcycle electric motorcycle lithium battery module

2. Business Plan for 2023

(1). Business objectives

1. To strengthen the R&D and manufacturing capabilities of E-Bike & Storage, and develop the market for two-wheeled electric vehicle battery modules and medium/small energy storage modules.
2. To cooperate with strategic investment partners and establish a battery module platform to provide customers with complete solutions and quickly introduce products to the market.
3. To integrate the Group's resources and focus on core business development.

(2) Expected sales quantity

In 2023, the shipment of notebook computer battery sets is expected to reach the same level of about 900 million units, and the self-made rate of the key component power protection board SMD has reached more than 70%. Energy storage and electric vehicle products are expected to account for more than 30% of revenue. At present, there are still tariff barriers and doubts about the China-U.S. trade war in the international economic situation, and uncertainties due to the shortage of workers and materials. In order to diversify risks, the proportion of non-IT products will be expanded.

(3) Important production and sales policies

1. To strengthen the research and development and design capabilities of the ODM battery module platform, and quickly develop new products in response to market and customer needs.
2. To continue to improve products, processes and quality management systems to meet customer requirements for product quality and services.
3. Substantial automation of production to improve production efficiency and yield and reduce labor costs.

3. The future development strategies that may be impacted from the external competitive environment, regulatory environment, and macroeconomic conditions

(1) Future development strategies

1. Expand the integration of business opportunities in electric vehicles and energy storage industries, and increase the proportion of revenue.
2. Strengthen automated production, improve production efficiency and yield, and reduce labor costs.
3. Continue to recruit and train high-quality R&D personnel, enhance the team's product development capabilities, and plan future operational capabilities that can support customers' global deployment.
4. Pay attention to comprehensively integrated investment and strategic cooperation partners, and accelerate non-IT business.

(2) Impacts from the external competitive environment, regulatory environment, and macroeconomic conditions

1. Unfavorable factors

(1) The growth of information products comes from low-unit-priced notebook computers and Chromebooks, and the downward pressure on OEM unit prices has a negative impact on revenue.

(2) Global notebook computers are facing inventory adjustments, and terminal demand remains sluggish.

(3) The variables of the China-US trade war have not yet eased, and the rapid growth of electric vehicles and 5G communication products has squeezed out the supply of semiconductor components. In addition, the United States has imposed a ban on the sale of key Chinese semiconductor technologies, materials, and production equipment, which has deepened the imbalance in the supply chain of the semiconductor industry, degraded the stability of the supply of related components, and lengthened the delivery period.

(4) The Company's sales are denominated in US dollars, and the appreciation of Taiwan dollar and RMB against the US dollar will have an adverse impact on the profit of the Group.

2. Favorable factors

(1) The epidemic has changed the way of life of the public, and the demand for electric bicycles with both personal transportation and sports purposes has increased, which also brings business opportunities for the application of lithium battery kinetic energy.

(2) Renewable energy environmental policies will help expand business opportunities in the field of lithium battery energy storage.

Adhering to the business philosophy of being a green energy practitioner, the Company will continue the transformation plan while actively disposing of non-core businesses, and strive to face the rapid changes in the industry and the business environment. Looking forward to this year, due to the continuous mass production of two-wheeled electric vehicles for brand customers, the business performance will grow significantly. The management team will submit the best operating performance to repay the support and trust of all shareholders.

Finally, I wish all shareholders good health and all the best!

Chairman: Huang Zongwei Manager: Huang Chongwei Accounting supervisor: Liu Yiwei

II. Company Profile

1. Date of Incorporation: May 23, 1996

2. Company History:

Year	Milestones
1996	(1) The company was established on May 23 with a paid-in capital of NT$10 million, mainly engaged in the processing and trading of various portable battery modules. (2) Introduced Japanese lithium batteries and circuit board design.
1997	Successfully developed the design of lithium battery modules and became the largest supplier of lithium battery modules for mobile phones to Synnex Technology International Corporation.
1998	(1) With cash capital increase of NT$15 million, the paid-in capital increased to NT$25 million. (2) For the first time, the monthly supply of lithium battery modules for mobile phones exceeded 100,000 units.
1999	Purchased a factory building and set up a production line with a monthly production capacity of 100,000 units, and moved into a new factory: 5th Floor, No. 665, Zhongzheng Road, Xinzhuang District, New Taipei City.
2001	The surplus was transferred to increase the capital by NT$5.5 million, and the paid-in capital was increased to NT$30.5 million. Promoted the ISO-9002 quality assurance system and obtained certification.
2002	(1) The capital increase of NT$ 2.44 million from surplus transfer, and the paid-in capital increased to NT$ 32.94 million. (2) Started production of lithium battery modules for Sony Ericsson mobile phones.
2003	(1) Reinvested in C-TECH CORP. and C-TECH UNITED L.L.C. as the third-place holding company for mainland investment. (2) Established LIAN SHENG ELECTRONIC CO., LTD. in Suzhou to produce lithium battery modules for NEC mobile phones.
2004	(1) Passed ISO-14001 and ISO-9001 international certification. (2) Received a medal from Sony Ericsson for producing 10 million units, added mobile phone lithium battery module customers: Benq, ASUS, and started producing Apple iPod lithium battery modules. (3) Establish a test room that complies with UL safety regulations. (4) Capital increase of NT$ 33.76 million from surplus transfer and NT$ 74 million in cash, increasing the capital to NT$ 140.7 million. (5) The stock has been approved for public offering. (6) Invest in the development of notebook computer battery modules.
2005	(1) Invested indirectly in the mainland subsidiary Suzhou C-TECH CORP. Ltd. through the company's subsidiaries C-TECH CORP. and C-TECH UNITED L.L.C., holding 100% of the shares. (2) With capital increase of NTD 8.2 million by transfer of surplus and capital increase of NTD 49.9 million in cash, the paid-in capital increased to NTD 198.8 million. (3) Suzhou C-TECH CORP., the company’s subsidiary in mainland China, started construction. (4) Started production of LITE-ON Acer PDA smart lithium battery modules, and passed the certification of LG HP notebook computer lithium battery modules. (5) Fully introduced the ERP system.
2006	(1) It has been approved not to continue the public offering. (2) With capital increase of NT$30 million in cash, the paid-in capital increased to NT$228.8 million. (3) Introduced a system for signing electronic documents.
2007	(1) With cash capital increase of NT$70 million, the paid-in capital increased to NT$298.8 million. (2) Established a UL-accredited laboratory. (3) Fully promoted the 6 Sigma system. (4) Sales of notebook computer lithium battery modules totaled 3.6 million units.

	(5) Introduce the ERP electronic form approval system.
2008	(1) On April 2, the Financial Supervisory Commission of the Executive Yuan (the Cabinet) approved the public offering of the company's stock. (2) On April 22, Taipei Exchange, TPEx approved the company's stock to enter the emerging stock market. (3) The mainland factory introduced the shop flow system to promote the e-ization of production information, so as to meet the standards required by international manufacturers for order-based production. (4) Ranked 31st in "Deloitte & Touche Taiwan High-tech Fast 50" for revenue growth.
2009	(1) Passed the certification of Dell notebook computer lithium battery module. (2) Approved by the OTC Listing Review Committee on August 11, and the stock was listed on the OTC on October 28. (3) In August, NT$19,137,890 was transferred from surplus and employee bonuses, and the paid-in capital amounted to NT$317,937,890. In October, the OTC cash capital was increased by NT$30,392,110, and the paid-in capital reached NT$348,330,000. (4) Won the 18th SME highest honor "National Award of Outstanding SMEs" on October 14.
2010	(1) From January to July, employee stock option certificates were converted into ordinary shares of NT$4,300,000, which increased the paid-in capital to NT$352,630,000. (2) Invested USD 5,135,294.46 in September to obtain 15% equity and one board seat of Brunei Navitasys Technology Ltd. And through technical cooperation, strategic alliances, and resource integration, it expects to expand business opportunities for energy storage and electric vehicle battery modules to enhance the interests of both companies. (3) In September, the private equity cash capital increase was NT$38,000,000, which was fully subscribed by the strategic investor Navitasys Technology Ltd. from Brunei, bringing the paid-in capital to NT$390,630,000. (4) In October, Brunei-based Navitasys Technology Ltd. increased 5,859,000 shares through private placement and securities trading, accounting for 15% of the paid-in capital at the time of acquisition, and became a major shareholder holding more than 10% of the shares.
2011	(1) With cash capital increase of NT$170,000,000 in March, the paid-in capital amounted to NT$560,630,000. (2) From July to September, employee stock option certificates were converted into ordinary shares of NT$150,000, and the paid-in capital increased to NT$560,780,000. (3) In June, the 6th Session of directors and supervisors was re-elected. Brunei-based Navitasys Technology Ltd. was elected as a legal person director of the company.
2012	(1) In May, invested indirectly in the mainland subsidiary Chongqing C-TECH Technology Co., Ltd. through the company's subsidiaries C-TECH CORP. and C-TECH UNITED L.L.C., holding 100% of the shares. (1) In September, Brunei Navitasys Technology Ltd., which the company reinvested in, sold its 100% real operating unit NAVITASYS TECHNOLOGY LIMITED to make a profit. This made the company recognize the investment interest of NT$102,917 thousand in Navitasys Technology Ltd. After the sale of this operating unit, Brunei Navitasys Technology Ltd. has no real operation and only holds 5,859,000 ordinary shares of the company, so it cannot achieve the purpose of mutual investment strategic alliance. After considering the termination of the cooperative relationship between the two parties, the company purchased shares from the remaining shareholders at a price of US$1,727,955, making the company the sole shareholder of Brunei-based Navitasys Technology Ltd., holding 100% of the shares, and obtained its management rights and ownership. The 5,859,000 ordinary shares of the company held by the Brunei company are classified as treasury shares.
2013	(1) In April, the company reinvested in Brunei-based Navitasys Technology Ltd.

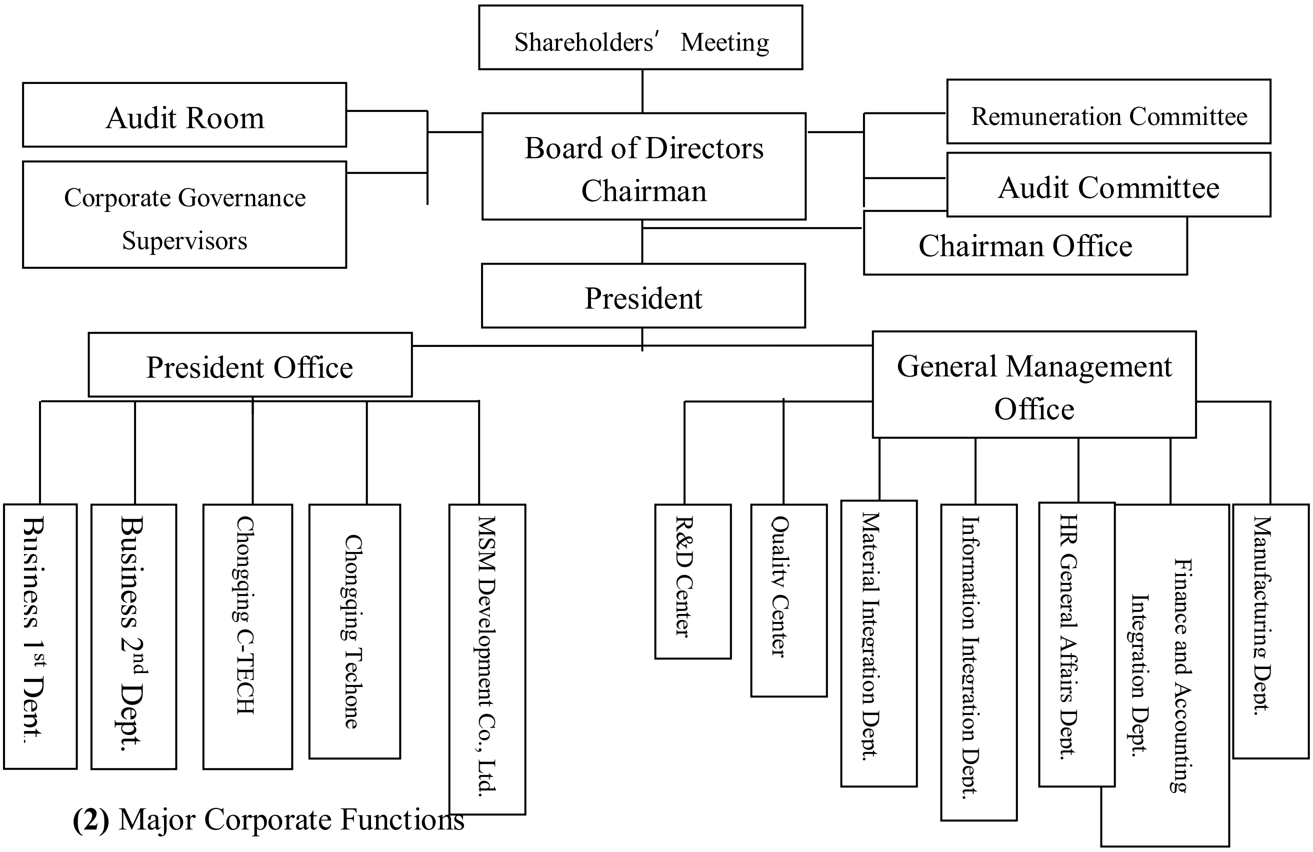
	and changed its name to Brunei-based Golden Capital International Co., Ltd. (2) In July, the company invested NT$190,374,000 to obtain 86.55% equity of MSM Development Co., Ltd. and has the right to control the company's operations. It will invest in land and real estate development and create profits for the company. (3) In September, after being certified by customers, the company's tablet computer battery modules began mass production and shipment.
2014	(1) In June, the mainland subsidiary Suzhou C-TECH CORP. was dissolved and liquidated, and its original product line was transferred to Chongqing C-TECH Technology Co., Ltd. to continue production and sales. (2) In September, the subsidiary MSM Development Co., Ltd. increased capital by 6,000,000 ordinary shares, with a par value of NT$10 per share, and the total amount was NT$60,000,000. The accumulated investment was NT$250,375,000, with a shareholding ratio accounting for 89.4%.
2015	(1) On February 10, the company issued the first domestic guaranteed convertible corporate bonds. The total amount of this issuance was NT$200 million, each denomination was NT$100,000, and the coupon rate was 0%. during three years. This capital utilization plan was mainly to enrich working capital and repay bank loans. (2) The mainland subsidiary Chongqing C-TECH Technology Co., Ltd. conducted vertical integration and invested in the construction of SMD production lines.
2016	(1) In February, the mainland subsidiary Suzhou C-TECH CORP. was dissolved and liquidated. (2) In July, the production line of the mainland subsidiary Chongqing C-TECH Technology Co., Ltd. SMD was certified by the customer, and BMU was mass-produced. (3) In September, Brunei-based Golden Capital International Co., Ltd., a subsidiary of the company, disposed of 275,000 ordinary shares of the company. After that, the number of ordinary shares held by the company was changed to 5,584,000 shares, accounting for 9.96% of the paid-in capital at the time of disposal. (4) In November, 1,405,404 ordinary shares were converted from convertible corporate bonds, increasing the paid-in capital to NT$574,834,040.
2017	(1) In February, 4,216,212 ordinary shares were converted from convertible corporate bonds, increasing the paid-in capital to NT$616,996,160. (2) In April, a total of 2,000 units of employee stock option certificates were issued. (3) In May, convertible corporate bonds were converted into 306,306 ordinary shares, increasing the paid-in capital to NT$620,059,220. (4) In June, the American subsidiary C-TECH UNITED L.L.C. reinvested in Suzhou C-TECH CORP. Since Suzhou C-TECH CORP. had been liquidated and dissolved, C-TECH UNITED L.L.C. had no real operational benefits. The board of directors of C-TECH UNITED L.L.C. resolved to liquidate on June 9, 2017 and completed the settlement on June 24, 2017. (5) In September, C-TECH CORP. reduced capital to make up for losses. Since the reinvestment subsidiary C-TECH UNITED L.L.C. has completed liquidation, in order to simplify the company group organization structure, the 2017/8/9 board of directors resolved to handle C-TECH CORP. capital reduction. Before the capital reduction, the capital of C-TECH CORP. was USD 9,100,050, and the amount of capital reduction was USD 5,000,050. After the capital reduction, the capital amount was USD 4,100,000. (6) In October, the subsidiary Brunei-based Golden Capital International Co., Ltd. will relocate to Anguilla in response to the Brunei government’s suspension of overseas company operations, and the company’s name was changed to Anguilla-based Golden Capital International Co., Ltd. (7) In November, 9,702,695 ordinary shares were converted into corporate bonds, increasing the paid-in capital to NT$717,086,170. (8) In December, the company's first guaranteed convertible corporate bond (abbreviation: C-TECH UNITED CORP.-1, code: 36251) has been fully converted into ordinary shares, and OTC trading was terminated on December 27, 2017.
2018	(1) In February, 2,387,385 ordinary shares were converted into convertible corporate bonds, increasing the paid-in capital to NT$740,960,020.

	(2) In April, subsidiaries C-TECH CORP. and C-TECH International Ltd. indirectly invested in the mainland subsidiary Chongqing Techone Electronic Technology Co., Ltd., holding 100% of the shares. (3) Issued the company's second domestic unsecured convertible corporate bond on May 29, with a total denomination of NT$400 million. Each denomination is NT$100,000, issued at 100.5% of the face value, the coupon rate is 0%, and the issuance period is five years. This capital utilization plan is mainly to reinvest in overseas subsidiaries and enrich working capital. (4) With cash capital increase of NT$80,000,000 in August, the paid-in capital amounted to NT$820,960,020.
2019	(1) In August and December, subsidiaries C-TECH CORP. and C-TECH International Ltd. indirectly invested in the mainland subsidiary Chongqing Techone Electronic Technology Co., Ltd., with a total capital increase of US$3,000,000. (2) In December, 11,700,000 ordinary shares of the subsidiary MSM Development Co., Ltd. were increased, with a face value of NT$10 per share, and the total amount was NT$117,000,000. The accumulated investment was NT$367,375,000, resulting in a shareholding ratio of 74%.
2020	(1) The Taipei factory was established due to the company's strategic planning and customer needs. (2) In August, the company issued the second unsecured convertible corporate bond (abbreviation: C-TECH UNITED CORP.-2, code: 36252) to exercise the bond redemption right and terminate OTC trading on August 31, 2020.
2021	(1) On January 12, the company issued the third domestic unsecured convertible corporate bond with a total denomination of NT$400 million. Each denomination is NT$100,000, issued at 100.75% of the face value, with a coupon rate of 0%, and an issuance period of five years. This fund utilization plan is mainly to repay bank loans and enrich working capital. (2) Made a strategic investment with OTTOBIKE CO., LTD., a well-known brand Ottobike two-wheeled electric vehicles and various electric vehicles, and provided battery module solutions, becoming its strategic partner. (3) Purchased a piece of land in Xinzhuang Sub-City Center to build the operation headquarters. (4) In September, employee stock option certificates and convertible corporate bonds were converted into 30,000 ordinary shares and 15,951,035 shares respectively, increasing the paid-in capital to NT$980,770,370.
2022	(1) In April, 16,000,000 shares of cash and convertible corporate bonds were converted into 54,345 ordinary shares. The paid-in capital amounted to NT$1,141,313,820. (2) The construction of the corporate headquarters started on July 13.
2023	(1) Disposal of 24,000,000 shares of the transferred investment company MSM.

III. Corporate Governance Report

1. Organization

(1) Organizational Chart



(2) Major Corporate Functions

Department	Main business and duties
Audit Room	1. Duties to assist the discussion, review and revision of the internal control system.
	2. Establishment, revision and review of the internal audit system.
	3. Duties to inspect and review the effectiveness of the company's various operations.
Chongqing C-TECH	1.Manufacture of various battery modules and battery module power protection boards.
	2.Duties to improve and enhance manufacturing technology and efficiency management
Chongqing Techone	1. Manufacture of related components of various battery modules.
	2. Duties to improve and enhance manufacturing technology and efficiency management.
Business 1st Dept.	1. Responsible for OEM, project evaluation, implementation, assistance to OEM, project technical analysis and document production.
	2. In charge of all OEM projects and channel business units.
Business 2nd Dept.	11. Responsible for ODM, project evaluation, implementation, assistance to ODM, project technical analysis and document production.
	2. In charge of all ODM projects and channel business units.
R&D Center	Responsible for product design and development (including customer entrustment), and is the leading unit that introduces products into trial production.

Quality Center	1. Responsible for formulating quality management goals and strategies for headquarters and subsidiaries.
	2. To establish and maintain the headquarters quality system, feedback mechanism and evaluation system, and to ssist subsidiaries and outsourcing factories to complete the formulation and review of quality goals and targets.
Material Integration Dept.	Responsible for business orders, scheduled production, material control procurement and inventory management.
Information Integration Dept.	Responsible for the maintenance and management of information equipment and software.
HR General Affairs Dept.	Responsible for human resources, general administration and legal affairs.
Finance and Accounting Integration Dept.	1. Cashier operations, bank transactions, fund scheduling, and financing.
	2. Accounting processing, tax declaration, preparation and analysis of financial statements.
	3. Cost settlement, budget management, preparation and analysis of management reports.
Manufacturing Dept.	Manufacturing and automation.

2. Directors, President, Vice President, Associate Manager, Department Head and Branch Head
(1) Directors
1. Name, experiences (education), shares and types

May 2, 2023

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	Executives, Directors or Supervisors Who are Spouses or			Note
							Shares	(%)	Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relationship	
Chairman	ROC	Mega Peak Investment Co. Ltd.	-	2020.06.10	3	2020.06.10	2,578,928	2.85	2,774,580	2.43	-	-	-	-	-	-	-	-	-	-
		Representative Huang Zongwei	Male 51~55			1996.05.23	-	-	4,150,000	3.64	-	-	5,128,416	4.49	Product manager, PRO CHANNEL INTERNATIONAL CO., LTD. / Master, Stevens Institute of Technology, U.S.	Note 1	Director	Huang Jincheng	First degree	Note2
Director	ROC	Zhaojie International Co., Ltd.	-	2020.06.10	3	2017.06.14	3,035,696	3.70	5,005,696	4.39	-	-	-	-	-	-	-	-	-	-
		Representative Huang Jincheng	Male76~80			2004.01.27	-	-	2,296,018	2.01	-	-	-	-	Department of Mechanical Engineering, Taipei Technical College	NA	Chairman	Huang Zongwei	First degree	-
Director	ROC	Zhaoxiang International Co., Ltd.	-	2020.06.10	3	2007.06.14	3,248,416	3.59	5,128,416	4,49	-	-	-	-	-	-	-	-	-	-
		Representative Wu Zhengqing	Male71~75			2010.06.23	-	-	732,057	0.64	-	-	-	-	National Taiwan University Master of Finance / GM & Chairman, China Bills Finance Corp.	Director, JENTECH PRECISION INDUSTRIAL CO., LTD./ Director, Inergy Technology Inc.	-	-	-	-

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	Executives, Directors or Supervisors Who are Spouses or ...			Note
							Shares	(%)	Shares	(%)	Shares	(%)	Shares	(%)			Title	Name	Relationship	
Director	ROC	Li Zhigui	Male71~75	2020.06.10	3	2006.09.05	541,207	0.60	607,388	0.53	182,980	0.16	-	-	Department of Physics, Tamkang University	President, CONSUMER PRODUCT RESOURCES INTERNATIONAL CORP. / Director, MOTECH INDUSTRIES INC.	-	-	-	-
Independent director	ROC	Weng Honglin	Male51~55	2020.06.10	3	2008.06.26	113,579	0.13	127,468	0.11	-	-	-	-	Bachelor of Economics Department of National Taiwan University, Master of Institute of Business Administration of National Taipei University, Lecturer of China Maritime College, Deming Institute of Technology. VP/Director, Inalways Corp. Director, Zhenda Investment Co., Ltd.	Independent Director, KENLY PRECISION INDUSTRIAL CO., LTD. / HAPPYTUK CO., LTD.	-	-	-	-
Independent director	ROC	Xu Yumei	Male66~70	2020.06.10	3	2009.08.10	162,695	0.18	92,590	0.08	-	-	-	-	Department of Electrical Engineering, Minghsin Engineering College / Person in Charge, New Mileage co., Ltd.	Person in Charge, New Mileage Co., Ltd. / Person in Charge, SINORIA CORPORATION	-	-	-	-
Independen	ROC	Zheng Wenlong	Male56~60	2020.06.10	3	2011.06.09	-	-	-	-	-	-	-	-	Deputy secretary general, Taiwan Bar Association	Presiding lawyer, Legalists Law Firm	-	-	-	-

Note 1：President, C-TECH International Ltd., Chirmn, C-TECH CORP. Chairman, C-TECH International Ltd., Chairman, Techone Trading Limited, Chairman, C-TECH HOLDING CORP., Chairman, Golden Capital International Co., Ltd. (Anguilla), Chairman, Chongqing C-TECH Technology Co., LTD., Chairman, Chongqing Techone Electronic Technology Co., Ltd., MSM Development Co., Ltd., Chairman, Mega Peak Investment Co. Ltd., Chairman, Zhao Sheng International Co., Ltd., Chairman, Zhaojie International Co., Ltd., Chairman, Zhaoxiang International Co., Ltd.

Note 2: If the chairman of the company and the general manager are the same person, information about the reasons, rationality, necessity and countermeasures should be explained: The company's chairman also serves as the general manager, mainly to improve decision-making execution and operating efficiency, and to produce the best operating results. In addition, in order to implement the spirit of corporate governance, the company will explain its latest operating conditions to all directors so that they can fully understand. Regarding the independence of the Board of Directors, currently more than half of the directors are not employees or managers. In the future, it is planned to increase the number of independent directors to enhance the board and strengthen its supervisory functions.

2. Major shareholders of the institutional shareholders

May 2, 2023

Name of Institutional Shareholders	Major Shareholders
Mega Peak Investment Co Ltd.	Huang Zongwei (99.92%)
	Huang Yuxiang (0.08%)
Zhaojie International Co., Ltd.	Huang Yujie (91.27%)
	Huang Zongwei (6.75%)
	Lin Yili (1.98%)
Zhaoxiang International Co., Ltd.	Huang Yuxiang (91.82%)

	Huang Zongwei (6.32%)
	Lin Yili (1.86%)

3. Major shareholders of the Company’s major institutional shareholders:
   The main shareholder of the company's institutional shareholders is not a institutional shareholder, so it is not applicable.
4. Professional qualifications and independence analysis of directors and individual directors:

Criteria / Name	Professional Qualifications and Experience	Independence Criteria (Note)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman, Mega Peak Investment Co Ltd. Representative Huang Zongwei	Graduated with a master's degree in computer science from Stevens Institute of Technology in the United States, currently the legal representative of the chairman of the company and the general manager of the company. Once served as Product Manager at PRO CHANNEL INTERNATIONAL CO., LTD. Has more than five years of work experience required for commerce and corporate business, and nearly 25 years of experience in the battery industry. With strong professional leadership, marketing, operation management and strategic planning capabilities, he is expected to lead the company to become a pioneer in the industry and move towards sustainable operation.	None of the circumstances specified in Article 30 of the Company Act.	0
Director Zhaojie International Co., Ltd. Representative Huang Jincheng	Graduated from the Department of Mechanical Engineering, Taipei Technical College. Possesses with more than five years of work experience required for commerce and corporate business.	None of the circumstances specified in Article 30 of the Company Act.	0
Director Zhaoxiang International Co., Ltd. Representative Wu Zhengqing	Graduated from National Taiwan University Master of Finance, currently serves as independent director of MOTECH INDUSTRIES INC. Once served as GM & Chairman of China Bills Finance Corp. Possesses with more than five years of work experience required for commerce and corporate business.	None of the circumstances specified in Article 30 of the Company Act.	0
Director Li Zhigui	Graduated from Department of Physics, Tamkang University, currently general manager of CONSUMER PRODUCT RESOURCES INTERNATIONAL CORP., director of Elf Co., Ltd. Possesses with more than five years of work experience required for commerce and corporate business.	None of the circumstances specified in Article 30 of the Company Act.	0
Independent director Weng Honglin	Bachelor of Economics Department of National Taiwan University, Master of Institute of Business Administration of National Taipei University, currently independent director of KENLY PRECISION INDUSTRIAL CO., LTD. and HAPPYTUK CO., LTD., and Director's legal representative of CHUNG FU TEX-INTERNATIONAL CORPORATION. Once served as lecturer of China Maritime College, Deming Institute of Technology. VP/Director, Inalways Corp., Director, Zhenda Investment Co., Ltd. Possesses with more than five years of work experience required for commerce and corporate business.	Note 1	2
Independent director Xu Yumei	Graduated from Department of Electrical Engineering, Minghsin Engineering College, currently Person in Charge of New Mileage co., Ltd., and SINORIA CORPORATION, respectively. Possesses with more than five years of work experience required for commerce and corporate business.	Note 1	0
Independent director Zheng Wenlong	Onced served as Deputy secretary general of Taiwan Bar Association, currently presiding lawer of Legalists Law Firm. Possesses with more than five years of work experience required for commerce and corporate business.	Note 1	0

Note 1: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office. (1) Not an employee of the company or any of its affiliates. (2) Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs. (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. (7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in

accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations. (10) Not been a person of any conditions defined in Article 30 of the Company Act.

5. Diversity and independence of the board of directors:
(1) Diversity of the Board of Directors: refers to the description of the diversity policy, goals and achievement of the board of directors. This diversity policy includes but is not limited to director selection criteria, professional qualifications and experience that the Board of Directors should have, gender, age, nationality and culture, etc. Composition or proportion, and the company's specific goals and their achievement must be stated in relation to the previously disclosed policy.
According to Article 20 of the company's "Code of Practice on Corporate Governance", in addition to considering diversity in the composition of the Board of Directors, it is necessary to formulate appropriate diversification policies based on its own operations, business model and development needs. Members of the board of directors shall have the relevant knowledge, skills and accomplishments to perform their duties. In line with the ideal goal of corporate governance, the board of directors as a whole should have the following capabilities: operational judgment, accounting and financial analysis, business management, crisis management, industry knowledge, international market outlook, leadership and decision-making.

(2) Independence of the Board of Directors: refers to stating the number and proportion of independent directors, the independence of the Board of Directors, and whether there are no conditions stipulated in items 3 and 4 of Article 26-3 of the Securities and Exchange Act, including descriptions of directors and supervisors or the director and the supervisor have a relationship within the spouse and second degree of kinship. The company's current Board of Directors has 7 members, with 3 independent directors (accounting for 43%). These three independent directors do not have any of the conditions specified in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act, including spouses and relatives within the second degree of relationship between directors, supervisors, or directors and supervisors. Its implementation is as follows:

Name	Basic Information									Industry Experiences						Professional Abilities		
	Nationality	Gender	With employee status	Age			Independent directors' term of office			Finance	Electronic technology	Manufacturing	Business	Marketing management	Information technology	Law	Accounting	Risk management
				51 ~ 60	61 ~ 70	71 ~ 80	Under 3 years	3 to 12 years	Above 12 years									
Huang Zongwei	ROC	Male	V	V							V	V		V	V			V
Huang Jincheng	ROC	Male				V					V	V	V	V				V
Wu Zhengqing	ROC	Male				V				V			V			V	V	V
Li Zhigui	ROC	Male				V					V	V	V		V			V
Weng Honglin Independent Director	ROC	Male		V					V	V		V	V				V	V
Xu Yumei Independent Director	ROC	Male			V				V	V			V	V	V			V
Zheng Wenlong Independent Director	ROC	Male		V					V	V			V	V		V		V

(2) Information of President, Vice President, Associate Manager, Department Heads and Branch's Heads

May 2, 2023

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Share	(%)	Share	(%)	Share	(%)			Title	Name	Relationship	
President	R.O.C.	Huang Zongwei	Male	2012.8.30	4,150,000	3.64	-	-	5,128,416	4.49	Product Manager, PRO CHANNEL INTERNATIONAL CO., LTD. Computer science master, Stevens Institute of Technology of the United States	Note 1	Director	Huang Jincheng	First degree relative	-
Vice President	R.O.C.	Cheng Yingzhu	Female	2015.9.20	10,000	0.01	-	-	-	-	Factory Associate Manager, WUS PRINTED CIRCUIT CO., LTD. Institute of Business Administration, National Sun Yat-sen University	None	-	-	-	-
Vice President	R.O.C.	Xu Xueping	Female	2012.1.1	455,125	0.40	-	-	-	-	Acting Director of R&D Department, C-TECH International Ltd. Quality Assurance Manager, PACIFIC ENERGYTECH CO., LTD. Ph.D., Department of Chemistry, National Tsing Hua University	Supervisor, Chongqing C-TECH Technology Co., LTD. Supervisor, Chongqing Techone Electronic Technology Co., Ltd. Supervisor, MSM Development Co., Ltd.	-	-	-	-
Vice Presiden	R.O.C.	Chen Hongchang	Male	2020.7.1	-	-	-	-	-	-	Master of Electrical Engineering, National Taipei University of Technology EMBA Master, National Taipei University of Technology EMBA Master Vice President, Solomon Technology Corporation Manager, EATON PHOENIXTEC MMPL CO., LTD.	None	-	-	-	Note.2
Vice Presiden	R.O.C.	Xu Minyu	Male	2022.8. 22	-	-	-	-	-	-	Executive Vice President, Zhejiang Tony Electronic Co., Ltd. MBA, Leicester University (U. K.)	None	-	-	-	Note.3
Vice Presiden	R.O.C.	Lin Caifu	Male	2022.10.17	-	-	-	-	-	-	President, CHENG UEI Group-Kunshan Fujijin Electronics Co., Ltd. and FOXLINK AUTOMOTIVE TECHNOLOGY CO., LTD.	None				
Chief technology officer	R.O.C	Zhu Shengbang	Male	2020.1.6	-	-	-	-	-	-	Vice President, UNICOMP INFORMATION CO., LTD. National Cheng Kung University Business Administration EMBA	None	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Share	(%)	Share	(%)	Share	(%)			Title	Name	Relationship	
Associate Manager	R.O.C.	Gan Zongzuo	Male	2021.07.19	-	-	-	-	-	-	Chief technology officer, XMIGHT CORPORATION Institute of Information Engineering, National Taiwan University	None	-	-	-	Note.4
Associate Manager	R.O.C.	Xiao Shengwen	Male	2021.06.25	10,100	0.01	-	-	-	-	Vice President, SHARPMED INSTRUMENTS Group Institute of Chemical Engineering, National Taiwan University of Science and Technology	None	-	-	-	Note.5
Associate Manager	R.O.C.	Yang Bowen	Male	2020.3.16	-	-	-	-	-	-	Special Assistant to the general manager, COMPUWARE TECHNOLOGY INC. Director, ADATA Technology Electronic Engineering, Lee-Ming Institute of Technology	None	-	-	-	-
Associate Manager	R.O.C.	Shen Mingchuang	Male	2018.5.2	5,000	0.00	-	-	-	-	Director of Shenzhen Manufacturing, Hon Hai Precision Foxconn Electronic Engineering, Oriental Institute of Technology	None	-	-	-	-
Associate Manager	R.O.C.	Li Yuanbin	Male	2021.08.01	-	-	-	-	-	-	INVENTEC CORPORATION Compal Electronics, Inc. Electrical Engineering, Oriental Institute of Technology	None	-	-	-	-
Deputy Director of Audit Office	R.O.C.	Yang Cihui	Female	96.12.14	98,021	0.09	-	-	-	-	Assistant Manager of Audit Office, CHOU CHIN INDUSTRIAL CO., LTD. Master of Management, Tamkang University	None	-	-	-	-
Associate Manager	R.O.C.	Hei Youzhong	Male	2020.5.11	-	-	-	-	-	-	Special Assistant to the Chairman, CELXPERT ENERGY CORPORATION Director, FLEXTRONICS INTERNATIONAL (TAIWAN) LIMITED MBA, Chung Yuan Christian University	None	-	-	-	-
Accounting Office Senior	R.O.C.	Wei Junyi	Male	2020.11.24	-	-	-	-	-	-	University of Southern California MSA Master	None	-	-	-	Note.6
Accounting Manager	R.O.C.	Liu Xiwei	Female	2020.4.1	30,000	0.03	-	-	-	-	Accounting Manager, C-TECH International Ltd. Department of Applied Business,	None	-	-	-	-

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Share	(%)	Share	(%)	Share	(%)			Title	Name	Relationship	
Head of Corporate Governance	R.O.C.	Chen Shufang	Female	2021.08.11	115,000	0.10	-	-	-	-	Director of Finance and Accounting, CELXPERT ENERGY CORPORATION Department of Accounting, Soochow University	None	-	-	-	-

Note 1 ： Chairman, C-Tech United Corp.; Chairman, C-TECH CORP.; Chirman, C-TECH International Ltd.; Chairman, Techone Trading Limited; Chairman, C-TECH HOLDING CORP.; Chairman, Golden Capital International Co., Ltd. (Anguilla); Director, Chongqing C-TECH Technology Co. LTD.; Chairman, Chongqing Techone Electronic Technology Co., Ltd.; Chairman, MSM Development Co., Ltd.; Chairman, Mega Peak Investment Co Ltd.; Chairman, Zhao Sheng International Co., Ltd.; Chairman, Zhaojie International Co., Ltd.; Chairman, Zhaoxiang International Co., Ltd.

Note 2: Chen Hongchang resigned on 2022.10.07

Note 3: Xu Minyu resigned on 2022.12.30

Note 4: Gan Zongzuo resigned on 2023.03.03

Note 5: Xiao Shengwen resigned on 2022.04.08

Note 6: Wei Junyi resigned on 2022.03.14

(3) The chairman of the company and the general manager are the same person, information about the reasons, rationality, necessity and countermeasures: The company's chairman also serves as the general manager, mainly to improve decision-making execution and operating efficiency, and to produce the best operating results. In addition, in order to implement the spirit of corporate governance, the company will explain its latest operating conditions to all directors so that they can fully understand. Regarding the independence of the Board of Directors, currently more than half of the directors are not employees or managers. In the future, it is planned to increase the number of independent directors to enhance the board and strengthen its supervisory functions.

(4) Succession planning of the board of directors and important management:

1. Succession planning for board members

At present, there are 7 directors (including 3 independent directors), each with professional knowledge in business management, industry knowledge, leadership decision-making, electronic information, financial accounting and legal knowledge, etc. In line with the future development situation, the composition structure and experience background of the Board of Directors of the company will be planned separately.

In terms of succession planning for the board of directors, there are currently many managers in the company who have management and professional capabilities and will be able to serve as successors for directors. At the same time, the company seeks professional talents from outside to plan for the succession of directors. In terms of independent directors, since business, legal, financial, accounting or corporate business experience is required, the company will appoint them according to law to strengthen its corporate governance.

2. Succession planning for important management levels

Employees above managers are the important management of the company. In addition to professional ability training, they also train management, judgment and problem solving, so as to improve the quality of employees, cultivate multi-faceted management talents, and facilitate future inheritance.

3. Remuneration of Directors, Independent Directors, President, and Vice Presidents for the most recent year

(1) Remuneration of Directors and Independent Directors

Dec 31, 2022 Unit: NT$ thousand, thousand shares, %

Title	Name	Director Remuneration: Base Compensation (A): The Company	Director Remuneration: Base Compensation (A): All companies included in the consolidated statement	Director Remuneration: Severance Pay (B): The Company	Director Remuneration: Severance Pay (B): All companies included in the consolidated statement	Director Remuneration: Directors Compensation (C): The Company	Director Remuneration: Directors Compensation (C): All companies included in the consolidated statement	Director Remuneration: Allowances (D): The Company	Director Remuneration: Allowances (D): All companies included in the consolidated statement	(A+B+C+D) to Net Income (%): The Company	(A+B+C+D) to Net Income (%): All companies included in the consolidated statement	Relevant Remuneration Received by Directors Who are Also Employees: Salary, Bonuses, and Allowances (E): The Company	Salary, Bonuses, and Allowances (E): All companies included in the consolidated statement	Severance Pay (F): The Company	Severance Pay (F): All companies included in the consolidated statement	Employee Compensation (G): The Company: Cash amount	Employee Compensation (G): The Company: Stock amount	Employee Compensation (G): All companies included in the consolidated statement: Cash amount	Employee Compensation (G): All companies included in the consolidated statement: Stock amount	Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%): The Company	Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%): All companies included in the consolidated statement	Remuneration from ventures other than subsidiaries or from the parent company
Chairman	Mega Peak Investment Co Ltd. Representative: Huang Zongwei	130	130	0	0	0	0	21	21	(0.03)	(0.03)	8,640	10,922	0	0	0	0	0	0	(1.80)	(2.27)	None
Director	Zhaojie International Co., Ltd. Representative: Huang Jincheng	120	120	0	0	0	0	6	6	(0.03)	(0.03)	0	0	0	0	0	0	0	0	(0.03)	(0.03)	None
Director	Zhaoxiang International Co., Ltd. Representative: Wu Zhengqing	120	120	0	0	0	0	21	21	(0.03)	(0.03)	0	0	0	0	0	0	0	0	(0.03)	(0.03)	None
Director	Li Zhigui	110	110	0	0	0	0	21	21	(0.03)	(0.03)	0	0	0	0	0	0	0	0	(0.03)	(0.03)	None
Independent director	Weng Honglin	120	120	0	0	0	0	39	39	(0.03)	(0.03)	0	0	0	0	0	0	0	0	(0.03)	(0.03)	None
Independent director	Xu Yumei	120	120	0	0	0	0	42	42	(0.03)	(0.03)	0	0	0	0	0	0	0	0	(0.03)	(0.03)	None
Independent director	Zheng Wenlong	120	120	0	0	0	0	42	42	(0.03)	(0.03)	0	0	0	0	0	0	0	0	(0.03)	(0.03)	None

(1) Please describe in detail the independent director's remuneration payment policy, system, standards, and structure, and the relationship between factors such as responsibilities, risks, and time invested and the amount of remuneration paid:

The remuneration of independent directors of the company is first reviewed by the remuneration committee for the degree of participation and contribution value of each director in the company's operations, considering the reasonableness and fairness of their performance risks and the remuneration they receive, and then making recommendations with reference to the salary level of their peers before submitting them to the board of directors for resolution.

(2) In addition to the disclosure in the above table, whether the directors of the Company provided services in the most recent year (such as serving as a consultant to the parent company/all companies in the financial report/transferred investment enterprises that are not employees) and received remuneration: None.

2(2) Remuneration of the President and Vice Presidents

Dec 31, 2022 Unit: NT$ thousand

Title	Name	Salary (A)		Severance Pay (B)		Bonus & Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net profit after tax (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	All companies included in the consolidated statement	The Company	All companies included in the	The Company	All companies included in the consolidated statement	The Company		All companies included in the consolidated statement		The Company	All companies included in the consolidated statement	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Huang Zongwei	5,978	8,060	0	0	1,000	1,200	0	0	0	0	-1.43	-1.89	None
Vice President	Chen Hongchang	1,830	1,830	0	0	198	198	0	0	0	0	-0.41	-0.41	None
Vice President	Xu Xueping	2,040	2,880	0	0	480	480	0	0	0	0	-0.52	-0.69	None
Vice President	Cheng Yingzhu	1,927	2,455	0	0	342	342	0	0	0	0	-0.46	-0.57	None
Vice President	Xu Minyu	923	923	0	0	0	0	0	0	0	0	-0.19	-0.19	None
Vice President	Lin Caifu	616	616	0	0	0	0	0	0	0	0	-0.13	-0.13	None
Chief technology officer	Zhu Shenghong	1,105	1,105	0	0	200	200	0	0	0	0	-0.27	-0.27	None

Note 1: No matter what their job title is, anyone whose job title is equivalent to general manager or deputy general manager (such as: president, chief executive officer, director) should be disclosed.
Note 2: The salaries of the general manager and deputy general manager of the company are paid according to the positions and responsibilities they hold, and in accordance with the company's position level approval principle.
Note 3: Chen Hongchang resigned on 2022.10.07
Note 4: Xu Minyu resigned on 2022.12.30

(3) Managerial officers with the top five highest remuneration

Dec 31, 2022 Unit: NT$ thousand

Title	Name	Salary (A)		Severance Pay (B)		Bonus & Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net profit after tax (%)		Remuneration from ventures other than subsidiaries or from the parent compan
		The Company	All companies included in the consolidated statement	The Company	All companies included in the consolidated	The Company	All companies included in the consolidated	The Compan y		All companies included in the consolidated statement		The Company	All companies included in the consolidated statement	
								Cash	Stock	Cash amou	Stock amou			
President	Huang Zongwei	5,978	8,060	0	0	1,000	1,200	0	0	0	0	-1.43	-1.89	None
Vice President	Xu Xueping	2,040	2,880	0	0	480	480	0	0	0	0	-0.52	-0.69	None
Vice President	Cheng Yingzhu	1,927	2,455	0	0	342	342	0	0	0	0	-0.46	-0.57	None
Vice President	Chen Hongchan g	1,830	1,830	0	0	198	198	0	0	0	0	-0.41	-0.41	None
Associate manager	Hei Youzhong	1,670	1,670	0	0	382	382	0	0	0	0	-0.42	-0.42	None

(4) The name of the manager who distributes employee remuneration and its distribution: None.

(5) The following compares the ratio of the total remuneration paid to directors, supervisors, general managers and deputy general managers by the company and all companies in the consolidated statement to the after-tax net profit of individual or individual financial reports in the last two years, and explains the remuneration policy and standards relevance to portfolio, formulating procedures, operating performance and future risks:

1. The ratio of total remuneration paid by the Company and all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company to after-tax net profit in individual or individual financial reports:

Title	The Company				All companies included in the consolidated statement			
	2021		2022		2021		2022	
	Total remuneration	Proportion of net profit after tax	Total remuneration	Proportion of net profit after tax	Total remuneration	Proportion of net profit after tax	Total remuneration	Proportion of net profit after tax
Director remuneration	1,387	-0.84	1,032	-0.21	1,387	-0.84	1,032	-0.21
Supervisor remuneration	0	0	0	0	0	0	0	0
Remuneration for general manager and deputy general manager	12,197	-7.4	15,419	-3.15	18,568	-11.27	19,096	-3.88
Net profit after tax	-164,814	-	-488,761	-	-164,814	-	-492,767	-

The reason for the decrease in the total remuneration of directors and supervisors in 2022 compared to 2021 is that the remuneration of directors was reduced in 2022 and the company established a new audit committee to replace the supervisor system on June 10, 2020. In addition, the total remuneration of the general manager and deputy general manager in 2022 is higher than that in 2021. The main reason is that the company hired two additional deputy general managers in the second half of 2021.

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

(1) Directors' remuneration includes chairman's salary, boarding expenses for directors and supervisors, and directors' and supervisors' remuneration for profit distribution. The chairman's salary refers to the degree of participation in the company's operations and the value of its contribution. It also takes into account the industry's standards, and the authorization is determined by the Board of Directors, In addition, the remuneration of directors and supervisors for profit distribution is paid in accordance with the company's Articles of Incorporation and is related to operating performance.

(2) Procedures for formulating remuneration:
According to the provisions of the company's articles of association: "When the company makes profits in the year, it should first allocate 5% to 20% as employee remuneration and no more than 5% as director remuneration..." The director's remuneration is based on the degree of participation and contribution to the company's operations and performance evaluation, and is handled in accordance with the company's Articles of Incorporation. As for the remuneration of the general manager and deputy general manager, it is based on the company's Articles of Incorportion and the annual budget approved by the Board of Directors. At the same time, the degree of contribution to the company due to their position and responsibilities must be taken into consideration, as well as the level of remuneration among peers, and be handled in accordance with regulations.
The company established the Remuneration Committee on December 28, 2011 to regularly evaluate the policies, systems, standards and structures of both performance and remuneration of directors and managers. It also includes reviewing the content and amount of remuneration for directors and managers, and submitting it to the board of directors for resolution.

(3) The relationship between business performance and future risks: The performance evaluation and remuneration payment of the directors and managers of the company shall refer to their position, degree of participation in the company's operations, and personal performance contribution (including financial indicators: revenue and profit achievement rate, and non-financial indicators: compliance with laws and regulations and internal

controls, or special merits) and refer to the salary level of the same industry. At the same time, the amount of salary and remuneration, the method of payment, and the risks faced by the company in the future are comprehensively considered, which are closely related to the company's operating responsibilities and overall performance.

4. Implementation of Corporate Governance

(1) Information on the operation of the Board of Directors:

The Board of Directors held 7 meetings (A) in 2022, and the attendance of directors and supervisors is as follows:

Title	Name	Actual number of attendances	Number of delegated attendance	Actual attendance rate (%)	Note
Chairman	Mega Peak Investment Co Ltd. Representative: Huang Zongwei	7	0	100%	-
Director	Zhaojie International Co., Ltd. Representative: Huang Jincheng	2	1	29%	-
Director	Zhaoxiang International Co., Ltd. Representative: Wu Zhengqing	7	0	100%	-
Director	Li Zhigui	7	0	100%	-
Independent director	Weng Honglin	6	1	86%	-
Independent director	Xu Yumei	7	0	100%	-
Independent director	Zheng Wenlong	7	0	100%	-

Other mentionable items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
   (1) Matters referred to in Article 14-3 of the Securities and Exchange Act.
   (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out "Implementation Status of Board Evaluations.": Please refer to the attached table for the implementation of the Board of Directors' evaluation.
4. Measures taken to strengthen the functionality of the board: The Board of Directors has established an Audit Committee and a Remuneration Committee to assist the board in carrying out its various duties.
   (1) Regarding the establishment of an audit committee, strengthening the independent and objective functions of professional directors, and supervising the operation of the board of directors: the company established an audit committee to replace the supervisor system on June 10, 2020.
   (2) A remuneration committee has been established to assist the board of directors in implementing and evaluating the company's overall remuneration and welfare system, and to regularly review whether the remuneration of directors and managers is appropriate.
   (3) Regarding continuous information transparency: the company designates a special person to be responsible for the disclosure of company information and the update of company website information, and sets up an investor zone to provide financial and business information, and a stakeholder zone to provide stakeholders with smooth and effective multi-directional communication channels.
   (4) About improving the functions and professional knowledge of the board of directors: the company has formulated the "Procedures of the Board of Directors" to strengthen the functions of the board of directors. In addition, the company encourages members of the board of directors to participate in various professional courses, and conducts relevant laws and regulations on the board of directors to improve the performance of the board of directors. decision-making ability and compliance with relevant laws and regulations.
   (5) Regarding the appointment of a corporate governance supervisor to assist directors in performing their duties and improve the effectiveness of the board of directors: On January 14, 2021, the company's board of directors approved the appointment of a corporate governance supervisor to increase the company's support for directors and strengthen compliance with relevant laws and regulations on corporate governance.

Attached table: Implementation status of Board of Directors evaluations

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items			
				External Evaluation of Board Performance	Performance Evaluation of the Board of Directors	Self-Assessment of Board Members	Performance Evaluation of Functional Committees
1. At least once per year 2. At least once every three years, an external professional independent institution, a team of experts and scholars, or other appropriate methods shall be entrusted to conduct the evaluation.	2022.1.1~ 2022.12.31	To conduct performance evaluation of the company's overall board of directors, individual director members, and functional committees to which they belong	Performance evaluation through internal self-evaluation by the board of directors, self-evaluation by board members, self-evaluation by functional committees, appointment of external professional institutions, experts, or other appropriate means.	1. Board Composition and Professional Development 2. Decision-making quality of the board of directors 3. Operational effectiveness of the board of directors 4. Internal Control and Risk Management 5. The degree of participation of the board of directors in corporate social responsibility	1.Participation in company operations 2.Improving the quality of decision-making by the board of directors 3.Composition and structure of the board of directors 4.Director selection and continuing education 5. Internal Controls	1. The company's goals and tasks 2. Awareness of the responsibilities of directors 3. The degree of participation in the company's operations 4. Internal relationship management and communication 5. Professional and continuing education for directors 6. Internal Controls	1. The degree of participation in the company's operations. 2.Responsibilities of the audit/remuneration committee 3. Quality of audit/compensation committee decision making. 4.Audit/remuneration committee composition and selection of members. 5. Internal Controls.

After the performance evaluation of the company's Board of Directors in 2022, the result is between 5 points "very agree" and 4 points "agree". Most of the directors agreed with the operation of various evaluation indicators. The overall evaluation of the board of directors and various functional committees was in good condition, in line with corporate governance norms, effectively strengthening the functions of the Board of Directors and safeguarding rights and interests of shareholders.
The board meeting affairs unit is expected to report the year 2022 performance evaluation results of the Board of Directors on March 30, 2023, and explain the matters that can be improved.

(2) Operation of Audit Committee

1. A total of 7 (A) Audit Committee meetings were held in 2022. The attendance of the audit committee members was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remark
Independent director	Weng Honglin	7	0	100%	-
Independent director	Xu Yumei	7	0	100%	-
Independent director	Zheng Wenlong	7	0	100%	-

Other mentionable items:

A. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:
  a. Matters referred to in Article 14-5 of the Securities and Exchange Act.
  b. Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.

B. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None

C. Communications between the independent directors, the Company's chief internal auditor and CPAs (e. g. the material items, methods and results of audits of corporate finance or operations, etc.)
  a. The internal auditors have communicated the result of the audit reports to the members of the Audit Committee periodically, and have presented the findings of all audit reports in the quarterly meetings of the Audit Committee. Should the urgency of the matter require it, the Company's chief internal auditor will inform the members of the Audit Committee outside of the regular reporting. The communication channel between the Audit Committee and the internal auditor has been functioning well.
  b. The Company's CPAs have presented the findings or the comments for the quarterly corporate financial reports, as well as those matters communication of which is required by law, in the regular quarterly meetings of the Audit Committee. Under applicable laws and regulations, the CPAs are required to communicate to the Audit Committee any material matters that they have discovered. The communication channel between the Audit Committee and the CPAs has been functioning well.
  c. The company's internal audit supervisor conducts sufficient communication with the independent directors at least once a year on the audit functions of the parent company and subsidiaries, as well as important audit suggestions and improvements, and submits the minutes of the symposium to the board of directors.
  d. Summary of communication between the internal audit supervisor and independent directors of the company in 2022:
  ○In 2022, the audit committee held 7 meetings, and the audit supervisor reported on the implementation of the internal audit plan from December 2021 to November 2022, including the improvement tracking and inspection of abnormal matters, routine findings and suggestions. The independent directors expressed no opinion on the content of the communication.

○On December 29, 2022, the internal control system review symposium was held, which included the self-assessment results of the internal control system in 2021 and the implementation plan for 2022, the results of the internal audit project in the past year, the implementation of the audit plan, and the audit of the parent company and subsidiaries functions and training. Independent directors had no opinion on the content of the symposium. Relevant meeting minutes will be reported at the next board meeting. ○The audit committee of the company is composed of all independent directors. The accountants directly contact the independent directors as needed and have good communication. At least once a year, they report to the independent directors on the company, domestic and overseas subsidiaries' financial and overall operation and internal control inspections, and communicate on whether there are major adjusting entries or whether legal amendments have affected the accounting situation. e. Summary of communication between the company's accountants and independent directors in 2022: ○The 2022 annual review meeting was held on 2022/11/15, which included the responsibilities of the audit committee, annual review calendar, review scope and methods, group review, assessment of fraudulent matters, identification of significant risks, key review items, service team, independence, notification of recent fiscal and tax laws and regulations. The independent directors expressed no opinion on this communication.

2. Information of the Audit Committee Members:

March 30, 2023

Identity	Condition / Name	Professional qualifications and experience Independence situation	Number of independent directors concurrently serving as other public offering companies
Independent director (convener)	Weng Honglin	Please refer to page 9 to page 12 for relevant information on 2. Information on directors.	2
Independent director	Xu Yumei		0
Independent director	Zheng Wenlong		0

3. Summary of the audit committee's annual work priorities:
   a. The Audit Committee of the company has 3 independent directors who assist the Board of Directors in supervising the quality and integrity of the company's implementation of accounting, auditing, financial reporting processes and financial control.
   b. The Audit Committee was established on June 10, 2020. Its main audit matters and supervision purposes are as follows:

Main purpose	Audit matters
●The company's financial statements are properly expressed. ●Certified accountant selection (dismissal) and ability qualification, independence and performance. ●Effective implementation of the company's internal control. ●The company follows relevant laws and regulations. ●The company's management and control of existing or potential risks	●Financial statements ●Audit and accounting policies and procedures ●Internal control system and related policies and procedures ●Major assets or derivatives transactions ●Major capital loan and endorsement or guarantee ●Offering or issuance of securities ●Derivative financial products and cash investment ●Regulatory compliance ●Whether the company's managers and directors have related party transactions and possible conflicts of interest ●Appeal report ●Fraud Prevention Plan and Fraud Investigation Report ●Information security ●Company risk management ●Certified accountant qualifications, independence and performance evaluation ●Appointment and dismissal of financial, accounting or internal audit supervisors ●Appointment, dismissal or remuneration of certified accountants ●Performance of duties of the Audit Committee ●Audit committee performance evaluation self-evaluation questionnaire

Attached Table: Annual Operations of the Audit Committee

Meeting date	Proposal content	Matters listed in Article 14-5 of the Securities and Exchange Act	Resolutions of Audit Committee	The company's handling of Audit Committee opinions
First Session 11th Meeting (2022.03.28)	(1) Amendments to some provisions of the company's "Procedures for Acquisition or Disposal of Assets".	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(2) Amendments to some provisions of the company's "Operating Procedures for Lending Funds to Others".	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(3) Drafting the company's "Code of Practice for Sustainable Development".	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(4) The effectiveness assessment of the company's internal control system in 2021 and the "Statement of Internal Control System".	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(5) The company's 2021 annual business report and financial statements.	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(6) The company's 2021 annual loss supplement proposal.	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(7) Changes in the company's spokesperson, acting spokesperson and financial supervisor.	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(8) Revocation of the company's endorsement guarantee amount for the subsidiary.	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(9) The company intends to act as the guarantor for its subsidiary MSM Development Co., Ltd. to apply for a loan from Taishin International Bank.	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(10) Ratified that the company intends to act as the collateral provider for the subsidiary MSM Development Co., Ltd. to apply for a loan from Hua Nan Bank.	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(11) Changes in the custodian of the company's special seal for endorsement and guarantee.	V	Approved by all members present.	All members present agreed, therefore not applicable.
First Session 12th Meeting (2022.05.11)	(1) The company's financial statements for the first quarter of 2022	V	Approved by all members present.	All members present agreed, therefore not applicable.
First Session 13th Meeting (2022.07.06)	(1) The company obtained the supplementary explanation of its corporate operation headquarters in the form of joint construction and subdivision.	V	Approved by all members present.	All members present agreed, therefore not applicable.
First Session 14th Meeting (2022.08.10)	(1) The company's financial statements for the second quarter of 2022.	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(2) The company intends to lend funds and quotas to its subsidiary MSM Development Co., Ltd.	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(3) Drafting the company's "Related Operating Standards for Financial Business between Related Enterprises".	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(4) Changes in the spokesperson and acting spokesperson of the company.	V	Approved by all members present.	All members present agreed, therefore not applicable.
Frist Session 15th Meeting (2022.11.10)	(1) The company's financial statements for the third quarter of 2022.	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(2) Proposed to issue ordinary shares or domestic convertible corporate bonds through private placement or public offering, or a combination thereof (including guaranteed or unsecured convertible corporate bonds).	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(3) The company intends to dispose of the shares it holds in the reinvestment company.	V	This case will be discussed again at the next meeting.	All members present agreed to hold another meeting, therefore not applicable.
	(4) Proposed to give up participating in the cash capital increase of MSM Development Co. Ltd.	V	This case will be discussed again at the next meeting.	All members present agreed to hold another meeting, therefore not applicable.

	(5) The company's 2023 internal audit plan.	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(6) The new appointment of the deputy general manager of the company concurrently as the chief financial officer.	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(7) The new appointment of the deputy general manager of the company concurrently as the general manager of the second business division.	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(8) Changes in the custodian of the company's special seal for endorsement and guarantee.	V	Approved by all members present.	All members present agreed, therefore not applicable.
First Session 16th Meeting (2022.11.15)	(1) The company intends to dispose of the shares it holds in the reinvestment company.	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(2) Proposed to give up participating in the cash capital increase of MSM Development Co. Ltd.	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(3) Changes in the spokesperson and acting spokesperson of the company.	V	Approved by all members present.	All members present agreed, therefore not applicable.
First Session 17th Meeting (2022.12.29)	(1) Supplementary Explanation for the Private Placement Case of the Company.	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(2) The company intends to dispose of the shares it holds in the reinvestment company.	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(3) The company's 2023 annual budget.	V	Approved by all members present.	All members present agreed, therefore not applicable.
	(4) Amendments to the company's internal control system and internal audit implementation rules.	V	Approved by all members present.	All members present agreed, therefore not applicable.

(3) Corporate "Governance Implementation Status" and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx
	Yes	No	Abstract Illustration	
1.Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		According to the "Code of Practice for Corporate Governance for Listed/OTC Companies", the company's "Code of Practice for Corporate Governance" is formulated and exposed on both the company's website and TSE Market Observation Post System (MOPS).	No major difference
2. Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	 V V V		(1) The company has entrusted the Stock Affairs Agency Department of MEGA Securities Co., Ltd. to handle shareholder issues, and has established a spokesperson system in accordance with regulations. There are special pages for investors and interested parties on the website to receive various questions or suggestions. And deal with shareholder suggestions or disputes, arrange and coordinate the implementation of follow-up operations. (2) In accordance with Article 25 of the Securities and Exchange Act, the company's financial unit shall report to the Financial Supervisory Commission on a monthly basis for changes in the equity held by insiders (directors, supervisors, managers, and major shareholders holding more than 10% of the shares) on the designated website "MOPS", and periodically master the list of major shareholders who actually control the company and the ultimate controller of the major shareholders. (3) The personnel, assets and financial rights and responsibilities of the company and subsidiaries are clearly independent. In addition, the "monitoring system for subsidiaries" can obtain financial and business management reports of subsidiaries every month, and implement the risk control mechanism for subsidiaries. In addition to the independent operation of each subsidiary, the company has "Related Persons, Specific Companies and Group Enterprise Transaction Handling Measures", so that the business dealings with	No major difference

Evaluation Item	Implementation Status: Yes	No	Abstract Illustration	Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		all affiliated companies are fair and reasonable, and all follow the above-mentioned handling methods. (4) The company has "internal material information processing procedures" and "directors, supervisors and managers ethical code of conduct", which regulate all directors, supervisors, managers and employees of the company, as well as other persons who are informed of important internal information of the company by identity, occupation or control relationship are prohibited from engaging in insider trading. In addition, internal education, training and publicity are regularly implemented.	
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	V		(1) The company passed the "Corporate Governance Practice Code" at the 6th Meeting of 9th Session of the Board of Directors on December 31, 2020. In Chapter III. "Strengthening the Functions of the Board of Directors", there is a diversity policy formulated. The nomination and selection of members of the Board of Directors follow the provisions of the Articles of Incorporation of the company, and adopt the candidate nomination system. After the evaluation of each candidate's academic experience and qualifications, it is necessary to refer to the opinions of stakeholders and abide by the "Director Election Method" and "Corporate Governance Code of Practice" to ensure the diversity and independence of directors. The following is the list of 7 current directors of the company's 9th Session Board of Directors: A. Board members: Among them are Master of Computer Science of Stevens Institute of Technology, Department of Physics of Tamkang University, JENTECH PRECISION INDUSTRIAL CO., LTD., and MOTECH INDUSTRIES INC. B. Independent directors: Master of Enterprise Research Institute of National Taipei University. Presiding lawyer of Leaglists law firm, and Person in Charge of New Mileage Co., Ltd. C. In order to ensure the diversity of board members and the ability to examine and discuss economic, environmental, and social issues, the selection of board members takes into account various professional backgrounds, international foresight, leadership, industry trends, and different gender candidates. The implementation of multiculturalism is disclosed in the company's annual report and website every year. D.The company's directors who are also employees account for 14%, independent directors account for 43%, and three independent directors have a term of office of more than 10 years. The company pays attention to gender equality in the composition of the board of directors. The target of female directors is more than 25%. It is expected that one female director will be added to the 11th Session of the board of directors. E. The Board of Directors formulates a diversified policy on the composition of members and discloses it on the company website and MOPS	No major difference
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	(2) It will be assessed whether other functional committees need to be set up depending on the operational needs and the size of the company.	
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	V		(3) As an effort to strengthen corporate governance and enhance the functions of the Board of Directors and various functional committees, the company passed the formulation of the "Performance Evaluation Method for the Board of Directors and Functional Committees" at the board meeting on December 31, 2020. The company's Board of Directors and functional committees should conduct an internal performance evaluation at least once a year and an external performance evaluation every three years. The results of internal and external performance evaluations should be completed before the board meeting in the first quarter	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx
	Yes	No	Abstract Illustration	
			of the next year. This year's report has been submitted to the Board of Directors on March 30, 2023. The evaluation scope of the performance evaluation of the Board of Directors and each functional committee of the company refers to the overall Board of Directors, individual director members, and members of each functional committee and individual committee. The measurement items and scoring standards of the evaluation indicators are based on the performance evaluation criteria of the company's Board of Directors and functional committees. The company's internal assessment of the performance of the Board of Directors and functional committees in 2022 is as follows: Evaluation period: From January 1, 2022 to December 31, 2022. Evaluation results: During the evaluation period, the performance of the Board of Directors and various functional committees and the performance of members ranged from "very agree" to "agree". The company's procedures for formulating directors' remuneration, in addition to the company's articles of association, follow the above-mentioned guidelines and relevant regulations of various functional committees. The performance appraisal and the rationality of remuneration must be reviewed by the functional committees and the Board of Directors, and the director's remuneration system will be reviewed in due course depending on the actual operating conditions and relevant laws and regulations. Please refer to the attached table on P.19 for the implementation of the evaluation by the board of directors.	
(4) Does the company regularly evaluate the independence of CPAs?	V		(4) The company appoints Deloitte & Touche accountants Guo Naihua and Li Lihuang as certified accountants, regularly evaluates the independence of certified accountants every year, and submits the results to the audit committee and the board of directors for approval. The 2022 accounting independence assessment has been carried out this year, and the assessment results have been approved by the Audit Committee and the Board of Directors on March 30, 2023. Please refer to the attachment for the independent assessment report of the certified accountants of the company.	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td>4.Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?</td><td>V</td><td></td><td>With the approval of the company's board of directors on August 11, 2021, Director Chen Shufang was appointed as the director of corporate governance of the company. She has the professional qualification of being in charge of the financial unit of a public company for more than three years and has obtained the qualification of an accountant. She is responsible for leading and supervising the financial department to handle corporate governance affairs and provide director supports. The scope of duties includes:
1. Handles the Board of Directors and shareholder meetings according to law.
2. Prepares the minutes of the Board of Directors and Shareholders' Meeting.
3. Assists directors in their appointment and continuing education.
4. Provides the information required by the directors to perform their duties.
5. Assists directors to comply with laws and regulations.
6. Other matters stipulated in the company's Articles of Incorporation.
The implementation of corporate governance supervisor business this year is as follows:
1. To draft and plan corporate governance related regulations and add/revise to implement laws and regulations.
2. To provide directors with the necessary information to carry out business and assist directors to comply with laws and regulations.
3. To assist in the appointment of new directors and related support.
4. To arrange training courses for individual directors (Each director shall receive at least 6 hours of training each year, and new directors shall receive at least 12 hours of training each year).
5. To plan each board meeting and notify all directors to attend and provide sufficient meeting materials at least 7 days before the meeting, and send the minutes of the board meeting within 20 days after the meeting.
6. To handle the pre-registration of the shareholder meeting according to the law, make the meeting notice, the procedure manual, the annual report and the minutes of the meeting, and handle the company’s change registration. (Amendments to the Articles of Incorporation and election of directors).
The company's corporate governance supervisors are trained as follows:
<table>
<tr><th>Study date</th><th>Organizers</th><th>Course Title</th><th>Study hours</th></tr>
<tr><td>2022/ 04/26~ 27</td><td>Co-organized by Taiwan Stock Exchange and Taipei Exchange, TPEx</td><td>Practical workshop for first-time directors and supervisors (including independent) and corporate governance supervisors</td><td>12</td></tr>
<tr><td>2022/ 07/27</td><td>Securities & Futures Institute</td><td>Sustainable Development Roadmap Industry Theme Publicity Conference</td><td>2</td></tr>
</table></td><td>No major difference</td></tr>
<tr><td>5.Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?</td><td>V</td><td></td><td>The company has a special area for stakeholders to properly respond to issues related to corporate social responsibility that stakeholders are concerned about.</td><td>No major difference</td></tr>
<tr><td>6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?</td><td>V</td><td></td><td>The company has appointed MEGA Securities Co., Ltd. to handle shareholder affairs</td><td>No major difference</td></tr>
<tr><td>7. Information Disclosure
(1) Does the company have a corporate website to disclose both financial standings and the</td><td>
V</td><td></td><td>
(1) The company has a website to disclose relevant information, and announces and declares the company profile and various financial and</td><td>No major difference</td></tr>
</table>

Evaluation Item	Implementation Status: Yes	No	Abstract Illustration	Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx
status of corporate governance?			business information on MOPS in accordance with the regulations of the competent authority.	
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(2) The company has set up a website, and has built financial business-related information and corporate governance for the reference of shareholders and the general public. And there is a spokesperson system, which is implemented in accordance with relevant regulations.	
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?		V	(3) The company's annual financial report has been announced within three months after the end of the statutory fiscal year. The financial reports for the first, second and third quarters of the year and the operating conditions of each month are announced and reported in advance of the prescribed deadline.	
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(1) Employee rights and interests: A. The company pays attention to the rights and interests of employees, and uses the Labor Standards Law, Gender Equality Law, and Sexual Harassment Prevention Law as the minimum benchmark to formulate personnel management regulations to protect the rights and interests of employees. The above has been promulgated and implemented, and labor-management meetings are held regularly. B. Retirement system: In accordance with the provisions of the Labor Standards Act, the company allocates pensions on a monthly basis and deposits them in the labor retirement reserve account of the Central Trust Bureau. In response to the new retirement system, 6% is also allocated to each employee's pension account. (2) Employee Care: The company has always cared and valued employee welfare and actively maintained harmony between labor and capital. The company pays attention to employee welfare and health, and formulates comprehensive welfare measures to safeguard the basic rights of employees and enhance the company's solidarity. In addition, it handles labor insurance, national health insurance, and labor insurance, pension allocation, group accident insurance, regular health checkup, travel subsidy, staff meals, year-end dinner, year-end bonus distribution, and senior employees receiving company praise. The employee welfare committee allocates welfare funds in accordance with the law, organizes employee travels, dinner parties, three holiday gifts, birthday gift money, subsidies for weddings and funerals, and special sponsors. (3) Investor relations: The company fully discloses information in MOPS, so that investors can understand the company's operating conditions, and Shareholders' Meetings and spokespersons also communicate with investors. (4) Supplier relationship: A. Green procurement: Raw material suppliers are required to ensure that the products they supply do not contain prohibited substances that are harmful to the environment, to ensure that the products comply with the Restriction of Hazardous Substances (RoHS) regulations of customers and the European Union on electronic products, and to regularly evaluate suppliers every year. B. Sustainable development The company emphasizes: labor, health and safety, environment, management system and ethics, suppliers need to follow and practice these five aspects. C. Integrity management On the basis of excellent corporate governance, the company insists on transparent operation. The company's suppliers must sign the "Confidentiality Agreement", and there is an email	No major difference

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx
	Yes	No	Abstract Illustration	
			address for the supplier's response: yvonne.chen@c-techone.com as a conflict of interest report. (5) Rights of interested parties: The company discloses the spokesperson, employee area, supplier feedback email address and contact number on its website, so as to establish communication channels with customers, employees, shareholders and suppliers and other stakeholders, and respect their legitimate rights and interests. (6) Advanced study of directors: The company's directors are required to study in accordance with laws and regulations every year. For detailed courses, please refer to MOPS/Corporate Governance/Directors and Supervisors Attending (Listing) the Board of Directors, and advanced training and independent directors' current positions, experience and concurrent positions. (7) Implementation of risk management policies and risk measurement standards: The company conducts risk management on a prudent basis, establishes relevant internal rules and control systems to prevent various risks, and its internal audit unit conducts regular and irregular checks on the degree of implementation. (8) Customer policy implementation: The company maintains a stable and good relationship with customers to create company profits, and also has a dedicated unit to deal with customer complaints. (9) The company purchases liability insurance for directors: In order to implement corporate governance and effective internal control, the company has established an independent director system, which can draw on the professional experience of independent directors and supervisors. The company formulated the "Board of Directors' Rules of Procedure" in accordance with the law, and the board meeting held on March 30, 2023 approved the purchase of liability insurance for directors and supervisors. The content of this resolution includes the insurance amount, coverage and premium rate.	

9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures:

Improved items of corporate governance evaluation indicators	
Indicator items	Improvement methods
1.3 Whether more than half of the company's directors (including at least one independent director) and the convener of the audit committee (or at least one supervisor) has attended the regular shareholders' meeting in person, and disclosed the attendance list in the minutes or not?	Implemented and reported to MOPS.
1.8 Has the company uploaded its annual report 16 days before the regular meeting of shareholders?	Implemented and reported to MOPS.
1.9 Has the company uploaded the English version of the meeting notice 30 days before the general meeting of shareholders?	Implemented and reported to MOPS.
1.15 Has the company formulated and disclosed on the company website its internal rules and implementation conditions that prohibit insiders such as directors or employees from using information that cannot be obtained in the market to make profits?	Implemented and uploaded to the company website.
2.9 Has the company formulated a succession plan for members of the board of directors and important management, and disclosed this operation on the company website or annual report?	Implemented and disclosed in the annual report.
2.13 Whether the members of the company's remuneration committee have attended at least two meetings a year, and also disclosed information about the regular review of directors, supervisors and managers' performance evaluation and salary remuneration policies, systems, standards and structures or not?	Implemented and disclosed in the annual report.
2.17 Does the Board of Directors of the company regularly (at least once a year) evaluate the independence of certified accountants, and disclose its evaluation procedures in detail in the annual report?	Implemented and disclosed in the annual report.
2.21 Has the company set up a corporate governance supervisor who is responsible for corporate governance-related matters, and has his scope of authority and training been	Implemented and disclosed in the annual report, and uploaded to the company website.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Pracice Principles for TWSE/TPEx
	Yes	No	Abstract Illustration	

explained on the company website and annual report? [If this corporate governance supervisor is not held by other staff in the company concurrently, one point will be added to the total score. 】	
2.22 Has the company formulated risk management policies and procedures approved by the Board of Directors, disclosed its risk management scope, organizational structure and operations, and reported to the board at least once a year?	Implemented and uploaded to the company website.
3.14 Does the company's annual report disclose the link between the performance evaluation and remuneration of directors and managers?	Implemented and disclosed in the annual report.
3.15 Has the company's annual report disclosed the amount and nature of non-audit public fees paid to certified accountants and their affiliated accounting firms?	Implemented and disclosed in the annual report.
3.21 Has the company's annual report voluntarily disclosed the individual remuneration of the general manager and deputy general manager?	Implemented and disclosed in the annual report.
4.1 Has the company set up a full-time (part-time) unit to promote corporate social responsibility to conduct risk assessments on environmental, social or corporate governance issues related to the company's operations in accordance with the principle of materiality, and to formulate relevant management policies or strategies, and disclose on the company's website and annual report?	Implemented and disclosed in the annual report, and uploaded to the company website.
4.10 Have the company's website and annual report disclosed the protection measures and implementation of employees' personal safety and working environment?	Implemented and disclosed in the annual report, and uploaded to the company website.
4.14 Has the company's website or annual report disclosed the identities of identified stakeholders, issues of concern, communication channels and response methods? [If the communication with various stakeholders is reported to the board of directors on a regular basis, one point will be added to the total score.]	Implemented and uploaded to the company website.

Corporate governance evaluation indicators have not been improved, but priority needs to be strengthened	
Indicator items	Improvement methods
1.14 Has the company disclosed in its annual report the implementation of the resolutions of the previous year's general meeting of shareholders?	The company's annual report this year will disclose the implementation of the resolutions of the previous year's general meeting of shareholders. In the future, please fully disclose the implementation of the resolutions of the general meeting of shareholders (if there is a profit distribution or capital increase (financing) case, the follow-up implementation status must be explained).
3.12 Has the company's annual report disclosed a specific dividend policy?	It will be revised and revealed this year.
4.2 Has the company set up a full-time (part-time) unit to promote corporate integrity management, responsible for the formulation and supervision of integrity management policies and prevention plans, and explain the operation and implementation of the establishment unit on the company website and annual report, and report to the Board of Directors at least once a year?	This year, the name of the unit responsible for promoting corporate integrity management, the operation of the unit and the current year's implementation (such as work plan and management) will be specified, as well as the date for reporting to the board of directors for the current year.
4.15 Does the company's website or annual report disclose the integrity management policy approved by the board of directors, specify its specific practices and prevent dishonesty behavior plans, and explain the implementation situation?	Integrity management education and training will be held this year (at least including the theme, hours and number of participants of the course).

Attachment: Independence assessment report of the company's certified accountant

It is handled in accordance with Article 29 of the " Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies". The independent assessment of the company's certified accountants is as follows, which is submitted to the 21st meeting of the 9th Session of the Board of Directors held in 2023:

C-TECH UNITED CORP.'s independent assessment of certified accountants Evaluation Date: March 15, 2023

1. Handled in accordance with Article 29 of the " Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"
2. The evaluation items are as follows:
   (1) Whether the certified public accountant of the company has worked in the company for two years before starting the certification or within one year after leaving the company.
   ☐Yes ☑No
   (2) Whether the certified public accountant of the company holds shares in the company.
   ☐Yes ☑No
   (3) Whether the certified public accountant of the company has borrowed money from the company.
   ☐Yes ☑No
   (4) Whether the certified public accountant of the company has a relationship of joint investment or benefit sharing with the company.
   ☐Yes ☑No
   (5) Whether the certified public accountants of the company serve as the company's directors, supervisors, managers or have significant influence positions and conflicts of interest.
   ☐Yes ☑No
   (6) Whether the certified public accountant of the company has assumed management functions related to the company's decision-making.
   ☐Yes ☑No
   (7) Whether the certified public accountants of the company have spouses, direct blood relatives, lineal relatives by marriage or collateral blood relatives within four degrees of kinship.
   ☐Yes ☑No
   (8) Whether the certified public accountants of the company directly or indirectly imply a certain relationship or solicit business by means of inducement.
   ☐Yes ☑No
   (9) Whether the certified public accountant of the company has received commissions related to any business of the company.
   ☐Yes ☑No
   (10) Whether the certified public accountants of the company have any lawsuits or corrections by the competent authority.
   ☐Yes ☑No
   (11) Whether the company's certified public accountants have provided continuous certification services for seven years.
   ☐Yes ☑No
   (12) Whether there is an independent statement issued by an accountant every year.
   ☑Yes ☐No

The above requirements are all satisfied after evaluation.

(4) Composition, Responsibilities and Operations of the Remuneration Committee:

1. Information on members of the Remuneration Committee

March 31, 2022

Identity	Condition / Name	Professional qualifications and experiences Independence situation	Number of independent directors concurrently serving as other public offering companies
Independent director (convener)	Weng Honglin	See pages 9 to 12 2. Information about directors.	1
Independent director	Xu Yumei		0
Independent director	Zheng Wenlong		0

2. Responsibilities of the Remuneration Committee
   (1) The committee shall faithfully perform the following functions and powers with the care of a good administrator, and submit the recommendations to the Board of Directors for discussion.
   (2) To formulate and regularly review the organizational regulations of the Remuneration Committee and the policies, systems, standards and structures of performance evaluation and salary of directors and managers.
   (3) To regularly evaluate and review the content and amount of remuneration for directors and managers.

3. Information on the operation of the Remuneration Committee
   (1) The company's Remuneration Committee has 3 members.
   (2) The term of office of the current committee members: From June 23, 2020 to June 9, 2023, the 2022 Remuneration Committee held three meetings (A). The qualifications and attendance of the members are as follows:

Title	Name	Actual attendance (B)	Number of delegated attendance	Actual attendance rate (%) (B/A)	Note
Convener	Weng Honglin	3	0	100%	
Member	Xu Yumei	3	0	100%	
Member	Zheng Wenlong	3	0	100%	

Other matters to be recorded:

A. When the Board of Directors does not adopt or amends the proposal of the Remuneration Committee, it is necessary to state the date, session, content of the proposal, the result of the resolution of the Board of Directors, and the Company's handling of the opinions of the Remuneration Committee (If the remuneration approved by the board of directors is better than the recommendation of the remuneration committee, the difference and reasons shall be stated): None.

B. Resolutions of the Remuneration Committee: If members have objections or reservations and there are records or written statements, it is necessary to state the date, period, content of the proposal, opinions of all members and how to deal with the opinions of members: None.

C. To regular review of salary and remuneration: The function of the Remuneration Committee is to evaluate the salary and compensation policies and systems of the company's directors and managers in a professional and objective position. This committee meets at least twice a year to make recommendations to the Board of Directors as a reference for decision-making.

D. The annual operation of the remuneration committee:

Session (Date)	Proposal contents	Resolutions of the Remuneration Committee	The company's handling of the opinions of the Remuneration Committee
4th Session 5th meeting (2022.02.25)	(1) Proposed to formulate the employee stock subscription method for the company's 2021 cash capital increase and the manager's employee stock subscription allocation.	Approved by all members present.	Proposal to the board of directors shall be approved by all directors present.
4th Session 6th meeting (2022.08.10)	(1) The company's performance bonus for the first half of 2022	Approved by all members present.	Proposal to the board of directors shall be approved by all directors present.

	4th Session 7th meeting (2022.11.10)	(1) The company's vice president concurrently serves as the new chief financial officer.	Approved by all members present.	Proposal to the board of directors shall be approved by all directors present.	
		(2) The company's vice president concurrently serves as the new president of 2nd Business Department.	Approved by all members present.	Proposal to the board of directors shall be approved by all directors present.	

(5) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons:

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	YES	**NO**	**Summary description**	
1. Has the company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? And as the board of directors authorized senior management to handle related matters under the supervision of the board?	V		The company's full-time (part-time) unit to promote sustainable development is currently held by the vice president of the general management office. Interdepartmental task force is used to handle related matters according to individual responsibilities. All operating activities comply with relevant laws and regulations, avoid engaging in acts that violate unfair competition, truly fulfill tax obligations, anti-bribery and corruption, and establish relevant management systems to comply with the company's internal control. Reported to the Board of Directors about the handling situation every year. Reported on the implementation of sustainable development in 2022 at the board meeting on March 30, 2023.	No major difference
2. Does the company conduct risk assessments of environmental, social and corporate governance issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The company conducts risk assessments on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality. On March 24, 2021, the Board of Directors approved the establishment of the company's risk management policies and procedures, disclosed them on the company's website, and reported the handling situation to the Board of Directors every year. In addition, the operation of the 2022 risk management policies and procedures was attached to the board meeting report on December 29, 2022.	No major difference
3. Environmental issues (1) Has the company set an environmental management system designed to industry characteristics?	V		In order to fulfill the social responsibility of protecting the earth's environment, the company prohibits the use of hazardous substances in the production and R&D process. Suppliers are required to sign the "Not Using Hazardous Substances Guarantee" and are required to provide raw materials that meet environmental protection. All factories of the company follow ISO 14001 to establish an environmental management system and continue to pass third-party verification. Chongqing C-TECH Technology Co., Ltd. issued the ISO 14001 quality certificate for the first time in 2013, and the validity period is from 2021/8/24 to 2024/8 /25. Chongqing Techone Electronic Technology Co., Ltd. issued the ISO 14001 quality certificate in 2019, and the validity period is from 2019/8/20 to 2022/8/19. The above information is announced on the company's website.	No major difference
(2) Does the company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		The company continues to improve the efficiency of resource utilization. For example: to encourage employees to bring their own drinking water cups, environmentally friendly chopsticks, and implement garbage classification and resource recycling for reuse. The company uses raw materials that meet	No major difference

			international certification, and the production unit actively handles the recycling of raw materials and reduces pollution in the manufacturing process, so as to reduce the impact on the environment and the development trend of green energy products.	
(3) Has the company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		The company attaches great importance to issues related to climate change and calls on employees to start from their daily lives. For example, documents are printed on both sides as much as possible, recycling boxes are set up next to photocopiers for paper reuse, and employees use electronic methods to transfer documents to reduce paper consumption. In addition, the air conditioner in the office is set at 26 degrees Celsius in summer. Employees also develop a good habit of turning off lights and saving energy to slow down global warming.	No major difference
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?		V	The company has not yet counted its greenhouse gas emissions, water consumption and total waste weight in the past two years, but it continues to pay attention to and plan related formulation and management policies. Regarding greenhouse gas inventory - it is expected to complete the establishment of full-time (part-time) units, the number of people and the scope of responsibility in December 2023.	No major difference
4. Social Issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		The company supports and follows the basic core principles of the "United Nations Universal Declaration of Human Rights", "United Nations Guiding Principles on Business and Human Rights", "United Nations Global Compact" and "United Nations International Labor Organization" international human rights conventions, and respects internationally recognized basic human rights, including: freedom of association, caring for the disadvantaged, prohibiting child labor, eliminating forced labor and employment discrimination, and strictly abide by the labor laws and regulations of the company's location, to prevent violations of human rights, and to treat internal and external personnel reasonably, equally and with dignity. The company's "Human Rights Policy" is hereby formulated and published on the website. In accordance with relevant labor laws, human rights conventions, and occupational safety and health regulations, the company has formulated "Personnel Management Regulations", "Sexual Harassment Prevention Measures and Disciplinary Measures", and "General Manager Mailbox and Management Measures" to protect the rights and interests of employees and protect their health. and security.	No major difference
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		The company's employee welfare measures and remuneration policies are implemented according to the following measures: "training rewards", "level salary management", "attendance management", "performance bonus withdrawal and distribution", "employee cash dividends", and "promotion management". The staff salary adjustment in 2022 was about 1.07%. Article 24 of the company's Articles of Incorporation stipulates that if the company makes profits in its annual final accounts, it should first allocate 5% to 20% as employee remuneration. Employee welfare measures: The employee welfare committee plans and provides high-quality benefits for colleagues, such as: birthday gift money, marriage subsidies, maternity subsidies, funeral subsidies, injury subsidies, travel subsidies, and annual celebrations. The company also offers group insurance, meal allowance and other benefits. In terms of the vacation system, two days off per week, special leave is granted in accordance with the Labor Standards Act, and colleagues can also apply for staying without pay when a longer	No major difference

			period of leave is required for childcare, injury, or major accidents. The company strives for diversity and equality in the workplace to achieve equal pay for men and women and equal promotion opportunities, and to maintain more than 40% of female executive positions to promote sustainable and inclusive economic growth. In 2022, the average proportion of female employees will be 41%, of which the average proportion of female managers will be 32%. The company attaches great importance to the rights and benefits of employees. There are free parking spaces and nursing rooms to provide employees with convenient daily needs. In terms of caring for the physical and mental health of employees, annual health checks are arranged.	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		The company regularly implements safety and health education and training for employees, simulates emergency disasters with practical exercises, trains employees' evacuation and response capabilities, and makes sufficient knowledge and preparations in normal times to reduce personnel injuries. And the Occupational Safety Hygiene Committee established in accordance with the Occupational Safety and Health Law has continuously verified and passed the ISO14001:2015 environmental management system and ISO 45001:2018 occupational safety and health management system international standard certification. According to the control of the working environment or occupational hazards, the company conducts regular environmental monitoring of the workplace every six months, and provides annual health checks for employees as a health management for the prevention of occupational diseases. The office building has strict access control security and a 24-hour surveillance system. Employees need to use identification cards to enter the office to protect the safety of employees. There is also a central air-conditioning system, sufficient lighting equipment, and regular inspections of fire-fighting equipment every year. The office environment is regularly disinfected and cleaning. A total of 101 people participated in the 2022 safety training course, and the class hours were 14 hours.	No major difference
(4) Has the Company established effective career development training programs for employees?	V		The company plans complete functional training for managers and colleagues at all levels according to the job description, mainly including newcomer training, professional training, supervisor training, etc., and arranges relevant personnel to participate in professional training courses outside according to the training plan proposed by each supervisor. In 2022, a total of 975 people participated in the training. Supervisors hold regular performance interviews every year, discuss with employees and set up personal annual development plans. Through regular inspections and feedback, they help employees create the best career development plans.	No major difference
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		The company is committed to the business philosophy of product quality, customer health and safety, and customer satisfaction. The main products are batteries, all of which meet the requirements of relevant laws and regulations. In terms of marketing and labeling, they also follow relevant laws and regulations and international standards. The company also formulates the "Code of Integrity Management" and "Code of Ethical Conduct" policies, and has an external communication mailbox on the website and an independent complaint mailbox that is personally handled by the corporate governance supervisor. There is also a special area for interested parties to respond to consumer complaints and concerns about their rights and interests.	No major difference

(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		Most of the company's domestic and foreign suppliers are original factories with long-term cooperation, and all products comply with laws and regulations to ensure safe use.The company will conduct assessments before transactions with suppliers, and continue to conduct this assessment. If it has a significant impact on the environment and society, the company will take the initiative to stop related transactions with suppliers. Chongqing C-TECH Technology Co., Ltd. issued ISO 45001 certificate for the first time in 2013, valid from 2021/8/25 to 2024/8/25. Chongqing Techone Electronic Technology Co., Ltd. issued ISO 45001 quality certificate in 2020, valid from 2020/12/25 to 2023/ 12/24. The above information is announced on the company's website.	No major difference
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?		V	The company has not compiled a corporate social responsibility report, but has disclosed non-financial information, the company's systems and measures for social responsibility, and the performance of social responsibility in the company's annual report, company website, and MOPS.	No major difference
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company's operations: In March 2022, the Board of Directors approved the establishment of the company's "Code of Practice for Sustainable Development" to strengthen the implementation of sustainable development. According to the code to review the implementation situation and improve accordingly, there has been no difference in the implementation so far.				
7. Other important information that helps to understand the implementation of sustainable development: (1) Environmental Protection Measures The company fulfills its social responsibility to protect the earth's environment. In the process of production and research and development, no harmful substances are used in the production, and it is committed to the practice of environmental protection, safety and health, labor rights and other aspects. (2) Rights of interested parties According to the regulations of the competent authority, the company regularly announces its operation, financial and other information, and the resolution of the board of directors is required for major policies as the basis for the company's implementation. (3) Cooperate with government regulations and promotion plans Each employee is insured for labor and health insurance, group insurance, retirement pension, and health check.				

(6) Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies":

Evaluation Item	**Implementation Status**			**Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons**
	Yes	**No**	**Abstract Illustration**	
1.Establishment of ethical corporate management policies and programs (1) Does the company have a 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 management towards enforcement of such policy?	V		(1) The company's "Integrity Management Code", "Integrity Management Operation Procedures and Behavior Guidelines" are announced on the official website. Its "Board of Directors' Rules of Procedure" also has a director's interest avoidance system. The employment contract signed by each new employee states that employees are not allowed to use their powers to seek illegal benefits, accept entertainment, gifts, kickbacks, embezzle public funds or other illegal benefits. Suppliers are required to sign a "Confidentiality Agreement". The Board of Directors and the management are also required to sign the "Statement of No Behavior Violating the Principle of Integrity" as the basis for implementing honest management.	No major differences

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(2) 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 risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above 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? (3)Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V V		(2) The company has "Directors and Managers Ethical Code of Conduct", "Reporting Illegal, Immortal or Dishonest Behavior Case Handling Measures", and an internal reporting mailbox, These include the preventive measures for the behaviors in Item 2 of Article 7 of "the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". (3) In accordance with the "Integrity Management Operation Procedures and Behavior Guidelines" and "Case Handling Measures for Reporting Illegal, Immoral or Dishonest Behaviors", the company strictly requires its employees and management to abide by corporate ethics, uphold integrity and integrity, and make clear reports and complaints operating procedures, behavior guidelines, punishment for violations, and appeal system are implemented and regularly reviewed.	
2. Fulfill operations integrity policy (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts? (2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which 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? (3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? (4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	 V V V V		(1) The company's "Integrity Management Code" and "Integrity Management Operation Procedures and Behavior Guidelines" clearly stipulate that various evaluations including honest behavior must be included when establishing business relationships with others, and a "Confidentiality Agreement" must be signed after confirming the cooperation and the business contract has clearly stated the relevant integrity behavior clauses to comply with the various integrity-related regulations stipulated by the company. (2) The directors of each department of the company are responsible for the formulation and implementation of integrity management policies and prevention plans, and the company's governance supervisor is responsible for supervising related operations and inspections, and regularly reports to the Board of Directors. Report to the board of directors on the implementation of integrity management in 2022 (1/1-12/31) on 2022/12/29. (3) The company has stipulated the prevention of conflicts of interest clauses in the "Integrity Management Operation Procedures and Behavior Guidelines" and "Board of Directors Procedures", which are regularly publicized to employees. In case of violations and complaints, employees can report to the general manager mailbox, and internal whistleblower mailbox. (4) The company establishes an effective accounting system and internal control system in accordance with the "Integrity Management Operation Procedures and Behavior Guidelines" and accounting and internal audit laws and regulations to ensure the implementation of the company's integrity	No major differences

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		management. Auditors formulate annual audit plans and conduct audits based on risk assessment results, and prepare audit reports based on the prevention of dishonest behavior. (5) In the employment contract signed by the company's new employees, the integrity management policy is stated. During the education and training for newcomers, there are courses related to laws and regulations on integrity management, labor safety and hygiene, and insider trading. Internal education and training was conducted on July 21, 2022. The "Code of Integrity Management" and "Integrity Management Code" are disclosed on the company website. Integrity Management Operating Procedures and Behavior Guidelines" and "Case Handling Measures for Reporting Illegal, Unethical or Dishonest Behaviors" and other related measures require colleagues and manufacturers to read and abide by them carefully.	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (2) 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? (3) Does the company provide proper whistleblower protection?	V V V		(1) The company has established the "Reporting Measures for Illegal, Unethical or Dishonest Behavior Cases", and has set up employee complaint channels and a dedicated acceptance window to report illegal situations (including corruption) and illegal business ethics. (2) The company clearly stipulates the handling procedures in the above measures, keeps the content of the report confidential, and should take follow-up measures after the investigation is completed, so as to protect the rights and interests of the whistleblower. (3) The company has established measures to protect whistleblowers from being improperly dealt with due to whistleblower incidents, and included them in the management regulations.	No major differences
4.Strengthening information disclosure (1) 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 uploads company information to the company's website, MOPS and annual report in accordance with laws and regulations to disclose the implementation of integrity management.	No major differences
5.The company has established the ethical corporate management policies based on the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies", and there is no discrepancy between the implementation and policies.				
6. Other important information that helps to understand the company's integrity management and operation: (if the company amends its integrity management code): A. The company complies with the relevant regulations and laws related to listing on the OTC as the basis for implementing honest management. B. The company's "internal material information processing and insider trading prevention management procedures" has a good internal material information processing and disclosure mechanism to avoid improper disclosure of information, while ensuring the consistency and accuracy of information released to the outside world.				

(7) If the company has formulated corporate governance codes and related regulations, it shall disclose the inquiry method:

The following are the operating procedures established by the company: Articles of Incorporation, Code of Practice for Corporate Governance, Rules of Procedures for Shareholders' Meetings, Rules of Procedures for Board of Directors, Rules for the Scope of Responsibilities of Independent Directors, Code of Ethics, Organization Rules for the Audit Committee, Code of Integrity Management, and the Remuneration Committee Organizational regulations, performance evaluation methods of the Board of Directors, integrity management operating procedures and behavior guidelines, internal major information processing and insider trading prevention management operating procedures, human rights policies, handling methods for reporting illegal, immoral or dishonest behavior cases, and risk management policies and procedures. The above-mentioned corporate governance related regulations have been disclosed on MOPS and the company's internal and external websites for reference by the company's related parties.

(8) Other Important Information Regarding Corporate Governance: For information about the company's corporate governance operations, please refer to the information on the company's website: http://www.c-techone.com.

(9) Disclosures Required for the Implementation of the Internal Control System:

1. Statement on Internal Control:

C-TECH UNITED CORP.
Statement on Internal Control

Date: March 30, 2023

The Company states the following with regard to its internal control system during fiscal year 2022, based on the findings of its self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws.

2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.

3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets (hereinbelow, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring activities. Each element further contains several items. Please refer to the Regulations for details.

4. The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.

5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of Dec 31, 2022 its internal control system (including its supervision and management of subsidiaries and its overall implementation of information security), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws, is—with the exception of the matters, if any, specifically listed in the Appendix— effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.

6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act

7. This Statement has been passed by the Board of Directors meeting of the Company held on March 30, 2023, where 0 of the 7 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

C-TECH UNITED CORP.
Chairman: Huang Zongwei
President: Huang Zongwei

2. If an accountant is entrusted to review the internal control, the accountant's review report should be disclosed: None.

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

(11) Major resolutions of Shareholders' Meeting and Board meetings in the most recent year and as of the publication date of the annual report:

1. Major resolutions of Board meetings:

Session (Date)	Major resolutions	Matters listed in 14-3 of the Securities and Exchange Act	Dissenting or reserved opinions of independent directors
Ninth Session The 14th meeting (2022.03.28)	1. Amendments to some provisions of the company's "Procedures for Acquisition or Disposal of Assets".	✓	None
	2. Amendments to some provisions of the company's "Procedures for Lending Funds to Others".	✓	None
	3. Proposed to formulate the company's "Code of Practice for Sustainable Development".	-	None
	4. Evaluation of the effectiveness of the company's internal control system in 2021 and the case of "Statement of Internal Control System"	✓	None
	5. The company's annual business report and financial statements for 2021.	✓	None
	6. The company's loss appropriation plan for 2021.	✓	None
	7. Changes in the company's spokesperson, acting spokesperson and financial supervisor.	✓	None
	8. Cancellation of the company's endorsement guarantee quota for its subsidiaries.	✓	None
	9. The company intends to serve as the guarantor for the subsidiary MSM Development Co., Ltd. to apply for a loan from Taishin International Bank.	✓	None
	10. Ratified that the company intends to act as the collateral provider for the subsidiary MSM Development Co., Ltd. to apply for a loan from Hua Nan Bank.	✓	None
	11. Changes in the custodian of the special seal guaranteed by the company's endorsement.	✓	None
	12. Amendments to the Articles of Incorporation of the Company.	-	None
	13. Amendments to some provisions of the Company's "Rules of Procedure for Shareholders' Meetings".	-	None
	14. Amendments to some provisions of the company's "Board of Directors' Rules of Procedure".	-	None
	15. Amendments to some provisions of the Company's "Code of Practice on Corporate Governance".	-	None
	16. Amendments to some provisions of the company's "Internal Material Information Handling and Insider Trading Prevention Management Procedures".	-	None
	17. Matters related to the holding of the ordinary shareholders meeting of the company in 2022.	-	None
	18. The exchange of convertible corporate bonds for ordinary shares by the company.	-	None
	19. The contract renewal of the credit line between the Company and the First Bank.	-	None
	20. The Company renewed the contract with the First Bank to engage in derivatives transactions.	-	None
Ninth Session The 15th meeting (2022.05.11)	1. The company's financial statements for the first quarter of 2022.	✓	None
	2. The new application and extension of the credit line between the company and the corresponding bank.	-	None
	3. The new application and extension of the quota for derivatives transactions between the company and the corresponding banks.	-	None

Session (Date)	Major resolutions	Matters listed in 14-3 of the Securities and Exchange Act	Dissenting or reserved opinions of independent directors
Ninth Session The 16th meeting (2022.07.06)	1. Supplementary explanation of the company's acquisition of the company's operation headquarters in the form of joint construction and subdivision.	✓	None
	2. Extension of the credit line between the company and the bank.	-	None
Ninth Session The 17th meeting (2022.08.10)	1. The company's financial statements for the second quarter of 2022.	✓	None
	2. Changes in the company's spokesperson and acting spokesperson.	-	None
	3. The company's proposed capital loan and quota to the subsidiary MSM Development Co., Ltd.	✓	None
	4. The company intends not to proceed with the private placement of ordinary shares approved by the annual general meeting of shareholders in 2021.	✓	None
	5. Proposed to formulate the company's "Related Operational Standards for Financial Business among Affiliated Enterprises".	-	None
	6. The new application and extension of the credit line between the company and the corresponding bank.	-	None
	7. The new application and extension of the quota for derivatives transactions between the company and the corresponding banks.	-	None
Ninth Session The 18th meeting (2022.11.10)	1. The company's financial statements for the third quarter of 2022.	✓	None
	2. Proposed to issue ordinary shares or domestic convertible corporate bonds (including guaranteed or unsecured convertible corporate bonds) through private placement or public offering.	✓	None
	3. The company intends to dispose of the shares of the reinvestment company it holds.	✓	None
	4. Propsed to give up participating in the cash capital increase of MSM Development Co., Ltd.	-	None
	5. The company's internal audit plan for 2023.	✓	None
	6. The new appointment of the company's deputy general manager concurrently as the chief financial officer.	✓	None
	7. The new appointment of the company's deputy general manager concurrently as the general manager of the 2nd Business Division.	-	None
	8. Changes in the custodian of the special seal guaranteed by the company's endorsement.	✓	None
Ninth Session The 19th meeting (2022.11.15)	1. The company intends to dispose of the shares of the reinvestment company it holds.	✓	None
	2. Propsed to give up participating in the cash capital increase of MSM Development Co., Ltd.	-	None
	3. Changes in the company's spokesperson and acting spokesperson.	-	None
Ninth Session The 20th meeting (2022.12.29)	1. Supplementary explanation of the private placement case of the Company.	✓	None
	2. The company intends to dispose of the shares of the reinvestment company it holds.	✓	None
	3. The company's annual budget for 2023.	-	None
	4. Amendments to the company's internal control system and internal audit implementation rules.	✓	None
Ninth Session The 21st meeting (2023.03.30)	1. The company's annual business report and financial statements for 2022.	✓	None
	2. The company's loss appropriation plan for 2022.	✓	None
	3. Explanation of the company's accumulated losses reaching one-half of the paid-in capital and countermeasures.	✓	None
	4. Revised the company's "Articles of Incorporation".	-	None
	5. Revised some texts of the company's "Board of Directors' Rules of Procedure".	-	None
	6. Revised some texts of the company's "Code of Practice on Corporate Governance".	-	None
	7. Amended some texts of the company's "endorsement guarantee operation procedures".	✓	None
	8. Assessments of the effectiveness of the company's internal control system and the "Statement of Internal Control System" in 2022.	✓	None
	9. The company's comprehensive re-election of directors (including independent directors) and nomination and review of director candidates.	-	None

Session (Date)	Major resolutions	Matters listed in 14-3 of the Securities and Exchange Act	Dissenting or reserved opinions of independent directors
	10. Proposed to lift the non-competition restrictions on the new directors and their representatives.	-	None
	11. Prrposed to hold the company's 2023 regular shareholders' meeting.	-	None
	12. Changes in the company's spokesperson and financial supervisors.	✓	None
	13. The company intends to act as the guarantor for the renewal of the contract for the joint project MSM Development Co., Ltd. to apply for a loan from Taishin International Bank.	✓	None
	14. Changes in the custodian of the special seal guaranteed by the company's endorsement.	✓	None
	15. The new application and extension of the credit line between the company and the corresponding bank.	-	None
	16. The Company renewed the contract with the First Bank to engage in derivatives transactions.	-	None
	17. Evaluation of the independence and suitability of the company's certified accountants for financial reporting.	-	None
	18. Proposed to dispose of its non-core business subsidiary Chongqing Techone Electronic Technology Co., Ltd.	✓	None
	19. The company's greenhouse gas inventory and verification schedule report.	-	None

2. Major Resolutions of General Meeting of Shareholders 2022:

Important proposal content	Implementation status
1. Approval of the company's annual business report and financial statements for 2021.	Fisished.
2. Approval of the company's profit and loss appropriation for 2021.	Finished.
3. Approval of the revision of the company's Articles of Incorporation.	Announced in MOPS on June 15, 2022, and handled in accordance with the revised procedures.
4. Approved the revision of the company's "Procedures for Acquisition or Disposal of Assets".	Announced in MOPS on June 15, 2022, and handled in accordance with the revised procedures.
5. Approved the revision of the company's "Operating Procedures for Loaning Funds to Others".	Announced in MOPS on June 15, 2022, and handled in accordance with the revised procedures.
6. Approved the revision of the company's "Rules of Procedure for Shareholders' Meetings".	Announced in MOPS on June 15, 2022, and handled in accordance with the revised procedures.

12. For the most recent year and as of the publication date of this annual report, major issues of record or written statements made by any director or supervisor dissenting to important resolutions passed by the Board of Directors: No disagreement.

(13) For the most recent year and as of the publication date of this annual report, resignation or dismissal of the company’s key individuals, including the Chairman, CEO, and heads of accounting, finance, internal audit, corporate governance and R&D:

March 31, 2023

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Vice president/ R&D	Chen Hongchang	2020.07.01	2022.10.07	Career Planning
Vice president/ Spokesperson	Xu Minyu	2022.08.02	2022.12.30	Career Planning

Financial supervisor	Wei Junyi	2020.11.24	2022.3.14	Career Planning

5. Information Regarding the Company's Audit Fee

Unit: NT$ thousand

Accounting firm name	Accountant name	Accountant review period	Audit fees	Non-audit fees	Total	Note
Deloitte & Touche	Guo Naihua	2022	2,900	1,120	4,020	-
	Li Lihuang					

Note: Specific description of non-audit public fee service content: information environment check NT$140 thousand + transfer pricing NT$320 thousand + main file NT$550 thousand + direct deduction method check NT$110 thousand.

(1) Change the accounting firm and the audit fee paid in the replacement year is less than the audit fee in the previous year: None.

(2) Audit fees decreased by more than 10% compared with the previous year: none.

6. Information on replacement of CPA:

(1) Regarding the former CPA: Accountants not changed in 2022

(2) Regarding the successor CPA: Accountants not changed in 2022

(3) Reply letter from the former accountant to Item 1 and Item 2-3 of Provision 6 of Article 10 of this Standard: Not applicable.

7. **The company's chairman, president, chief financial officer, and managers in charge of its finance and accounting operations did not hold any positions in the company's independent auditing firm or its affiliates for the latest year**: None.

8. Changes in equity transfers and equity pledges of directors, managers, and shareholders holding more than 10% of the shares in the most recent year and as of the publication date of this annual report:

(1) Changes in equity of directors, managers and major shareholders:

Unit: share

Title	Name	2022		The current year ended on May 2	
		Increase (decrease) of the number of shares held	Increase (decrease) of pledged shares	Increase (decrease) of the number of shares held	Increase (decrease) of pledged shares
Chairman's legal representative/general manager/major shareholder	Huang Zongwei	150,000	3,700,000	-	450,000
Chairman	Mega Peak Investment Co Ltd.	-	-	-	-
Director	Zhaojie International Co., Ltd.	1,970,000	1,100,000	-	-75,000
Director's legal representative	Huang Jincheng	-	-	-	-

Title	Name	2022		The current year ended on May 2	
		Increase (decrease) of the number of shares held	Increase (decrease) of pledged shares	Increase (decrease) of the number of shares held	Increase (decrease) of pledged shares
Director	Zhaoxiang International Co., Ltd.	1,880,000	1,000,000	-	-75,000
Director's legal representative	Wu Zhengqing	79,765	-	-	-
Director	Li Zhigui	66,181	-	-	-
Independent director	Weng Honglin	13,889	-	-	-
Independent director	Zheng Wenlong	-	-	-	-
Independent director	Xu Yumei	-70,105	-	-	-
Vice President	Lin Caifu (Note 1)	-	-	-	-
Vice President	Cheng Yingzhu	-	-	-	-
Vice President	Zhu Shenghong	-	-	-	-
Vice President	Xu Xueping	225,125	455,000	-	-
Vice President	Chen Hongchang (Note 2)	-	-	-	-
Senior Associate Manager	Xiao Shengwen (Note 3)	-	-	-	-
Senior Associate Manager	Yang Bowen	-	-	-	-
Associate Manager	Gan Zongzuo (Note 4)	-	-	-	-
Associate Manager	Shen Mingchuang	-	-	-	-
Associate Manager	Hei Youzhong	-	-	-	-
Audit Office Manager	Yang Cihui	61,469	-	-	-
Finance and Accounting Integration Office Senior Director	Wei Junyi (Note 5)	-	-	-	-
Accounting Manager	Liu Yiwei	30,000	-	-	-
Head of Corporate Governance	Chen Shufang	105,000	-	-	-

Note 1: Lin Caifu took office on October 17, 2022.
Note 2: Chen Hongchang resigned on October 7, 2022.
Note 3: Xiao Shengwen resigned on April 8, 2022.
Note 4: Gan Zongzuo resigned on March 3, 2022.
Note 5: Wei Junyi resigned on March 4, 2022.

(2) Equity transfer information: None.

(3) Equity pledge information: Directors, supervisors, managers, and shareholders with more than 10% of the shares pledged to related parties: None.

9. Information on the relationship among the top ten shareholders with shareholding ratio:

Closing Date：May 2, 2023；Unit: Share；%

Name (Note1)	Self-owned shareholding (Note 2)		Spouse & minor children shareholding (Note 2)		Total shares held in the name of others (Note 2)		Top ten shareholders who are related to each other or are spouses or relatives within the second degree, their titles or names and relationship (note 3)		Note
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Title (Name)	Relationship	
Golden Capital International Co., Ltd. (Anguilla)	5,584,000	4.89	Not applicable	Not applicable	-	-	Zhaoxiang International Co., Ltd.	Chairman is the same person.	-
							Zhaojie International Co., Ltd.		
							Zhao Sheng International Co., Ltd.		
							Mega Peak Investment Co., Ltd.		
Representative: Huang Zongwei	4,150,000	3.64	-	-	5,128,416	4.49	Huang Jincheng	First degree relative	-
							Zhaoxiang International Co., Ltd.	Chairman is the same person.	
							Zhaojie International Co., Ltd.		
							Zhao Sheng International Co., Ltd.		
							Mega Peak Investment Co., Ltd.		
Zhaoxiang International Co., Ltd.	5,128,416	4.49	Not applicable	Not applicable	-	-	Golden Capital International Co., Ltd. (Anguilla)	Chairman is the same person.	-
							Zhaojie International Co., Ltd.		
							Zhao Sheng International Co., Ltd.		
							Mega Peak Investment Co., Ltd.		
Representative: Huang Zongwei	4,150,000	3.64	-	-	5,128,416	4.49	Huang Jincheng	First degree relative	-
							Golden Capital International Co., Ltd. (Anguilla)	Chairman is the same person.	
							Zhaojie International Co., Ltd.		
							Zhao Sheng International Co., Ltd.		
							Mega Peak Investment Co., Ltd.		
Zhaojie International Co., Ltd.	5,005,696	4.39	Not applicable	Not applicable	-	-	Golden Capital International Co., Ltd. (Anguilla)	Chairman is the same person.	-
							Zhaoxiang International Co., Ltd.		
							Zhao Sheng International Co., Ltd.		
							Mega Peak Investment Co., Ltd.		
Representative: Huang Zongwei	4,150,000	3.64	-	-	5,128,416	4.49	Huang Jincheng	First degree relative	-
							Golden Capital International Co., Ltd. (Anguilla)	Chairman is the same person.	
							Zhaoxiang International Co., Ltd.		
							Zhao Sheng International Co., Ltd.		
							Mega Peak Investment Co., Ltd.		
Zhao Sheng International Co., Ltd.	4,510,397	3.95	Not applicable	Not applicable	-	-	Golden Capital International Co., Ltd. (Anguilla)	Chairman is the same person.	-
							Zhaoxiang International Co., Ltd.		
							Zhaojie International Co., Ltd.		
							Mega Peak Investment Co., Ltd.		
Representative: Huang Zongwei	4,150,000	3.64	-	-	5,128,416	4.49	Huang Jincheng	First degree relative	-

<table>
<tr><th rowspan="2">Name (Note1)</th><th colspan="2">Self-owned shareholding (Note 2)</th><th colspan="2">Spouse & minor children shareholding (Note 2)</th><th colspan="2">Total shares held in the name of others (Note 2)</th><th colspan="2">Top ten shareholders who are related to each other or are spouses or relatives within the second degree, their titles or names and relationship (note 3)</th><th rowspan="2">Note</th></tr>
<tr><th>Shares</th><th>Shareholding ratio</th><th>Shares</th><th>Shareholding ratio</th><th>Shares</th><th>Shareholding ratio</th><th>Title (Name)</th><th>Relationship</th></tr>
<tr><td rowspan="4"></td><td rowspan="4"></td><td rowspan="4"></td><td rowspan="4"></td><td rowspan="4"></td><td rowspan="4"></td><td rowspan="4"></td><td>Golden Capital International Co., Ltd. (Anguilla)</td><td rowspan="4">Chairman is the same person.</td><td rowspan="4"></td></tr>
<tr><td>Zhaoxiang International Co., Ltd.</td></tr>
<tr><td>Zhaojie International Co., Ltd.</td></tr>
<tr><td>Mega Peak Investment Co., Ltd.</td></tr>
<tr><td rowspan="6">Huang Zongwei</td><td rowspan="6">4,150,000</td><td rowspan="6">3.64</td><td rowspan="6">-</td><td rowspan="6">-</td><td rowspan="6">5,128,416</td><td rowspan="6">4.49</td><td>Huang Jincheng</td><td>First degree relative</td><td rowspan="6">-</td></tr>
<tr><td>Golden Capital International Co., Ltd. (Anguilla)</td><td rowspan="5">Chairman is the same person.</td></tr>
<tr><td>Zhaoxiang International Co., Ltd.</td></tr>
<tr><td>Zhaojie International Co., Ltd.</td></tr>
<tr><td>Zhao Sheng International Co., Ltd.</td></tr>
<tr><td>Mega Peak Investment Co., Ltd.</td></tr>
<tr><td>Lin Zhide</td><td>3,183,130</td><td>2.79</td><td>-</td><td>-</td><td>-</td><td>-</td><td>Lin Yili</td><td>Second degree relative</td><td>-</td></tr>
<tr><td rowspan="9">Mega Peak Investment Co., Ltd.
Representative: Huang Zongwei</td><td rowspan="4">2,774,580</td><td rowspan="4">2.43</td><td rowspan="4">Not applicable</td><td rowspan="4">Not applicable</td><td rowspan="4">-</td><td rowspan="4">-</td><td>Golden Capital International Co., Ltd. (Anguilla)</td><td rowspan="4">Chairman is the same person.</td><td rowspan="4">-</td></tr>
<tr><td>Zhaoxiang International Co., Ltd.</td></tr>
<tr><td>Zhaojie International Co., Ltd.</td></tr>
<tr><td>Zhao Sheng International Co., Ltd.</td></tr>
<tr><td rowspan="5">4,150,000</td><td rowspan="5">3.64</td><td rowspan="5">-</td><td rowspan="5">-</td><td rowspan="5">5,128,416</td><td rowspan="5">4.49</td><td>Huang Jincheng</td><td>First degree relative</td><td rowspan="5">-</td></tr>
<tr><td>Golden Capital International Co., Ltd. (Anguilla)</td><td rowspan="4">Chairman is the same person.</td></tr>
<tr><td>Zhaoxiang International Co., Ltd.</td></tr>
<tr><td>Zhaojie International Co., Ltd.</td></tr>
<tr><td>Zhao Sheng International Co., Ltd.</td></tr>
<tr><td>Lin Yili</td><td>2,493,000</td><td>2.18</td><td>-</td><td>-</td><td>-</td><td>-</td><td>Lin Zhide</td><td>Second degree relative</td><td>-</td></tr>
<tr><td>Huang Jincheng</td><td>2,296,018</td><td>2.01</td><td>-</td><td>-</td><td>-</td><td>-</td><td>Huang Zongwei</td><td>First degree relative</td><td>-</td></tr>
<tr><td>Xu Donglong</td><td>1,234,922</td><td>1.08</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
</table>

Note 1: All the top ten shareholders should be listed. If it is a legal person shareholder, the name of the legal person shareholder and the name of the representative should be listed separately.
Note 2: The calculation of the shareholding ratio refers to the shareholding ratio calculated in the name of oneself, spouse, minor children or using the name of others.
Note 3: The shareholders listed above include legal persons and natural persons, and the relationship between them should be disclosed in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

10. The number of shares held by the company, its directors, managers, and enterprises directly or indirectly controlled by the company in the same reinvested enterprise, which shall be combined to calculate the comprehensive shareholding ratio:

Comprehensive shareholding ratio

May 2, 2023；Unit:Share；%

Reinvestment enterprise (Note1)	Invested by the Company		Directors, supervisors, managers, and investments in directly or indirectly controlled enterprises		Comprehensive investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
C-TECH CORP.	18,100,000	100.00	-	-	18,100,000	100.00
Golden Capital International CORP.	1,727,955	100.00	-	-	1,727,955	100.00
MSM Development Co., Ltd.	13,000,000	22.81	44,000,000	77.19	57,000,000	100.00
Ottobike Co., Ltd.	9,433,962	20.15	-	-	9,433,962	100.00
Chongqing C-TECH Technology Co., LTD.(Note 3)	No number of shares	100.00	-	-	No number of shares	100.00
Chongqing Techone Electronic Technology Co., Ltd.(Note 3)	No number of shares	100.00	-	-	No number of shares	100.00
Techone Trading Limited	100,000	100.00	-	-	100,000	100.00
C-TECH HOLDING CORP.	12,000,100	100.00	-	-	12,000,100	100.00
C-TECH INTERNATIONAL LTD.	6,000,000	100.00	-	-	6,000,000	100.00

Note 1: Refers to the company's investment using the equity method.

Note 2: Refers to the recognition of the financial statements of the invested company that have not been audited by accountants during the same period. The liquidation will be completed in January 2021.

Note 3: It belongs to a limited company and does not apply to shares.

IV. Capital Overview

1. Capital and Shares

(1) Source of Capital

Unit: thousand shares; NT$ thousand

Year/ Month	Par Value (NT$)	Authorized Capital		Paid-in Capital		Note		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1996 May	10	1,000	10,000	1,000	10,000	Initiate capital for the establishment	None	Note 1
1998 Jan	10	2,500	25,000	2,500	25,000	Seasoned equity offering	None	Note 2
2000 Sep	10	3,050	30,500	3,050	30,500	Capital increase out of earnings	None	Note 3
2002 Oct	10	3,294	32,940	3,294	32,940	Capital increase out of earnings	None	Note 4
2004 May	10	36,800	368,000	14,070	140,700	Seasoned equity offering 74,000 thousand Capital increase out of earnings 33,060 thousand Employee bonus surplus transferred to capital increase 700 thousand	None	Note 5
2005 Sep	10	36,800	368,000	19,880	198,800	Seasoned equity offering 49,900 thousand Capital increase out of earnings 7,035 thousand Employee bonus surplus transferred to capital increase 1,165 thousand	None	Note 6
2006 Jul	10	36,800	368,000	22,880	228,800	Seasoned equity offering 30,000 thousand	None	Note 7
2007 Dec	10	36,800	368,000	29,880	298,800	Seasoned equity offering 70,000 thousand	None	Note 8
2009 Aug	10	36,800	368,000	31,794	317,938	Capital increase out of earnings 14,940 thousand Employee bonus surplus transferred to capital increase 4,198 thousand	None	Note 9
2009 Oct	10	45,000	450,000	34,833	348,330	Seasoned equity offering 30,392 thousand	None	Note 10
2010 Apr	10	45,000	450,000	35,253	352,530	Employee stock options transfers to new shares 4,200 thousand	None	Note 11
2010 Jul	10	45,000	450,000	35,263	352,630	Employee stock options transfers to new shares 100 thousand	None	Note 12
2010 Oct	10	45,000	450,000	39,063	390,630	Private placement Seasoned equity offering 38,000 thousand	None	Note 13
2011 Mar	10	100,000	1,000,000	56,063	560,630	Seasoned equity offering 170,000 thousand	None	Note 14
2011 Dec	10	100,000	1,000,000	56,078	560,780	Employee stock options transfers to new shares 150 thousand	None	Note 15

2016 Nov	10	200,000	2,000,000	57,483	574,834	Increase capital from convertible bonds to new shares 14,054 thousand	None	Note 16
2017 Feb	10	200,000	2,000,000	61,700	616,996	Increase capital from convertible bonds to new shares 42,162 thousand	None	Note 17
2017 May	10	200,000	2,000,000	62,006	620,059	Increase capital from convertible bonds to new shares 3,063 thousand	None	Note 18
2017 Nov	10	200,000	2,000,000	71,709	717,086	Increase capital from convertible bonds to new shares 97,027 thousand	None	Note 19
2018 Feb	10	200,000	2,000,000	74,096	740,960	Increase capital from convertible bonds to new shares 23,874 thousand	None	Note 20
2018 Aug	10	200,000	2,000,000	82,096	820,960	Seasoned equity offering 80,000 thousand	None	Note 21
2021 Sep	10	200,000	2,000,000	90,504	905,036	Increase capital from convertible bonds to new shares 84,076 thousand	None	Note 22
2022 Jan	10	200,000	2,000,000	98,077	980,770	Increase capital from convertible bonds to new shares 75,434 thousand, Employee stock options transfers to new shares 300 thousand	None	Note 23
2022 Apr	10	200,000	2,000,000	114,131	1,141,314	Increase capital from convertible bonds to new shares 543 thousand, Seasoned equity offering 160,000 thousand	None	Note 24

Note 1：1996.05.23 Ref 85293779
Note 2：1998.02.09 Ref 1167760
Note 3：2000.10.18 Ref 89511381
Note 4：2002.11.11 Ref 09132965090
Note 5：2004.05.21 Ref 09332141170
Note 6：2005.08.02 Ref 0940131481
Note 7：2006.07.17 Ref 09532491340
Note 8：2008.01.31 Ref 09731679530
Note 9：2009.07.17 Ref 0980035865
Note 10：2009.11.16 Ref 09833426510
Note 11：2010.05.04 Ref 0993083428
Note 12：2010.07.26 Ref 0993143327
Note 13：2010.10.12 Ref 0993164169
Note 14：2011.03.11 Ref 10001046980
Note 15：2011.12.12 Ref 10001278370
Note 16：2016.11.09 Ref 10501262400
Note 17：2017.02.24 Ref 10601020380
Note 18：2017.05.18 Ref 10601061130
Note 19：2017.11.29 Ref 10601159070
Note 20：2018.02.20 Ref 10701019380
Note 21：2018.08.28 Ref 10701108260
Note 22：2021.09.01 Ref 11001154080
Note 23：2022.01.19 Ref 11101000690
Note 24：2022.04.26 Ref 11101063440

May 2, 2023; Unit: Share

Share type	Authorized Capital			Note
	Issued Shares	Un-issued Shares	Total Shares	
Common Shares	114,131,382	85,868,618	200,000,000	OTC stock

(2) Status of Shareholders

May 2, 2023

Shareholder's Structure / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of unit	-	1	205	28,327	23	28,556
Shares	-	183,000	19,741,701	86,165,261	8,041,420	114,131,382
%	-	0.16	17.30	75.50	7.04	100.00

(3) Shareholding Distribution Status

1.Common Shares：

May 2, 2023

Class of Shareholding	Number of Shareholders	Shareholding	Percentage
1~ 999	18,129	155,522	0.14
1,000~ 5,000	7,932	16,353,426	14.33
5,001~ 10,000	1,225	9,899,364	8.67
10,001~ 15,000	403	5,084,937	4.46
15,001~ 20,000	253	4,703,392	4.12
20,001~ 30,000	249	6,294,304	5.51
30,001~ 40,000	114	4,055,667	3.55
40,001~ 50,000	57	2,703,373	2.37
50,001~ 100,000	106	7,500,902	6.57
100,001~ 200,000	50	7,115,545	6.23
200,001~ 400,000	14	3,789,773	3.32
400,001~ 600,000	5	2,252,763	1.97
600,001~ 800,000	4	2,853,873	2.50
800,001~ 1,000,000	2	1,695,861	1.49
More than 1,000,001	13	39,672,680	34.77
Total	28,556	114,131,382	100.00

2. Preferred Shares：None。

(4) List of Major Shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Golden Capital International Co., Ltd. (Anguilla)	5,584,000shares	4.89%
Zhaoxiang International Co., Ltd.	5,128,416 shares	4.49%
Zhaojie International Co., Ltd.	5,005,696 shares	4.39%
Zhaosheng International Co., Ltd.	4,510,397 shares	3.95%
Huang Zong Wei	4,150,000 shares	3.64%
Lin Zhide	3,183,130 shares	2.79%
Mega Peak Investment Co Ltd.	2,774,580 shares	2.43%
Lin Yili	2,493,000 shares	2.18%
Huang Jincheng	2,296,018 shares	2.01%
Hsu Donglong	1,234,922 shares	1.08%

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

Unit: NT$; Thousand shares

Item \ Year			2021	2022
Market Price per Share	Highest		32.85	27.30
	Lowest		16.85	11.80
	Average		23.53	17.95
Net Worth per Share	Before Distribution		10.70	7.73
	After Distribution		10.70	7.73
Earnings per Share	Weighted Average Shares		85,706	104,547
	Earnings Per Share		(1.92)	(4.68)
Dividends per Share	Cash Dividends		No distribution	No distribution
	Free Allotment	No distribution	No distribution	No distribution
		No distribution	No distribution	No distribution
	Accumulated unpaid dividends		None	None
Return on Investment	Price / Earnings Ratio (Note 1)		(12.26)	(3.84)
	Price / Dividend Ratio (Note 2)		No distribution	No distribution
	Cash Dividend Yield Rate (Note3)		No distribution	No distribution

Note 1: Price / Earnings Ratio = Average Market Price / Earnings per Share.
Note 2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share.
Note 3: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price.
Note 4: As of the date of publication of the annual report, that is, the first quarter of 2023, the Company's financial information for the most recent quarter has not yet been audited by CPA, so there is no need to disclose this financial information for this period.

(6) Dividend Policy and Implementation Status

1. Dividend Policy

According to Article 24 of the Company’s Articles of Incorporation, if the Company makes profits in the annual final accounts, it should first allocate 5% to 20% as employee remunerations and no more than 5% as director remunerations. After such remunerations being distributed by a resolution of the Board of Directors, taxes shall be paid in accordance with the law, and then withdraw 10% of the balance as the legal reserve. If such legal reserve amounts to the total paid-in capital, this provision shall not apply. The balance amounts are withdrawon or reserved as special surplus reserves in accordance with the provisions of the law, together with the accumulated undistributed surplus, the Board of Directors shall make divident distribution proposal and submit to the shareholders’ meeting for final resolution. When the Company allocates special surplus reserve in accordance with the law, for the accumulated net increase in the fair value of real estate investment and the accumulated net amount of other net equity deductions, if there is a shortfall, before the distribution of surplus, it shall first set aside the same amount of special surplus reserve from the undistributed surplus. If there is still insufficient, it shall be withdrawn from current undistributed surplus which are the current period's after-tax net profit plus the amount other than the current after-tax net profit. The Company distributes dividends and bonus for all or part of the statutory surplus reserve and capital reserve in cash, which authorizes the Board of Directors with more than two-thirds of the Directors presents and with the consent of a majority of the presented Directors. The dividends proposal than submit to the general shareholders’ meeting for approval. If the company has accumulated losses in previous years, it should first make up the losses than appropriating the employees’ and directors’ remuneration for the current year’s profits. Then the balance amounts will be appropriated according to the proportion of the preceding paragraph. In addition, when employee remuneration is paid in stock or cash, the payment objects include employees of the controlling or subordinate companies who meet certain conditions.

Also in accordance with Article 25 of the Articles of Incorporation: The company will consider the environmental situation, growth stage, future capital needs, financial structure, earnings, to provide a balanced and stable dividend policy. Depending on the capital needs and the degree of dilution of earnings per share, appropriate stock dividends or cash dividends will be distributed, of which cash dividends shall not be lower than 20% of the distributable surplus of the current year. But when necessary, the distribution principles of cash dividends and stock dividends may be adjusted by resolutions of the shareholders' meeting.

2. Proposed Distribution of Dividend

On March 30, 2023, the Company's board meeting passed a resolution to make up for the loss in 2022. Due to the loss of final account in 2022, it is not planned to distribute dividends in 2023.

(7) Influence of the proposed free allotment of shares on the Company's operating performance and earnings per share this year: not applicable.

(8) Compensation of Employees and Directors

1. In the Company’s Articles of Incorporation, it states the percentage or scope of remuneration for employees and directors: please refer to the dividend policy described in proceeding paragraph.

2. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure for the current period:

(1) The basis for estimating the amount of employee and directors' remuneration in the current period: It is the undistributed surplus after taking into account factors such as statutory surplus reserve of the current period, and is estimated at a certain rate within the percentage specified in the Articles of Incorporation.

(2) The basis for estimateing the number of shares of employee remuneration distributed by stock: It is based on the closing price of the day before the annual shareholders' meeting and takes into account the effect of ex-right/ex-dividend.

(3) If there is a discrepancy between the actual and the estimate amount, it will be listed as profit or loss for the following year

3. The Board of Directors approves the distribution of remuneration:

(1) The amount of employee and directors’ renumeration is distributed in cash or stock. If there is a discrepancy between the recognition fee and its annual estimated amounts, their discrepancies, reasons, and handling must be disclosed:

The Company's 2022 annual settlement was loss and the Board of Directors proposed not to distribute employee cash bonus and directors' remuneration. The recognition amount for 2022 expenses was zero. As a result, there is no difference.

(2) The amount of employee remuneration distributed in stock and the proportion of the current period's individual or individual financial report after-tax net profit and total employee remuneration: not applicable.

(3) The estimated earnings per share after considering the proposed allocation of remuneration to employees, directors and supervisors: not applicable.

4. The actual distribution of the remuneration of employees and directors in the previous year (including the number of shares distributed, amount, and stock price), and the discrepancies between the remuneration of employees and directors recognized, and the number of discrepancies, reasons, and handling must be stated:

Distributed items 2021	Allotment Amount Resoluted by Shareholders' Meeting	Annual Estimated Amount of Recognized Expenses	Difference	Reasons for differences and ways of handling
Employee Remuneration	NT$0	NT$0	-	None
Director Remuneration (in Cash)	NT$0	NT$0	-	None

(9) Buy-back of Treasury Stock: None

2. Corporate Bonds Situation:

(1) Corporate bonds outstanding and in process:

<table>
<tr><td colspan="2">Corporate Bond Type</td><td>3rd unsecured convertible bond</td></tr>
<tr><td colspan="2">Issue date</td><td>Jan 12, 2021</td></tr>
<tr><td colspan="2">Denomination</td><td>NT$100,000</td></tr>
<tr><td colspan="2">Issuing and transaction location</td><td>Taipei Exchange</td></tr>
<tr><td colspan="2">Issue price</td><td>Issued at 100.75% of denomination.</td></tr>
<tr><td colspan="2">Total price</td><td>NT$400,000,000/Total amount received NT$403,000,000</td></tr>
<tr><td colspan="2">Coupon rate</td><td>0%</td></tr>
<tr><td colspan="2">Tenor</td><td>5 years / Maturity: Jan 12, 2026</td></tr>
<tr><td colspan="2">Guarantee agency</td><td>None</td></tr>
<tr><td colspan="2">Consignee</td><td>BANK SINOPAC COMPANY LIMITED</td></tr>
<tr><td colspan="2">Underwriting institution</td><td>KGI Securities Co. Ltd.</td></tr>
<tr><td colspan="2">Certified lawyer</td><td>Hwecker Law, Lawer Huang Taiyuan</td></tr>
<tr><td colspan="2">CPA</td><td>Deloitte & Touche, Accountant Guo Naihua, Accountant Chen Huiming</td></tr>
<tr><td colspan="2">Repayment method</td><td>Except for the holder of this converted corporate bond converted into ordinary shares of the Company in accordance with Article 10 of these Measures or exercising the right to sell back in accordance with Article 19 of these Measures, or the Company redeems it in advance in accordance with Article 18 of these Measures, or the Company buys back and cancels it by a securities dealer, the Company shall repay the converted corporate bonds in cash in one lump sum at denomination of the bonds at maturity.</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>NT$105,500,000</td></tr>
<tr><td colspan="2">Terms of redemption or advance repayment</td><td>In accordance with Articles 18 and 19 of the Company's “Measures for the Issuance and Conversion of the Third Unsecured Convertible Corporate Bonds”.</td></tr>
<tr><td colspan="2">Restrictive clause</td><td>None</td></tr>
<tr><td colspan="2">Name of credit rating agency, rating date, rating of corporate bonds</td><td>Not applicable</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities</td><td>NT$294,500,000</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) method</td><td>Refer to “Measures for the Issuance and Conversion of the Third Unsecured Convertible Corporate Bonds”.</td></tr>
<tr><td colspan="2">Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders’ equity</td><td>No significant impact</td></tr>
<tr><td colspan="2">Transfer agent</td><td>Not Applicable</td></tr>
</table>

(2) Exchangeable Situation:

Corporate bond type		3rd Unsecured Convertible Corporate Bond
Year / Item		The current year as of March 31, 2023
Market price of the convertible bond	Highest	Note 1
	Lowest	Note 1
	Average	Note 1
Convertible Price		NT$18.20
Issue date and conversion price at issuance		Jan 12, 2021 conversion price NT$18.4 元
Conversion methods		Issuing of new stocks

Note 1: From 2022 to March 31, 2023, no transaction information.

3. Handling of special shares: None

4. Handling of Global Depository Receipts: None.

5. Issuance of Employee Stock Options

(1) The company's employee stock option certificates that have not yet expired shall disclose the status of the transaction as of the publication date of the annual report and the impact on shareholders' rights and interests:

Type of Stock Option	2017 1st Employee Stock Option
Approval Date and Total Units Issued	April 20. 2017 2,000 thousand shares
Issue date	April 28. 2017
Units issued	2,000 thousand shares
The number of units that can still be issued	0 thousand
Issued of stock option shares as a percentage of outstanding shares	2.44%
Duration	The stock option holder may exercise their warrants after two years have been granted the employee stock option certificate
Conversion measures	Issuance of new shares
Conditional conversion periods and percentages	The stock option holder may exercise their warrants after two years have been granted the employee stock option certificate according to the following schedule. The duration of this warrant certificate is six years. During this period, it shall not be transferred, pledged, gifted to others or disposed of in other ways. However, this does not apply to the successors due to the death of the stock option warrant holder. Upon the expiration of the six-year duration, unexercised share subscription rights shall be deemed to have been waived. Warrant certificate grant period — Proportion of exercisable share subscriptions (cumulative) Two years — 50% Three years — 75% Four years — 100%

Converted shares	30,000 shares
Exercised amount	NT$300,000
Number of shares not converted	750,000 shares (Note 2)
Adjusted exercise price for those who have not exercised their rights	NT$26.50
Unexercised shares as a percentage of total issued shares（%）	0.76%
Impact on possible dilution of shareholdings	Stock option is the measures that the Company attracts and retains the talents needed by the Company, motivates employees and enhances the solidarity of employees, and jointly creates the interests of the Company and shareholders, which has a positive impact on shareholders' rights and interests.

Note 1：The handling situation of employee stock option certificates includes public offering been processed and private placement. Public employee stock option certificates that are being processed refer to those that have already taken effect by the association; private placement employee stock option certificates that are being processed refer to those that have been approved by the shareholders' meeting.

Note 2: Cancellation of 1,220,000 shares due to employee resignation.

(2) List of Executives Receiving Employee Stock Options and the Top Ten Employees with Stock Options and the exercised situation as of the printing date of the annual report.

	Title	Name	No. of Stock Options	Stock Options as a Percentage of Shares Issued	Exercised				Unexercised			
					No. of Shares Converted	Strike Price (NT$)	Amount (NT$ thousands)	Converted Shares as a Percentage of Shares Issued	No. of Shares Converted	Strike Price (NT$)	Amount (NT$ thousands)	Converted Shares as a Percentage of Shares Issued
Management	President	Huang Zongwei	510,000	0.52	-	-	-	-	510,000	26.5	13,515,000	0.52
	Vice President	Cheng Yingzhu										
	Vice President	Xu Xueping										
	Auditing Officer	Yang Cihui										
	Accounting Officer	Liu Yiwei										
Employee	Senior Director	Zhang Zheming	270,000	0.28	30,000	26.7	801,000	0.03	240,000	26.5	6,360,000	0.24
	Senior Director	Li Yuanbin										
	Senior Director	Yang Dunxiong										
	Deputy Director	Liu Jingfen										
	Senior manager	Chen Zhenglian g										
	Senior manager	Xu Zhenglong										

Note 1: Only 5 persons from management level of the Company have obtained employee stock option certificates issued in 2017.

6. The situation for issuing employee restricted stock and mergers and acquisitions (including mergers, acquisitions and divestitures): None

7. Status of New Shares Issuance in Connection with Mergers and Acquisitions None.

8. Financing Plans and Implementation

(1) Contents of the plan:

1. As of the quarter before the publication of the Annual Report, the previous issuance or private equity has not been completed or has been completed within the last three years but its benefits of the plan have not yet materialized: none of such circumstances.

2. As of the quarter before the publication date of the Annual Report, the cash capital increase to issue new shares, and the contents of the plan are described as follows:

(1) Approval date and reference no: Feb 11, 2022 Ref no: 1100379318 by Financial Supervisory Commission (FSC)

(2) Total amount of required funds for this program: NT$320,000 thousand。

(3) Source of funds: Cash capital increase to issue 16,000 thousand new shares, priced at NT$20 per share

(4) The project plan and the progress of its application:

Unit: NT$ thousand

Project item	Completing date	Total fund amount	Prograss of fund used
Replenish working capital	Fourth quarter of 2022	320,000	320,000

(2) Implementation

Unit: NT$ thousand; %

Project item	Implementation			Situations that are ahead of schedule or behind, reaspms, and improvement plans
Replenish working capital	Spending amount	Target	320,000	Completed as planned.
		Actual	320,000	
	Implementation progress	Target	100.00%	
		Actual	100.00%	

V. Operational Highlights

1. Business Activities

(1) Business Scope

1. Main areas of business operations

(1) CC01080 Electronic component manufacturing industry.
(2) CC01090 Battery manufacturing industry.
(3) CC01110 Computer and peripheral equipment manufacturing industry.
(4) F113010 Machinery wholesale business.
(5) F113030 Wholesale of precision instruments.
(6) F113050 Wholesale of computers and business machinery and equipment.
(7) F113060 Wholesale of measuring instruments.
(8) F113070 Wholesale of telecommunication equipment.
(9) F113110 Battery wholesale business.
(10) F213110 Battery retail.
(11) F401010 International trade industry.
(12) CC01070 Wireless communication machinery and equipment manufacturing industry.
(13) CC01060 Wired communication machinery and equipment manufacturing industry.
(14) F213060 Retailing of telecommunications equipment.
(15) F401021 Telecommunications control radio frequency equipment import industry.
(16) F119010 Wholesale of electronic materials.
(17) F219010 Retailing of electronic materials.
Except for licensed businesses, businesses that are not prohibited or restricted by laws and regulations may be operated.

2. Revenue distribution

Unit: NT$ thousand

Yeaar / Product name	2021		2022	
	Sales amount	Ratio %	Sales amount	Ratio %
Laptop Battery Module	2,015,192	92.63%	1,207,437	82.27%
E-bile Battery Module	114,062	5.24%	196,123	13.36%
Others	46,373	2.13%	64,092	4.37%
Total	2,175,627	100.00%	1,467,652	100.00%

3. Main products:
Notebook computer battery module, battery module power supply protection board and mobile power supply and other products.

4. New products and services planned to be developed:
Research and development content:
(1) Battery module for network voice communication equipment.
(2) Smart handheld device battery module.
(3) Various functional power banks.
(4) Various battery modules for portable electronic products.

(2) Industry Overview

1. Industry status and development:

The company is a professional portable battery module supplier. The battery module is composed of lithium-ion battery particles, which has the characteristics of small size, high temperature resistance, and low self-discharge. The application fields of lithium-ion battery modules can be divided into three main requirements: (1) traditional 3C electronics (2) non-IT applications and (3) power lithium batteries and energy storage. Traditional 3C needs include portable communication and information products such as notebook computers, tablet computers, smart phones, digital cameras, digital video recorders, game consoles, and hand tools. In recent years, due to the improvement of battery module series parallel technology, lithium batteries have gradually expanded their application fields to non-IT application requirements, such as electric bicycles and electric power tools. Power lithium battery requirements are applied to new energy vehicles, and are used in various types of cars, buses, and trucks and scooter. Energy storage requirement also applies to small Power Bank or large electric energy storage system.

Lithium-ion battery is a reusable battery cell. Through charging, the active material in the battery cell can be restored to its original state, and power can be provided again. The main raw material of lithium-ion batteries is lithium-ion batteries (referred to as lithium batteries), and its alternative materials include nickel-cadmium batteries and nickel-metal hydride batteries. Nickel-cadmium batteries have serious environmental protection problems caused by cadmium pollution, and have almost been withdrawn from portable products at present. Although Ni-MH batteries have no environmental problems, they have the disadvantages of low energy density and fewer charge and discharge times. Therefore, they have been replaced by lithium batteries in the application of portable products. Lithium batteries have now become the mainstream of portable electronic products due to their advantages of high capacity, small size and light weight.

In recent years, electric vehicles, drones, 3C applications, and energy storage markets have very strong demand for lithium-ion battery cells. Tesla estimates that by 2030, the demand for lithium in electric vehicles will increase from 165,000 tons in 2013 to 3 million tons. In 2018, the German government announced an investment of one billion euros in local battery production, and France also plans to invest 750 million euros. In the past, the global electric vehicle battery market was dominated by companies from South Korea, China, and Japan, and new players from Europe are expected to face fierce competition in the future. European governments are also supporting their own EV production and growth.

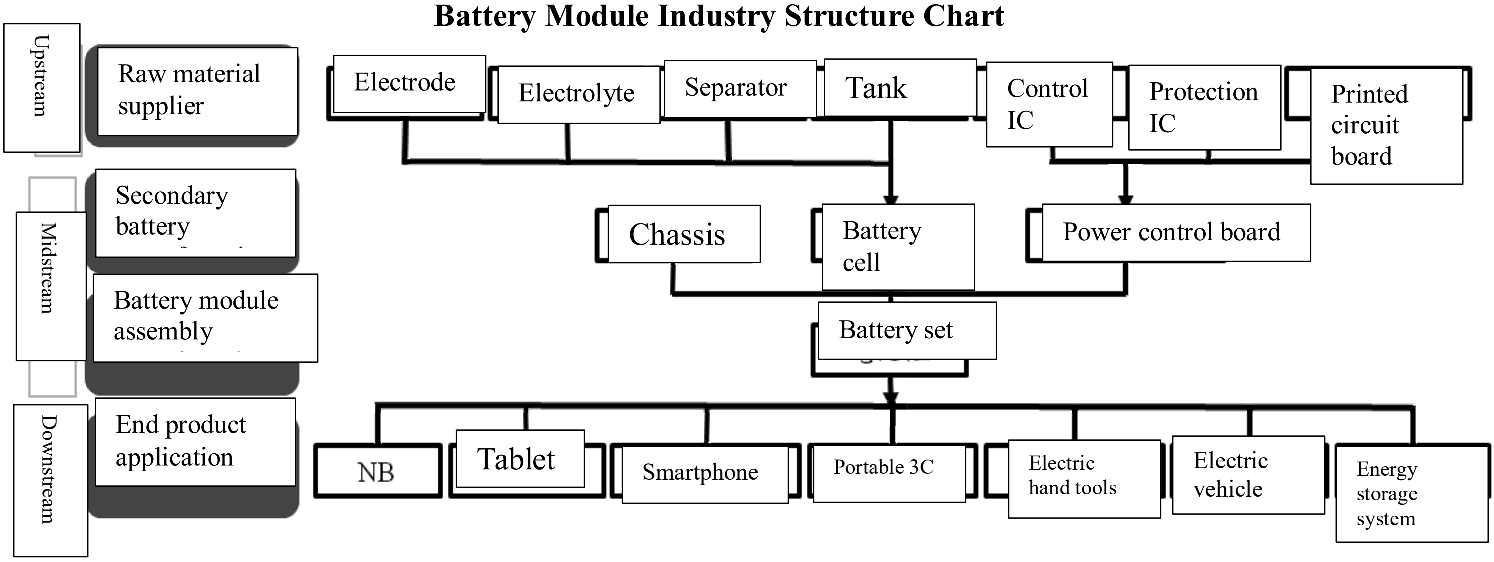
According to EnergyTrend's report, on the IT battery demand side, thin notebooks are still the main force in the market. Due to the high unit price, the replacement speed of traditional notebooks is slow. The introduction of commercial models is very fast, driving the strong market demand of HP and Dell. In order to pursue the best energy performance, some brands have switched to polymer batteries, so the demand for this part is expected to be even stronger. Notebook brands have also increased the density of notebook batteries to a specification comparable to that of mobile phone batteries.

In terms of battery assembly, the battery packs of portable electronic products such as notebook computers, tablet computers, and handheld application devices must be assembled with small secondary batteries before they can be used. In terms of downstream 3C applications, my country has already played a pivotal role in the world, and it is also the world's largest OEM/ODM production base for notebook computers. In addition, handheld application devices and related portable electronic products also occupy an important position in the world. Japan and South Korea are the main sources of battery cell supply, and most manufacturers directly assemble modules in Taiwanese factories in mainland China before shipping. For downstream battery modules, Taiwanese manufacturers have advantages in R&D, production, management and cost in notebook computer applications, so the overall market share is quite stable.

2. The relationship between the upper, middle and lower reaches of the industry:

The upstream of the battery module industry is raw material suppliers, the midstream is battery core manufacturers, related component manufacturers and battery modules, and the downstream is product applications. The manufacturing process of midstream battery cells: mixing, beating, coating, drying, rolling, and slitting to make positive and negative electrodes, and then the production is completed after assembly, electrolyte filling, and sealing. At present, the main suppliers are from Japanese, Korean and mainland Chinese manufacturers, including Sony, Panasonic, Maxell, Samsung SDI, and LG Chem. Manufacturers in mainland China that have reached mass production: Contemporary Amperex Technology Co. Limited, BYD Auto, BAK, LISION TECHNOLOGY INC., and Sunwoda Electronic Co., Ltd. The company is a mid-stream professional module manufacturer, mainly supplying notebook computer battery modules, and other major suppliers of notebook computer battery module manufacturers include Simplo Technology Co., Ltd., Dynapack Technologies (Cayman) Corporation, and CELXPERT ENERGY CORPORATION. The downstream application market is mainly notebook computers, tablet computers, smart phones, various mobile 3C products and non-IT products.

Battery Module Industry Structure Chart



3. Various development trends and competition of products

(1) Secondary battery industry

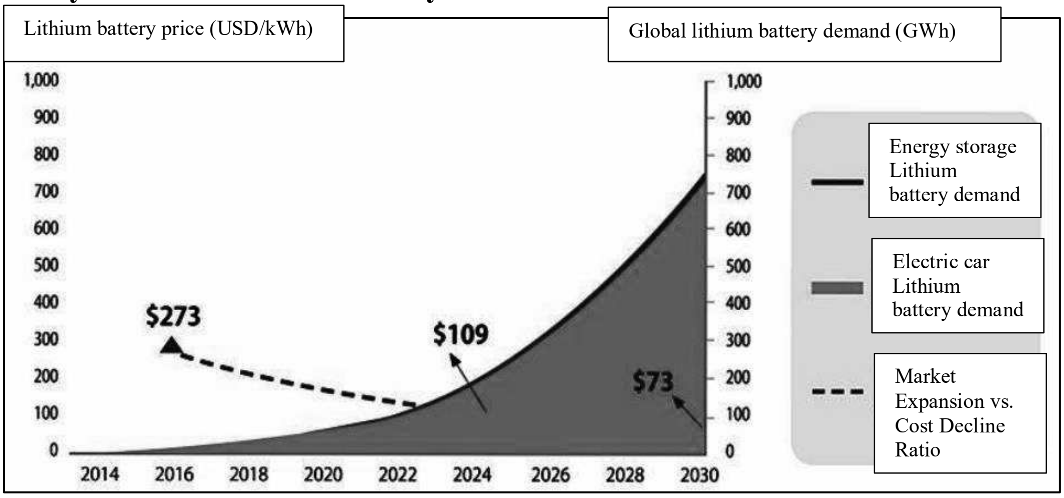
The scale of the global battery industry is divided into primary batteries and secondary batteries. The service life of a battery will end when its power is consumed. This is called a primary battery. If it can be used after recharging, it is called a secondary battery. Secondary batteries are divided into lead-acid batteries (PB), nickel-metal hydride (NiMH), nickel-cadmium batteries (NiCd) and lithium-ion secondary batteries (LIB) according to their raw materials. Among them, lead-acid batteries have the highest market share due to their earliest development, mature technology and low-priced advantages. However, the rise of environmental protection awareness in recent years, coupled with the successive implementation of clean energy in various countries, has greatly increased the demand for electric vehicles and energy storage systems. The type of battery used is changed from lead-acid battery to lithium battery in response to green energy. According to statistics from the International Energy Agency (IEA), the lithium battery pack first used in pure electric vehicles in 2010 cost about US$1,182 per kilowatt-hour. With technological progress and continuous growth in market size, the cost per kilowatt-hour has reached only 105 US dollars in 2020. Bloomberg New Energy Finance estimates that the cost of lithium batteries is expected to drop to $73 per kWh by 2030, and its demand is expected to exceed 700 GWh (GWh=1 billion watt hours or 1 million kWh).

Comparison of various secondary battery characteristics

Battery characteristics	(Li-ion)	(Lead-Acid)	(Ni-Cd)	(Ni-Mh)
Operating Voltage	3.2~4.5V	2.0V	1.2V	1.2V
Energy Density (Wh/kg)	100~200	30~40	50~55	60~80
Cycle charge and discharge times	about 1,000 times	About 300~500 times	About 500~800 times	About 500~800 time
Memory effect	None	None	Yes	Yes
Degree of environmental pollution	Lower	Higher	Higher	Lower

Source: Taiwan Institute of Economics - Basic Information on Battery Manufacturing Industry (2021/03)

Analysis of Lithium Battery Market Demand and Price Decline



Source: Bloomberg New Energy Finance

The battery assembly of portable electronic products such as notebook computers, tablet computers, and handheld application devices need to be assembled with small secondary batteries before they can be used. Most of the battery cores are mainly supplied by manufacturers in countries such as Japan, South Korea, and mainland China. Modules are assembled and shipped in Taiwanese factories in China, so Taiwan's battery module assembly factories play a pivotal role in downstream 3C applications. In addition, the overall market share of downstream battery modules is quite stable because Taiwanese manufacturers have R&D, production, management and cost advantages in notebook computer applications.

(2) Notebook computer

The Industry Research Institute of the Taiwan Institute of Economic Research (TIER) estimates that Microsoft terminated the extended support for Windows 7 since January 2020, which will continue the wave of laptop replacements. Besides, following Intel's commitment to promote the Project Athena high-end laptop platform plan and introduce 5G networking function, the game's requirements for computer hardware resources are gradually increasing, which also drives the demand of e-sports players to replace their computers. At present, the market for video creators, Internet celebrities, live stream hosts, and YouTuber personal content creators is on the rise. These video editing and video design require high computer performance, which will help the shipment performance of top models.

In 2022, a total of 187 million notebooks were shipped globally, a decline of nearly 24% compared to 246 million units in 2021. It is estimated that the global shipment of laptops in 2023 will be 176 million units. It is obvious that the dividends injected by the Covid-19 have been realized in the first half of 2020~2022. In 2023, the active marketing strategy of notebook computer products should be accelerated, and new product designs should be promoted to gain the favor of consumers.

Looking forward to 2023, based on the existing advantages in the market (such as business models), model (such as OLED), and technology (such as processor computing technology) in 2022, we will focus on the notebook market that "drives growth with technological progress" in the future.

(3) Electric heavy locomotive industry

The electric heavy motorcycle industry is a special industry. Compared with electric motorcycles, it can be classified as a high-priced boutique. The heavy motorcycle group emphasizes the trendy design, such as Harley-Davidson, Ducati, and HONA are all American retro style or Japanese modern fashion design. In addition to appearance design, the main considerations are battery and speed to determine the advantages of electric heavy motorcycles. Especially in Europe and the United States, how to maintain the battery life and the advantages of fast recharging determines the success or failure of electric heavy motorcycles.

According to the survey report of the Industrial Technology Research Institute, the global electric motorcycle has maintained an annual growth rate of more than 20% since 2017, mainly from Europe, Taiwan and India. It is estimated that the total sales volume will reach 714,000 in 2020. In 2019, the total global sales of locomotives (fuel locomotives + electric locomotives) reached 58.29 million units. The sales of electric locomotives have increased year by year after the policies of various countries and the launch of models by emerging car manufacturers. Its market share has increased from 0.6% in 2017 to 1% in 2019. Global electric motorcycles sales are expected to reach a penetration rate of 1.2%~1.5% in 2020. According to Taiwan's industrial development policy, the proportion of new energy locomotives sold in 2030 will reach 35%. Internationally, ESG (Environment, Social, Goverence) policies have great potential in the development of electric vehicles. Statistics from the United Nations Intergovernmental Panel on Climate Change (IPCC) show tht transportation accounts for 14% of global greenhouse gas emissions, so promoting electric vehicles to replace traditional fuel vehicles has become a solution for governments of all countries.

Since 2017, in order to achieve the commitment of the Paris Agreement, the European Union has successively set a timetable for banning the sale of fuel vehicles, and the lock-up time is concentrated between 2030 and 2040. In November 2020, British Prime Minister Boris Johnson announced that the sale of new gasoline and diesel cars would be banned in 2030, five years earlier than originally planned. The California government of the United States will also ban the sale of fuel vehicles in 2035.

In summary, under the support of policies, the rise of environmental awareness, and the global demand for ESG and carbon reduction, the electric vehicle and electric vehicle industry has great market potentials. Taiwan is known as the kingdom of motorcycles, but there are no heavy-duty electric vehicles. This market should exist in the future. According to the statistics of Liberty Times, as of November 2021, the number of electric motorcycles listed is 63,383, which is more than that of other brands. The growth rate of fuel vehicles and electric vehicles is +32.6% for electric vehicles, and -21.5% for fuel vehicles. It can be seen that Taiwanese people are more and more accepting of electric vehicles, and the acceptance of electric heavy vehicles will also gain growth opportunities in the future.

It is predicted that by 2030, the electric heavy-duty vehicle market will reach US$30.52 billion. The market still has huge room for growth, and at the same time, it will drive the shipment of upstream battery manufacturers.

(4) Global Electric Bicycle Industry

The global e-bike market is segmented by battery type into lead acid (PB), lithium (LID), and nickel metal hydride (NiMH). The low cost and easy recycling of lead-acid batteries have always dominated the global electric bicycle market. However, due to the advantages of light weight and high capacity in the lithium battery market, electric bicycles powered by lithium batteries have become increasingly popular in recent years. The promotion of green energy and sports and leisure in Europe and the United States, coupled with the auxiliary needs of the elderly population, has driven the continued growth of demand for electric bicycles. The Fior Markets report estimates that the global electric bicycle market will grow from US$17.12 billion in 2017 to US$27.26 billion in 2025. The compound annual growth rate from 2018 to 2025 is estimated to be 6.1%.

Europe is the main electric bicycle market in the world, and the main consumer countries are Germany, the Netherlands, France and Italy. Electric bicycles are the preferred means of mobility in Europe, as well as a popular sport and leisure activity. The Confederation of the European Bicycle Industry (CONEBI) reported that the sales of electric bicycles in Europe exceeded three million units in 2019, a 23% increase from 2018. CONEBI also predicts that the total number of electric bicycle sales in Europe will exceed 6.5 million units in 2025. According to Verified Market Research, global electric vehicles will grow to US$26.41 billion by 2027, and the market potential is promising.

Global Electric Bikes Market

On the whole, the customer base of electric bicycles is civilian, and the manufacturing cost is relatively low. Coupled with the rising awareness of environmental protection in recent years and the promotion of energy-saving and carbon-reduction policies by governments of various countries, the types of vehicles have been developing towards low energy consumption and low pollution. Norway, the Netherlands, India, and Israel have formulated timetables for prohibiting the sale of fuel vehicles in recent years, and electric vehicles are green products that take into account both environmental protection and energy saving. There are electric scooters and bicycles in tourist areas in the United States for the convenience of tourists (similar to Youbike in Taiwan). In addition, big cities such as Milan, Paris, and London have remodeled their cityscapes after the Covid-19 epidemic, widened bicycle lanes, and implemented "car-free plans" to make bicycles the best means of transportation. Governments around the world subsidize the purchase of electric bicycles to encourage more cycling. Therefore, the continuous development of this market will drive business opportunities in the lithium battery industry.

4. Product competition:

The company's main products are notebook computer battery modules, which accounted for 82.81% of the total operating income in 2022 and 71.43% of the total operating income in the first quarter of 2023. At present, Taiwanese counterparts include Simplo Technology, Dynapack International Technology, and CELXPERT ENERGY. In the international market, there are Sony, Samsung, LG Chem, BAK, and BYD, and each owns a battery module factory.

(3) Research and Development

1. The technical level and R&D of the business:

The technical level of the business is rapidly advancing with technological innovation, and portable products such as notebook computers and mobile phones are changing with each passing day. In order to increase market share, companies in the industry strive for perfection in their respective product designs, which may vary in capacity and overall size, as well as in the characteristics and specifications of their battery packs. Therefore, the source of good and stable battery cells, the design of protection circuit and capacity display control circuit, and high-efficiency production all affect the competitive advantage of the battery pack industry. The company's excellent and perfect design ability in the protection circuit and capacity display control circuit can completely avoid the danger of burning or explosion of the battery cell due to overcharging and discharging. Customers can use the company’s products with great satisfaction and peace of mind.

2. R&D personnel and their education/experience:

Statistical table of the company's R&D personnel by the end of the first quarter of 2023:

Unit: number of people；%

Item \ Year		2021		2022		First quarter of 2023	
		Number of people	Ratio (%)	Number of people	Ratio (%)	Number of people	Ratio (%)
Educational distribution	Ph.D	2	3.6	2	5	1	2.7
	Master	14	25.5	10	25	10	27
	College	39	70.9	28	70	26	70.3
	High school and below	0	0	0	0	0	0
	Total	55	100	40	100	37	100
Average seniority (year)		2.8		2.4		2.2	

3. Annual R&D expenses for the last five years:

Unit: NT$ thousand

Item \ Year	2018	2019	2020	2021	2022
R&D costs	14,413	20,036	45,363	79,113	86,873
Net operating income	2,859,269	2,743,203	2,223,818	2,175,627	1,467,652
% of revenue	0.50%	0.73%	2.04%	3.64%	5.92%

Source of data: The company's consolidated financial reports for each period that have been audited, certified or reviewed by accountants.

4. Successfully developed technologies or products:

Year	Technologies or products
2020	UPS (Uninterruptible Power System) Backup Battery Module (Note 1) High power battery module for electric locomotive Electric bicycle battery module and electronic control device battery module
2021	UPS (Uninterruptible Power System) Backup Battery Module Electric vehicle high power battery module (Note 2) Electric bicycle battery module and electronic control device battery module
2022	ESS lithium battery module energy storage system UPS uninterruptible lithium battery module system BBU backup lithium battery power module 3C/IT application lithium battery module E-Bike Electric Bicycle Lithium Battery Module E-Pedelec Electric Bicycle Lithium Battery Module E-Scooter electric scooter lithium battery module E-Motorcycle Electric Motorcycle Lithium Battery Module

Note 1: It mainly serves small and medium-sized professional energy storage companies. The function is to charge and discharge medium-sized batteries. The power density and voltage are medium power and low voltage (72V). In addition, the cost is low-cost industrial standard products, low-level integrated software, and low capacity. 100W.

Note 2: It mainly serves electric vehicle system factories. The function is charging and discharging of large batteries. The power density and voltage are high power and high voltage 72V. In addition, the cost is high cost, highly customized and highly integrated software, and the high capacity is 5KW.

(4) Long-term and Short-term Development

In response to future industrial development and overall economic environment trends, the company draws up long-term and short-term plans for future business directions and enhances competitiveness. A summary of the relevant plans is as follows:

1. Short-term development plan

(1) To establish a quality system and real-time problem-solving capabilities that meet customer needs.

(2) To strengthen the quality control system, increase the factory production yield and enhance competitiveness.

(3) To continue to promote automated production, improve production efficiency and reduce production costs.

(4) To master the source of key components and components through strategic alliances, and reduce the cost of raw materials.

(5) To continue to establish failure analysis and UN laboratories.

(6) To establish a clear performance appraisal and reward system and a talent retention system to enhance the competitiveness of employees.

2. Long-term development plan

(1) To continue to cooperate with major foreign battery manufacturers to develop new customers and new products.

(2) To develop non-NB products to avoid being affected by the industry's economic downturn and enhance the company's competitiveness.

(3) To develop green energy storage equipment products and provide customers with the best solutions.

2. Market and Sales Overview

(1) Market Analysis

1. Sales (Service) Region

Unit: NT$ thousand；%

Year / Item	2021		2022	
	Amount	%	Amount	%
Domestic sales	234,885	10.80	296,297	20.19
Exports	1,940,742	89.20	1,171,354	79.81
Net sales	2,175,627	100.00	1,467,651	100.00

The company's main products are notebook computers, mobile power supplies and car starter mobile power supplies, which are used to charge portable products such as notebook computers and mobile phones.

2. Market Share

Unit: Thousand unit；%

Year	Shipments of C-TECH United Corp. notebook computer battery packs	Global Notebook Shipments	C-TECH's share
2020	10,061	200,000	5.03%
2021	16,095	268,000	6.01%
2022	9,137	187,340	4.88%

3. Future market supply and demand and growth:

(1) Market demand side

The company is a professional supplier of portable battery modules, and the main OEM product is NB battery modules. Future NB market demand: The problem of processor capacity shortage in 2022 has basically been resolved, and dual-screen and 5G products have also brought a little growth momentum to the market. However, the dividends injected by the increased demand for home and office due to the Covid-19 epidemic will be fully paid off in the first half of 2022. Therefore, global NB shipments are expected to decline in 2023. The main products of ODM are portable electronic devices. In response to the needs of portability, the design of such electronic devices tends to be light, thin, short, small and multi-functional. The power components installed must be able to match with the design in order to meet the needs of consumers. It is expected that the demand for portable power supplies will show steady growth. The company will be committed to improving its own research and development technology and process capabilities to meet market needs.

(2) Market supply side

Due to the vigorous development of portable electronic products and the rapid growth of market demand, the market demand for necessary battery packs has increased. With the increase in demand and the continuous expansion of application fields, the production capacity of lithium-ion battery module manufacturers will be further increased. The global lithium-ion battery module manufacturers are mainly Japanese and Korean manufacturers. At this stage, most of them are shifting to the electric vehicle market and reducing the shipment of NB product battery modules, for example, Panasonic and Samsung. Taiwan's battery module factory still maintains a market share of more than 50% in the global NB product market due to its advantages as a major computer production country in the world, as well as its good cost control and customization capabilities.

4. Competitive niches:

(1) Long-term cooperative relationship with customers and ability to develop new customers.

(2) ODM design and planning capabilities, providing customers with a full range of services for portable energy products.

(3) Standardization of production process, automation of production equipment, and regular implementation of personnel education and training.

(4) Good suppliers provide stable supply, and actively develop new sources of goods to save material cost.

5. Favorable and unfavorable factors and countermeasures for development prospects:

(1) Favorable factors

A. The market demand for portable electronic products continues to grow

The battery module is a necessary equipment for the power source of communication and information portable products, and its demand is also growing due to the expansion of portable products.

B. Downstream products have a wide range of applications

The battery pack industry is a mature industry with little possibility of product technology innovation, but the application fields of secondary battery modules are extremely wide, including portable electronic systems such as information, communication, consumer electronics, transportation, medical and national defense product. Battery modules are an indispensable power source for portable products, and the market supply and demand of downstream industries can reflect their demand, so they are highly relevant to downstream industries. In addition, the diversification of products in the downstream industry requires tailor-made battery modules. Therefore, the more widely the application fields of downstream products develop, the more prosperous the battery module industry will be.

C. The advantage of nearby supply

Taiwan's electronics industry has a complete vertical division of labor, good production efficiency, excellent management capabilities, a reasonable cost system, and flexible production. Therefore, it has won the favor of international manufacturers. Moreover, Taiwan is an important center for NB OEM manufacturing, and has close contacts with terminal manufacturers such as HP, Dell, and Apple. Taiwan's NB battery module industry has created an excellent development space with the help of an environment with more than 90% of the world's NB OEM volume. Since Taiwan's battery module factory and the main OEM factory of the international NB brand belong to the same Taiwanese manufacturer, communication is easy, and there is also a geographical relationship, so that they can serve customers nearby in Taiwan or the mainland. Through reinvestment, the company's production base in Chongqing is located in the complete supply chain area of major NBs in mainland China. In addition to effectively controlling the delivery time and providing immediate after-sales service and technical support, it also saves the company's operating costs and increases the advantages of business expansion.

D. High quality products and high production efficiency

Taiwan's NB battery module factory has given full play to its core capabilities of low-cost manufacturing, flexibility, and logistics management, and has grown rapidly as system manufacturers expand their global market share. Since its establishment, the company has been committed to improving product quality, continuously introducing automated production equipment and testing equipment, and engaging in personnel training and improving production processes to improve production efficiency. The company passed the ISO-9001 quality assurance certification in 2004, and has been recognized by HP, Dell and Toshiba international manufacturers.

(2) Unfavorable factors

A. The development of portable electronic information products has driven the rapid growth of demand for battery modules, resulting in a gradual increase in the number of battery module companies and increasingly fierce competition in the same industry. Due to the gradual shortening of the life cycle of electronic products, NB price competition has reduced the price of battery modules, however.

<u>Countermeasures</u>

a. The company is committed to improving the process, increasing production efficiency and reducing production costs.

b. To develop products according to customized design, and consolidate the cooperative relationship with customers.

c. To develop vertical integration, improve product development and self-control capabilities.

B. The main raw material of battery modules is secondary batteries, which are imported. At present, the world's main producers of secondary batteries are Japan and South Korea. Therefore, the company's operating risks are affected by the exchange rate and the sufficient supply of raw materials.

a. To develop the NB battery module supply chain system of the LGC secondary battery factory, undertake the order mode of the secondary battery factory, and avoid problems such as shortage of secondary battery materials and financial management risks.

b. To use the relevant information on exchange rate changes provided by the bank to grasp the exchange rate trend, and use other tools (such as trading forward foreign exchange) to avoid exchange rate changes.

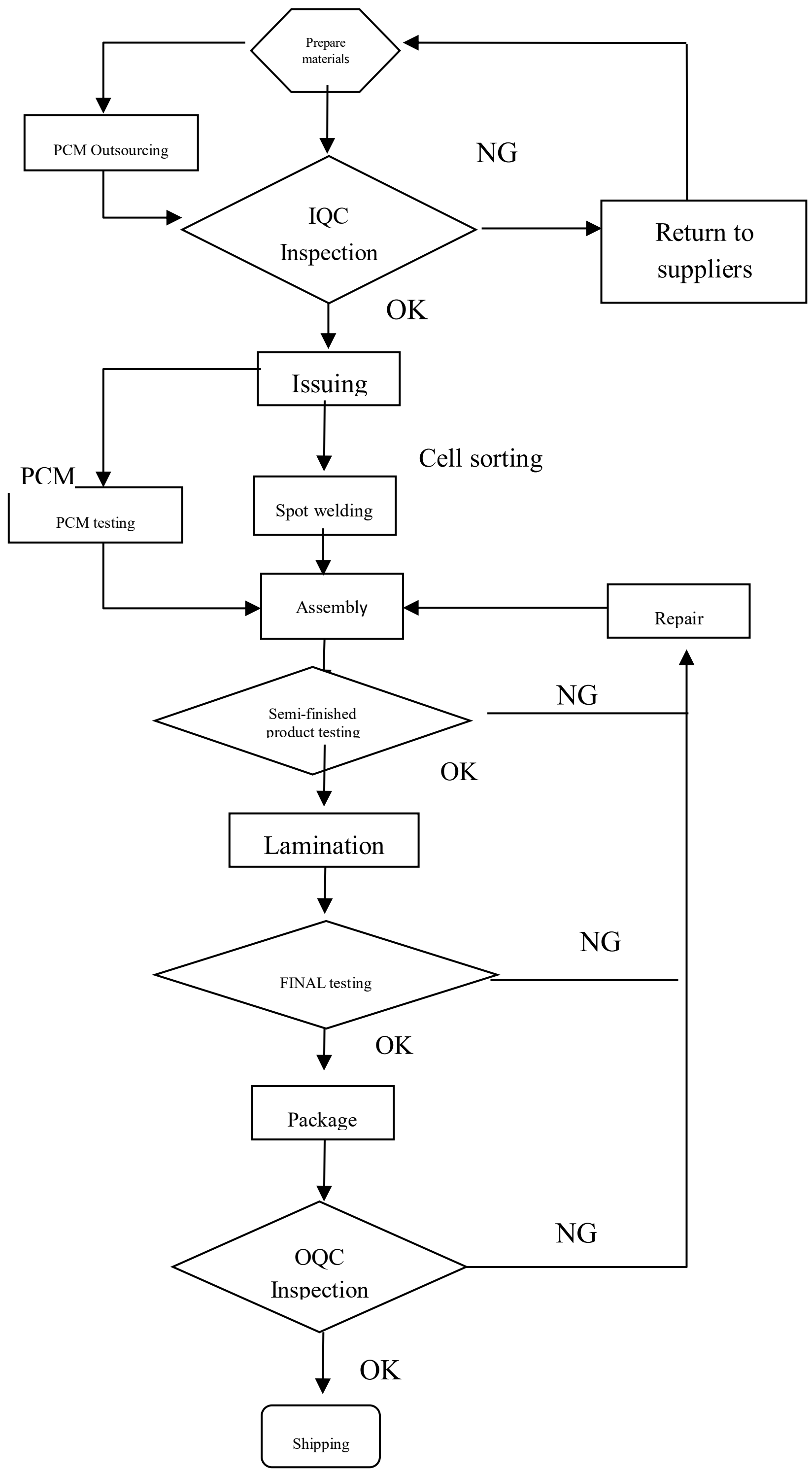
(2) Production procedures of main products:

1. Major products and their main uses:

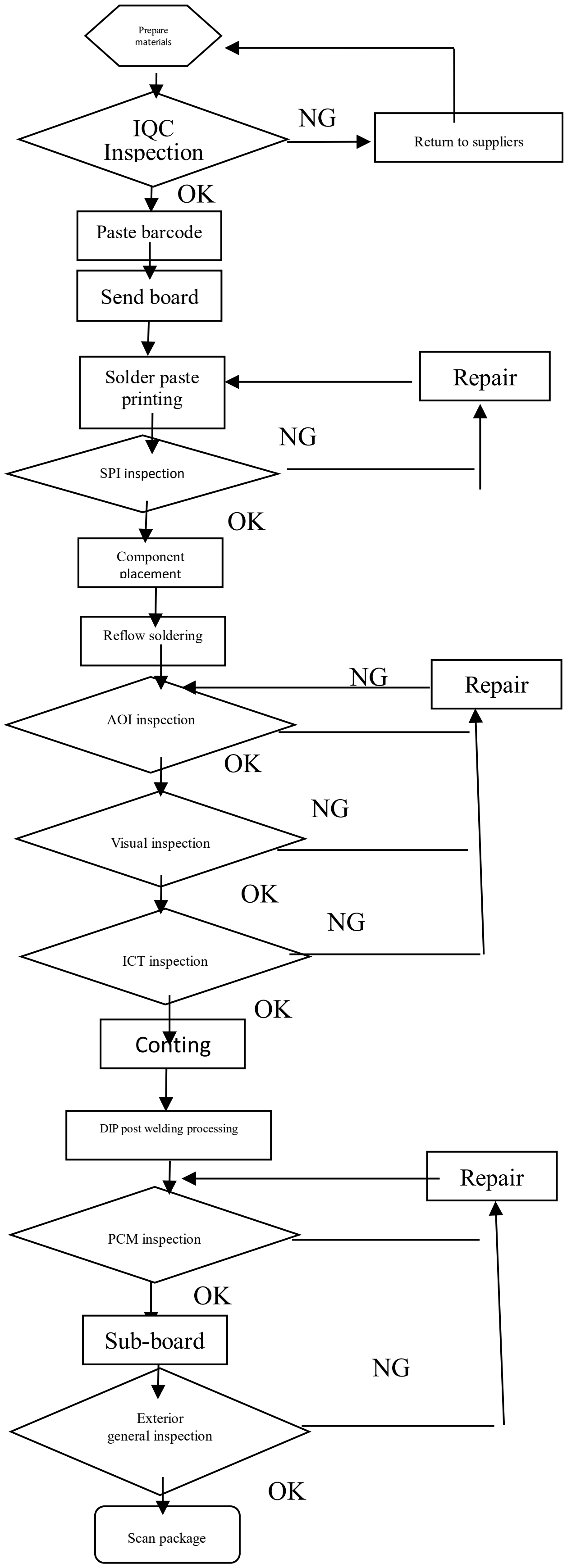
The company's main products are notebook computers, mobile power supplies and car starter mobile power supplies, and their important uses are for charging portable products such as notebook computers and mobile phones.

2. Major products and their production processes:

(1) The flow chart of the production of notebook computers and mobile power battery modules



(2) Production flow chart of notebook computer and mobile power supply control protection board



(3) Supply Status of Main Materials

Main raw material	Main suppliers	Availability
Battery cell	LG CHEM、Zhuhai Cosmx Battery Co.,Ltd.	good
Nickel sheets	Suzhou Fanglin Technology Co., Ltd.	good
TCO	Tianjin Jin Tai, Suzhou Jutianhe Technology	good
IC	LG CHEM, TOYOMURA ELECTRONICS	good
PCB	Yangxuan Electronics (Suzhou) Co., Ltd., APCB Electronics (Kunshan)	good
Protection circuit board	SEOWON、NEXCON	good

(4) List of major purchase and sale customers:

1. The name of the supplier accounting for more than 10% of the total purchase amount in any of the last two years, the purchase amount and proportion, and explain the reasons for the increase or decrease:

Unit: NT$ thousand；%

	2021				2022				2023 As of March 31			
Item	Company Name	Amount	Percentage	Relationship with issuer	Company Name	Amount	Percentage	Relationship with issuer	Company Name	Amount	Percentage	Relationship with issuer
1	S company	53,697	14.94	None	S company	46,082	4.31	None	S company	13,872	17.41	None
2	L company	252,832	70.36	None	L company	165,980	15.52	None	L company	12,292	15.43	None
3	G company	109,510	30.48	None	G company	51,374	4.80	None	G company	10,841	13.61	None
	Y company	36,240	10.09	None	Y company	40,157	3.76	None	Y company	8,426	10.58	None
	N company	88,775	24.71	None	N company	93,279	8.72	None	N company	8,146	10.23	None
	F company	90,677	25.23	None	F company	57,380	5.37	None	F company	1,311	1.65	None
	P company	359,333	100.00	None	P company	17,557	1.64	None	P company	0	0.00	None
	Others	844,198	234.93	None	Others	597,585	55.88	None	Others	24,778	31.10	None
	Net purchase	1,835,262	100.00		Net purchase	1,069,394	100.00		Net purchase	79,666	100.00	

Note: The suppliers of other raw materials have many qualified suppliers to choose from, so there is no risk of centralized purchase of raw materials.

2. Major clients in the last two years

Unit: NT$ thousand；%

Item	2021				2022				2023 As of March 31			
	Company Name	Amount	Percentage	Relationship with issuer	Company Name	Amount	Percentage	Relationship with issuer	Company Name	Amount	Percentage	Relationship with issuer
1	L company	1,926,080	88.53	None	L company	1,138,352	77.56	None	L company	149,799	64.01	None
2	S company	111,390	5.12	None	S company	183,877	12.53	None	S company	52,959	22.63	None
3	P company	76,932	3.54	None	P company	50,600	3.45	None	P company	7,467	3.19	None
	Others	61,225	2.81	None	Others	94,822	6.46	None	Others	23,802	10.17	None
	Net sales	2,175,627	100.00		Net sales	1,467,651	100.00		Net sales	149,799	64.01	

Note ：From 2021 to 2022, Company L was the largest sales customer of the company and its subsidiaries. In Q4 of 2022, the sales revenue of Company L decreased slightly, mainly due to the destocking of the overall inventory in the NB market, which is a decrease in revenue compared with the same period last year. The company's sales of electric vehicle battery products indreased in 2022, and the sales ratio changed accordingly.

(5) Production value in the last two years:

Unit: NT$ thousand；Thoussand Unit

Major Products	2021			2022		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Laptop battery module	27,354	15,093	1,850,604	29,955	12,669	1,392,514
Others (Note)	-	-	292,037		-	64,925
E-Bike				1,131	329	80,814
Total	27,354	15,093	2,142,641	31,086	12,998	1,538,253

Note ：It is mainly ODM battery module products such as industrial computers and GPS. Due to different units, the output is not listed.

(6) Shipments and sales in the last two years:

Unit: NT$ thousand；Thoussand Unit

Major Products	2021				2022			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Laptop Battery Module	34,186	79,960	15,081	1,935,233	106	58,227	9,031	1,149,210
E-bike					497	196,123	-	-
Others (Note)	-	154,925	-	38,242		41,948		22,144
Total	34,186	234,885	15,081	1,973,475	603	296,298	9,031	1,171,354

Note ：It is mainly ODM battery module products such as industrial computers and GPS. Due to different units, the output is not listed. In 2022, due to the elimination of the overall inventory of the notebook market, both domestic and foreign sales volume and output value decreased, compared with 2021. In 2022, the amount of domestic and foreign sales of other projects increased, mainly due to the increase in orders from original ODM customers.

3. Information of employees:

Unit: Person；Year；%

Year		2021	2022	Year ended March 31, 2023
Number of Employees (Person)	Direct Labor	711	304	327
	Indirect Labor	420	285	282
	Total	1,131	589	609
Average Age (years old)		35.30	41.5	40.09
Average Years of Service (Year)		2.48	3.9	3.98
Education Distribution (%)	Ph.D.	0.89	0.68	0.5
	Masters	5.59	4.75	5.1
	Bachelor’s Degree	33.61	32.77	32.18
	Senior High School	35.38	29.54	31.52
	Below Senior High	24.52	32.26	30.7

4. Environmental protection expenditure:

In the recent year and up to the date of publication of this annual report, losses due to environmental pollution (including compensation and environmental protection audit results violating environmental protection laws and regulations, the date of punishment, name of punishment, violation of regulations, content of violations, content of punishment should be listed) and disclose the estimated amount and response measures that may occur at present and in the future. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated:

The company actively understands the government's various environmental protection-related policies and draft laws and regulations, and takes corresponding measures in advance. At present, no environmental pollution has occurred, and there are no major related compensation and disposal expenses.

5. Labor relations:

(1) List the company's employee welfare measures, advanced education, training, retirement system and its implementation status, as well as the agreement between labor and management and various employee rights and interests protection measures:

1. Employee welfare measures:

(1) The company regards respecting human nature and caring for employees as one of its business philosophies. In order to fully take care of colleagues and establish living security, the company has established an employee welfare committee in accordance with the law and allocated welfare funds, and regularly handles dinner parties, three festivals and birthday gift money.

(2) Provides employee stock subscription and dividend allotment and issue employee stock option certificates to share corporate interests with employees.

(3) The employee welfare committee of the company is responsible for handling:

A. Domestic/foreign travel.

B. Gift money for Dragon Boat Festival, Mid-Autumn Festival and Labor Day.

C. Weddings and funerals can apply for gift money or condolences in accordance with regulations.

2. Retirement system and implementation status:

(1) The company has established employee retirement measures to protect the life of employees after retirement, and has established a retirement system in accordance with the Labor Standards Act and related regulations. A labor retirement reserve supervision committee has been established to be responsible for supervising the allocation and storage of pensions and use. The company appoints an actuary to deposit 2% of the total salary into the special account of the Central Trust Bureau's retirement fund on a monthly basis. And since July 1, 2005, the new system of pension allocated in accordance with the Labor Pension Act is deposited into the labor pension special account of the Labor Insurance Bureau for management.

(2) From July 1, 2005, according to the "Labor Pension Act" retirement method, it is applicable to the employees of the nationality, and the employee's pension shall be paid

at a monthly rate of not less than 6% of the salary in the employee's personal account of the Labor Insurance Bureau. The employee pension is paid in the form of monthly pension or one-time pension according to the amount of personal special account and accumulated income.

3. The situation of the agreement between labor and management and various measures to protect the rights and interests of employees:

Labor-management relations have always been one of the directions that the company is committed to. Two-way and open communication is adopted to maintain harmonious relations between labor and capital. Therefore, no major disputes or losses have occurred since the establishment of the company. The company has an employee welfare committee, which discusses extensively and in-depth employee welfare measures with the management to achieve harmony between labor and management.

4. Staff continued study and training status

◦ According to the business development goals, the "education and training course plan" for the next year is planned at the end of each year to systematically provide employees with appropriate training to increase management skills and professional functional capabilities, and improve the overall quality of all employees.

Irregularly send personnel to participate in various professional trainings held by relevant academic institutions to improve employees' skills and create the overall interests of the company and employees.

5. The company has not formulated the "employee code of conduct or ethics", and the relevant regulations are being drafted.
6. The company has formulated "R&D Laboratory Management Measures" and "Laboratory Quality Manual" to protect the working environment and personal safety of employees.

(2) Any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including labor inspection results found in violation of the Labor Standards Act, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions):

The labor relations of the company are still good, and the operation of the company has not been affected by labor disputes since its establishment. According to the current situation, there are no potential factors for labor disputes. Therefore, it is expected that the possibility of losses due to labor disputes in the future is extremely small.

6. Information security management:

(1) Describe the information security risk management structure, policies, specific management plans and resources invested in its management:

Information security risk management

1. Information security risk management framework

The responsible unit for the information security of the company is the Information System Department, whose supervisor is also the information security supervisor.
In addition, there are professional information engineers who are responsible for formulating company information security policies, planning information security management and executing related operations.

2. Information security policy and management plan

In order to implement information security management, the company has an internal control system - computer cycle and information security policy. All colleagues in the company follow this system and work together to achieve the following policy goals:

(1) Internet information security control

A. Network firewall network security equipment
B. Operation of network and computer equipment anti-virus mechanism
C. Conduct regular computer system and data storage equipment inspections
D. Implement various network controls in accordance with information security policies
E. Regularly review various system records and track relevant abnormal situations

(2) Data access control

A. The computer equipment is kept by a special person, and the account number and password are set according to the authority
B. Authorize access rights according to different functions

C. Immediately check, cancel or adjust relevant permissions when personnel change
D. Ensuring the confidentiality and integrity of information assets

(3) Response and recovery mechanisms
A. Regularly review the emergency recovery plan and perform system recovery drills
B. Establish a complete data backup mechanism and important information system backup
C. Conduct regular reviews of cybersecurity controls
D. Regularly implement internal audits every year to ensure the effectiveness of information security and personal information protection management systems

(4) Policy announcement
A. Announce information security information at any time to enhance employees' awareness of information security
B. Organize education and training on information security and personal data protection from time to time
C. Colleagues must follow the company's system to change passwords regularly and maintain important personal information

(2) List in detail the losses suffered due to major information security incidents, possible impacts and response measures in the most recent year and as of the date of publication of this annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be explained: none of the above affair.

7. Important contracts:

(1) The company

Contract nature	Party	Contract date	Main content	Restrictions
Sales contract	LG Chem,Ltd.	From July 2008 ~ due extension	Sales of NB battery modules	None
financing contract	Hua Nan Commercial Bank Ltd.	2022/10/19~2023/10/19	short-term loan	None
financing contract	CHANG HWA COMMERCIAL BANK, LTD.	2022/06/30~2023/06/30	short-term loan	None
financing contract	Land Bank of Taiwan	2022/06/30~2023/06/30	short-term loan	None
financing contract	Yuanta Commercial Bank	2022/01/01~2022/12/31	short-term secured loan	None
financing contract	First Bank-Touqianzhuang	2022/01/25~2023/01/25	short-term loan	None
financing contract	Taishin International Bank	2022/09/30~2023/09/30	short-term loan	None
financing contract	Mega Bank - Xindian	2022/08/24~2023/08/23	short-term loan	None
financing contract	China Leasing	2022/02/25~2023/08/25	medium term loan	None
financing contract	Taichung Commercial Bank-Taoyuan	2022/12/06~2023/12/06	short-term loan	None
Cooperative construction contract	CHENG MEII DEVELOPMENT Co. Ltd. MSM Development Co., Ltd.	From April, 2021	Construction of the Operations Headquarters Building	None

(2) Subsidiary (Chongqing C-TECHTechnologyCo., Ltd.)

Contract nature	Party	Contract date	Main content	Restrictions
Lease contract	Chongqing Yongchuan District Xingyong Construction Development Co., Ltd.	2021/01/01~2022/12/31	Standard workshop lease	None
Lease contract	Chongqing Yongchuan District Xingyong Construction Development Co., Ltd.	2022/09/01~2023/08/31	Staff dormitory rental	None

(3) Subsidiary (Chongqing Techone Electric Technolog Co., Ltd.)

Contract nature	Party	Contract date	Main content	Restrictions
Lease contract	Rongyi Electronic Technology (Chongqing) Co., Ltd.	2021/06/01~2026/5/31	Factory lease-Building B in the factory	None

(4) Subsidiary (MSM)

Contract nature	Party	Contract date	Main content	Restrictions
financing contract	MEGA BILLS FINANCE CO., LTD., Grand Bills Finance Corp., and Taishin International Bank syndicated loan case	2022/07/30~2023/07/29	Medium and long-term guaranteed loans	None
financing contract	Hua Nan Commercial Bank Ltd.	2020/07/21~2023/12/31	Medium and long-term guaranteed loans	None
financing contract	Far Eastern International Bank Co., Ltd.	2021/01/15~2024/01/15	Medium and long-term guaranteed loans	None
Joint investment construction contract	YEASHIN INTER. DEVELOPMENT CO., LTD. CHIALIN PRECISION INDUSTRIAL CO., LTD.	From December 2013	Collaborate to build a house	None
Joint investment construction contract	YEASHIN INTER. DEVELOPMENT CO., LTD.	From February 2014	Collaborate to build a house	None
Cooperative construction contract	CHENG MEII DEVELOPMENT Co. Ltd. MSM Development Co., Ltd.	From April 2021	Collaborate to build a house	None

VI. Financial Information

1. Five-Year Financial Summary

(1) Consolidated Condensed Balance Sheet

Unit: NT$ thousand

Item \ Year		Financial Summary for The Last Five Years				
		2018	2019	2020	2021	2022
Current assets		2,401,229	2,576,995	2,042,215	1,945,299	2,319,324
Property, Plant and Equipment		230,997	290,585	707,934	1,404,766	1,267,705
Intangible assets		4,031	4,817	9,857	17,449	14,240
Other assets		85,735	113,762	126,524	312,583	79,782
Total assets		2,722,062	2,986,159	2,886,530	3,680,097	3,681,051
Current liabilities	Before distribution	1,219,250	1,764,255	1,648,918	2,067,575	2,240,168
	After distribution	1,280,822	1,805,303	1,648,918	2,067,575	2,240,168
Non-current liabilities		381,626	7,403	237,594	514,031	497,518
Total liabilities	Before distribution	1,600,876	1,771,658	1,886,512	2,581,606	2,737,686
	After distribution	1,662,448	1,812,706	1,886,512	2,581,606	2,737,686
Equity attributable to shareholders of the parent		1,096,711	1,095,431	887,613	989,774	838,654
Capital stock			820,960	820,960	981,314	1,141,314
Capital surplus			252,043	256,918	403,049	567,009
Retained earnings	Before distribution	88,188	96,479	(106,140)	(271,025)	(758,827)
	After distribution	26,616	55,431	(106,140)	(271,025)	(758,827)
Other equity interest			(25,807)	(35,881)	(75,320)	(62,598)
Treasury stock			(48,244)	(48,244)	(48,244)	(48,244)
Non-controlling interest			119,070	112,405	108,717	104,711
Total equity	Before distribution	1,121,186	1,214,501	1,000,018	1,098,491	943,365
	After distribution	1,059,614	1,173,453	1,000,018	1,098,491	943,365

Note: Consolidated financial reports are audited, certified or reviewed by CPA prepared in accordance with International Financial Reporting Standards

(2) Consolidated Condensed Statement of Comprehensive Income

Unit: NT$ thousand; the profit and loss per share is NTD

Year / Item	Financial Summary for The Last Five Years				
	2018	2019	2020	2021	2022
Operating revenue	2,859,269	2,743,203	2,223,818	2,208,360	1,467,651
Gross profit	335,683	323,337	188,272	239,310	174,767
Income from operations	121,343	96,440	(110,026)	(114,777)	(136,321)
Non-operating income and expenses	6,953	(652)	(30,407)	(53,428)	(278,381)
Income before tax	128,296	95,788	(140,433)	(168,205)	(414,702)
Income from operations of continued segments	88,031	69,411	(164,158)	(168,496)	(407,096)
Income (loss) from discontinued operations	0	0	0	0	(85,671)
Net income (loss)	88,031	69,411	(164,158)	(168,496)	(492,767)
Other comprehensive income (income after tax)	(11,859)	(9,213)	(10,409)	(39,510)	13,681
Total comprehensive income	76,172	60,198	(174,567)	(208,006)	(479,086)
Net income attributable to shareholders of the parent	88,970	70,577	(161,236)	(164,814)	(488,761)
Net income attributable to non-controlling interest	(939)	(1,166)	(2,922)	(3,682)	(4,006)
Comprehensive income (loss) attributable to Shareholders of the parent	77,111	61,364	(171,645)	(204,324)	(475,080)
Comprehensive income attributable to non-controlling interest	(939)	(1,166)	(2,922)	(3,682)	(4,006)
Earning per share	1.24	0.92	(2.11)	(1.92)	(4.68)

Note: Consolidated financial reports are audited, certified or reviewed by CPA prepared in accordance with International Financial Reporting Standards

(3) Individual Condensed Balance Sheet

Unit: NT$ thousand

Item \ Year		Financial Summary for The Last Five Years				
		2018	2019	2020	2021	2022
Current assets		1,601,559	1,497,624	861,875	612,983	972,034
Property, Plant and Equipment		42,208	44,392	386,944	1,114,223	1,108,493
Intangible assets		2,582	2,095	6,117	13,218	12,503
Other assets		693,250	911,833	906,287	1,073,413	469,778
Total assets		2,339,869	2,455,944	2,161,223	2,813,837	2,562,808
Current liabilities	Before distribution	861,523	1,353,981	1,037,425	1,317,885	1,226,662
	After distribution	923,095	1,395,029	1,037,425	1,317,885	1,226,662
Non-current liabilities			6,532	236,185	506,178	497,492
Total liabilities	Before distribution	1,243,158	1,360,513	1,273,610	1,824,063	1,724,154
	After distribution	1,304,730	1,401,561	1,273,610	1,824,063	1,724,154
Capital stock		820,960	820,960	820,960	981,314	1,141,314
Capital surplus		253,115	252,043	256,918	403,049	567,009
Retained earnings	Before distribution	88,188	96,479	(106,140)	(271,025)	(758,827)
	After distribution	26,616	55,431	(106,140)	(271,025)	(758,827)
Other equity interest		(17,308)	(25,807)	(35,881)	(75,320)	(62,598)
Treasury stock		(48,244)	(48,244)	(48,244)	(48,244)	(48,244)
Total equity	Before distribution	1,096,711	1,095,431	887,613	989,774	838,654
	After distribution	1,035,139	1,054,383	887,613	989,774	838,654

Note: Individual financial reports are audited and certified by CPA prepared in accordance with International Financial Reporting Standard.

(4) Individual Condensed Statement of Income

Unit: NT$ thousand; the profit and loss per share is NTD

Year / Item	Financial Summary for The Last Five Years				
	2018	2019	2020	2021	2022
Operating revenue	2,859,269	2,739,515	2,199,003	2,171,774	1,459,575
Gross profit	258,604	247,882	97,764	144,045	140,687
Income (loss) from operations	143,331	111,187	(95,359)	(100,424)	(109,087)
Non-operating income (loss)	(29,072)	(16,271)	(49,908)	(22,000)	(305,789)
Net income (loss) before tax	114,259	91,916	(145,267)	(122,424)	(414,876)
Income (loss) from operations of continued segments	88,970	70,577	(161,236)	(125,767)	(407,096)
Income (loss) from discontinued operations	0	0	0	(39,047)	(81,665)
Net income (loss)	88,970	70,577	(161,236)	(164,814)	(488,761)
Other comprehensive profit and loss	(11,859)	(9,213)	(10,409)	(39,510)	13,681
Total comprehensive profit and loss	77,111	61,364	(171,645)	(204,324)	(475,080)

Note: Individual financial reports are audited and certified by CPA prepared in accordance with International Financial Reporting Standards.

(5) Auditors' Opinions for The Last Five Years

1. The name of the CPAs and their audit opinions in the last five years:

Year	Accounting Firm	CPA	Audit Opinion
2018	Deloitte & Touche	Guo Naihua, Chen Huiming	Unqualified opinion
2019	Deloitte & Touche	Guo Naihua, Chen Huiming	Unqualified opinion
2020	Deloitte & Touche	Guo Naihua, Li Lihuang	Unqualified opinion
2021	Deloitte & Touche	Guo Naihua, Li Lihuang	Unqualified opinion
2022	Deloitte & Touche	Guo Naihua, Li Lihuang	Unqualified opinion

2. Reasons for changing accountants: The changes in the company's certified accountants are all due to the internal business scheduling of Deloitte & Touche, so there is no significent abnormality.

2. Five-Year Financial Analysis

(1) Consolidated Financial Analysis

Item	Year	Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	58.81	59.33	65.36	70.15	74.37
	Ratio of long-term capital to property, plant and equipment	650.58	420.50	174.82	114.79	113.66
Solvency (%)	Current ratio	196.95	146.07	123.85	94.09	103.53
	Quick ratio	128.02	83.15	53.19	23.37	93.61
	Interest earned ratio (times)	12.61	11.60	19.70	8.78	(22.36)
Operating performance	Accounts receivable turnover (times)	4.13	3.55	3.29	5.05	6.42
	Average collection period	89	103	111	72.27	56.85
	Inventory turnover (times)	3.38	2.59	1.95	1.66	1.70
	Accounts payable turnover (times)	3.62	3.22	2.71	3.99	5.07
	Average days in sales	108	141	187	91	214.7
	Property, plant and equipment turnover (times)	12.38	9.44	3.14	1.57	1.16
	Total assets turnover (times)	1.05	0.92	0.77	0.60	0.40
Profitability	Return on total assets (%)	4.24	2.69	(5.41)	(4.71)	(12.92)
	Return on stockholders' equity (%)	8.91	5.94	(14.83)	(16.06)	(48.27)
	Pre-tax income to paid-in capital (%)	15.63	11.67	(17.11)	(17.14)	(43.84)
	Profit ratio (%)	3.11	2.53	(7.38)	(7.63)	(33.58)
	Earnings per share (NT$)	1.24	0.92	(2.11)	(1.91)	(4.68)
Cash flow	Cash flow ratio (%)	(1.17)	(5.20)	(1.65)	(8.20)	(7.57)
	Cash flow adequacy ratio (%)	(4.05)	4.82	2.24	(5.50)	(5.50)
	Cash reinvestment ratio (%)	(4.99)	(6.47)	(4.35)	(8.89)	(8.04)
Leverage	Operating leverage	1.47	1.73	0.31	0.16	0.86
	Financial leverage	1.10	1.10	0.94	0.87	0.30

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%):

(1) It is mainly due to the Company intends to dispose non-core reinvested businesses, and it was reclassified as assets to be disposed.

(2) The market condition of notebook computers is not good. The operating income dropped seriously, which leads to the Company's operating losses.

(3) Non-operating expenses are high due to the full recognition of the reinvestment losses of OTTOBIKE CO., LTD.

(2) Individual Financial Analysis

Item		Financial Analysis for the Last Five Years (Year)				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	53.13	55.40	58.93	64.82	67.28
	Ratio of long-term capital to property, plant and equipment	3,502.50	2482.35	290.43	134.26	120.54
Solvency (%)	Current ratio	185.90	110.61	83.03	46.51	79.24
	Quick ratio	152.81	96.89	72.07	29.62	64.92
	Interest earned ratio (times)	30.36	15.02	(26.11)	(8.76)	(18.63)
Operating performance	Accounts receivable turnover (times)	3.99	3.51	3.30	6.85	8.79
	Average collection period	92.00	103.99	110.61	53.29	41.52
	Inventory turnover (times)	12.34	10.91	15.54	17.77	9.60
	Accounts payable turnover (times)	3.81	3.41	3.26	5.85	7.34
	Average days in sales	30.00	33.00	23	20.54	38.02
	Property, plant and equipment turnover (times)	67.74	61.71	5.68	1.95	1.32
	Total assets turnover (times)	1.22	1.12	1.02	0.77	0.57
Profitability	Return on total assets (%)	4.76	3.17	(6.80)	(6.09)	(0.18)
	Return on stockholders' equity (%)	9.13	6.44	(16.26)	(17.56)	(0.53)
	Pre-tax income to paid-in capital (%)	13.92	11.56	(17.69)	(16.45)	(0.36)
	Profit ratio (%)	3.11	2.58	(7.33)	(7.59)	(0.33)
	Earnings per share (NT$)	1.24	0.92	(2.11)	(1.92)	(4.68)
Cash flow	Cash flow ratio (%)	4.27	21.49	2.58	(6.34)	(0.17)
	Cash flow adequacy ratio (%)	16.42	46.80	31.26	(0.18)	(0.18)
	Cash reinvestment ratio (%)	(2.46)	19.00	(1.23)	(5.62)	(0.15)
Leverage	Operating leverage	1.04	1.06	0.91	0.81	0.70
	Financial leverage	1.03	1.06	0.95	0.86	0.84
Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%): 1. It is mainly due to the Company intends to dispose non-core reinvested businesses, and it was reclassified as assets to be disposed. 2. The market condition of notebook computers is not good. The operating income dropped seriously, which leads to the Company's operating losses. 3. Non-operating expenses are high due to the full recognition of the reinvestment losses of OTTOBIKE CO., LTD.						

Note 1: The financial reports are audited and certified by CPA.

Note 2: The calculation formula is listed as follows

1. Financial structure
   (1) Debt Ratio = total liabilities/total assets
   (2) Ratio of long-term capital 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 (times) = net profit before income tax and interest expense / current interest expense
3. Operating performance
   (1) Accounts receivable (including accounts receivable and notes receivable arising from operation) turnover (times) = net sales/average balance of receivables (including accounts receivable and notes receivable arising from operations) in each period
   (2) Average collection period= 365 / receivables turnover
   (3) Inventory turnover (times)= cost of goods sold / average inventory
   (4) Accounts payable (including accounts payable and notes payable arising from operations) turnover (times)= cost of goods sold / balance of average payables

(including accounts payable and notes payable arising from operation) in each period
(5) Average days in sales= 365/inventory turnover
(6) Property, plant and equipment turnover (times)= net sales/average net property, plant and equipment
(7) Total assets turnover (times)= net sales/total average assets

4. Profitability
(1) Return on total assets (%):[after-tax profit and loss + interest expense × (1-tax rate)] / total average assets
(2) Return on stockholders' equity (%)= profit and loss after tax / total average equity
(3) Pre-tax income to paid-in capital (%)=Pre-tax income / paid-in capital
(4) Profit ratio (%)= Profit and loss after tax / net sales
(5) Earnings per share (NT$)= (Profit and loss attributable to owners of parent company - dividends on special stock) / weighted average number of issued shares

5. Cash flow
(1) Cash flow ratio (%)= net cash flow from operating activities/current liabilities
(2) Cash flow adequacy ratio (%)= net cash flow from operating activities in the last five years / (capital expenditure + inventory increase in the last five years + cash dividend)
(3) Cash reinvestment ratio (%)= (net cash flow from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).

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

Note 3: The calculation formula of earnings per share should pay special attention to the following matters:
1. It should be based on the weighted average number of ordinary shares, instead of the number of outstanding shares at the end of the year.
2. Where there is a cash capital increase or treasury stock trading, it should be calculated into the weighted average number of shares based on its circulation period.
3. Where there is a capital increase from earning or capital surplus, when calculating the earnings per share, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the current year (no matter paid or not) should be deducted from the after-tax net profit or increased by the after-tax net loss where there are losses. If the preferred stock is non-cumulative and if there is a net profit after tax, the preferred stock dividend shall be deducted from the net profit after tax. If there is a loss for the current year, no need to adjust it.

Note 4: Cash flow analysis should pay special attention to the following matters:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow for capital investment.
3. The increase in inventory is only included when the closing balance is greater than the opening balance. If the inventory at the end of the year decreases compared to the opening balance, it will be calculated as zero.
4. Cash dividends include cash dividends on ordinary shares and preferred shares.
5. Gross property, plant and equipment refer to the total property, plant and equipment before deduction of accumulated depreciation.

Note 5: The issuer should classify operating costs and operating expenses into fixed and variable according to their nature. If there are estimates or subjective judgments involved, special attention should be paid to their rationality and maintaining consistency.

Note 6：If the company's stock has no par value or the par value per share is not NT$10, the ratio of the paid-in capital stated in the preceding paragraph will be calculated based on the equity ratio attributable to the owner of the parent company on the balance sheet.

3. The Audit Committee's review report on the most recent annual financial report

C-TECH UNITED CORP.

Audit Committee's Review Report

The Company's annual financial report and consolidated financial statements for 2022, sent by the Board of Directors, were reviewed and certified by Deloitte & Touche. Together with the business report and the loss appropriation proposal, the Audit Committee approves the audit opinion of Deloitte & Touche, has completed the review and approves business report and the loss appropriation proposal and considered them to be complied with the relevant provisions of the Company Act. The above report is made in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

For your perusal.

Submitted to

The 2023 shareholders' meeting of C-TECH UNITED CORP.

C-TECH UNITED CORP

Convener of Audit Committee: Weng Honglin

March 30, 2023

4. The most recent annual financial report, including the audit report of CPA, the balance sheet with two-year comparison, the comprehensive income statement, the statement of equity changes, the cash flow statement and notes: please refer to page 96~183.

5. For the company's Individual Financial Statement that has been audited and certified by CPA for the most recent year, please refer to Page 184~274.

6. If there is a financial difficulty in the most recent year and as of the date of publication of the annual report for the Company and its affiliated companies, the impact on the Company's financial status should be listed: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

1. Analysis of Financial Status: (Changes at more than 20% and the change amount more than NT$10 million in the previous and later period)

Unit: NT$ thousand

Item \ Year	2021	2022	Difference	
			Amount	%
Current Assets	1,945,299	2,319,324	374,025	16
Investments accounted for using equity method	207,572	0	(207,572)	-
Property, plant and equipment	1,406,766	1,267,705	(139,061)	-11
Other intangible assets	17,449	14,240	(3,209)	-23
Other non-current assets	103,011	79,782	(23,229)	-29
Total Assets	3,680,097	3,681,051	954	0
Current Liabilities	2,067,575	2,240,168	172,593	8
Non-current liabilities	514,031	497,518	(16,513)	-3
Total Liabilities	2,581,606	2,737,686	156,080	6
Capital stock	981,314	1,141,314	160,000	14
Capital surplus	403,049	567,009	163,960	29
Retained Earnings	(271,025)	(758,827)	(487,802)	64
Other equity interest	(75,320)	(62,598)	12,722	-20
Non-controlling interests	108,717	104,711	(4,006)	-4
Treasury shares	(48,244)	(48,244)	0	0
Total Equity	1,098,491	943,365	(155,126)	-16

Change analysis:
1. Intangible assets: Decrease in computer software amortization.
2. Other non-current assets: The Company’s reinvested company MSM Development share to be sold. The account name reclassified.
3. Capital surplus: Premium due to issuance of new shares at cash.
4. Retained Earnings: The losses of the business operation and recognition of investment losses.
5. Other equity interest: The foreign currency exchange impact on reinvested company and the evaluation difference on the reinvested company assessed based on costs.

Note: Financial information listed above are audited and certified by CPA.

2. Comparison and Analysis of Financial Performance (Explain the reasons for changes at more than 20% and the change amount more than NT$10 million in the previous and later period)

(1) Analysis of Financial Performance

Unit: NT$ thousand

Item \ Year	2021	2022	Difference	(%)
Operating revenue	2,210,026	1,467,651	(707,976)	-48
Less: sales returns and discounts	(1,666)	(1,292,884)	641,768	-50
Net operating revenue	2,208,360	174,767	(66,208)	-38
Cost of sales	(1,969,050)	(311,088)	8,851	-3
Gross profits	239,310	(136,321)	(57,357)	42
Operating expenses	(354,087)	(278,381)	(231,869)	83
Operating income	(114,777)	(414,702)	(540,178)	130
Non-operating incomes and expenses	(53,428)	7,606	7,897	104
Net income before tax	(168,205)	(407,096)	(281,329)	69
Tax expenses	(291)	(85,671)	(42,942)	50
Net profits	(168,496)	(492,767)	(324,271)	66

Change analysis:

1. The Company's business operating: The Company's sales droped serious and the profits were significantly impacted due to the destocking of notebook computers and poor market conditions.
2. Non-operating incomes and expenses: recognition of the losses of the reinvestment company
3. Income tax benefits: arising from losses in the business and losses recognized by reinvestment
4. Losses from operations of continued segments: the Company plans to dispose non-core invested subsidiary, which suffered operating losses.

Note: Financial information listed above are audited and certified by CPA.

(2) Estimated sales volume in the coming year, its basis, the possible impact on the company's future finance and the response plans:

The international economic situation still has concerns due to tariff barriers and Sino-US trade war. The uncertainties affected by the epidemic still exist which caused the shortage of workers and materials. As a result, the demand for notebook computers is expected to be flat in the coming 2022.

The Company continuesly carries out its strategic transformation by actively developing the two-wheel electric vehicle market and small energy storage market. The Company directly invests in the electric vehicle brand company OTTOBIKE CO., LTD., to practice strategic platform integration. It also cooperates with clients of small energy storage equipment which targetted to be shipped next year. It is expected that the overall operational performance will be improved.

3. Analysis of Cash Flow

(1) Analysis of changes in cash flows

Unit: NT$ thousand

Item \ Year	2021	2022	Difference	
			Amount	(%)
Net cash outflow from operating activities	(169,522)	(304,706)	(135,184)	44
Net cash inflow (outflow) from investment activities	(1,040,738)	(54,291)	986,447	-1,817
Net cash inflow from financing activities	1,127,491	421,813	(705,678)	-167

The main reasons for the change in cash flow in the most recent year
(1) Increase in net cash outflow: Due to operating losses and inventory increases.
(2) Decrease in net cash outflow from investment activities: There were no investments and acquisitions of land during the recent year
(3) Decrease in net cash inflow from financing activities: Repay short-term loans.

(2) Cash Flow Analysis for the Coming Year

Unit: NT$ thousand

Cash and Cash Equivalents, Beginning of Year,	Estimated Net Cash Inflow from Operating Activities	Estimated Cash Outflow (Inflow)	Cash Surplus (Deficit)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
212,028	(161,959)	23,494	26,575	0	307,754

1. Analysis of cash flow changes in the coming year:
(1) Operating activities: Mainly due to the expenditures on ODM business development and product research and development.
(2) Fundraising activities: private placements of NT$200,000 thousand, disposal of non-core businesses of NT$$175,000 thousand and repayment of borrowings of NT$67,446 thousand.
2. Remedies and liquidity analysis for estimated cash shortfalls: None.

4. Major Capital Expenditure Items

(1) Use of major capital expenditures and sources of funding: In response to the development of group conglomeration with consideration of the overall benefit for the group, the Company obtained a land (Land No. 388, 1st Subsection, Fubduxin Section, Xinzhuang District with its own funds of NT$692,067 thousand to build the Group's operating headquarters on January 14 2021.

(2) Expected potential benefits: According to the tentative ratio of housing propotion, the Company is expected to obtain 40% of the total number of square meters of the building, which is about 1,580 pings on the standard floor (excluding stores) and 56 parking spaces. The Company plans to researve about 1,020 ping and 36 parking spaces for future operation as the operating headquarters. The remaining 560 ing, 20 parking spaces and about 117 pings of the store are planned to be sold in the future at market price. The estimated amount of the sale part is based on NT$650,000/ping for the store, NT$480,000/ping for the standard floor, and NT$2.3 million/unit for the parking spaces. The provisional sales revenue of the sale is $388.99 million. For the cost part, the consignment expenses were fully calculated as costs of the sale. The rest costs are calculated based on the ratio of sales revenue with separation of sale and self-use in propotion. It is estimated the net operating profit of the sale part will be NT$51.03 million.

5. Investment Policy in the Previous Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

Dec. 31, 2022; Unit: NT$ thousand

Remark / Item	Policies	Reasons for Gain or Loss	Action Plan	Other Ivestment Plan In The Future
MSM Development Co., Ltd	Residential and building development for rent and sales	The loss for the year was NT$15,408 thousand. It was due to the revenue from sales in 2022 was not recognized, which resulted in an operating loss.	The Company planned to dispose this non-core business.	None
Chongqing C-TECH Technology Co,LTD.	Reinvestment in the mainland	The loss for the year was NT$22,811 thousand. It was mainly due to the poor market conditions of notebook computers, which resulted in a sharp decline in revenue.	Actively expanded the own order business in 2023.	None
Chongqing Techone Electronic Technology Co., Ltd.	Reinvestment in the mainland	The loss of the year was NT$37,761 thousand. It was due to insufficient orders and the orders were in small amounts with varieties, which did not achieve economies of scale and could not cover costs.	The Company planned to dispose this non-core business.	None
OTTOBIKE CO., LTD.	Reinvestment	Due to operating losses and unsmooth fundraising, the parent company decided to close its business.	OTTOBIKE CO., LTD. is currently in liquidation.	None

6. Analysis and evaluation of risk matters for the most recent year and as of the date of publication of the annual report

(1) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on the Company’s profits and losses and Future Response Measures:

1. The impact of interest rate changes on the company's profit and loss and future countermeasures

(1) Changes in the company's revenue and its interest expenses in the last two years:

Unit: NT$ thousand

Item	2021	2022
Revenue	2,175,627	1,467,651
Interest Expenses	17,031	21,416
Interest Expenses / Revenue	0.78%	1.46%

The Company's interest expenses accounted for 0.78% and 1.46% of the operating revenue in 2021 and 2022, respectively. The proportion is not high. It will not have a significant adverse impact on the Company's revenues and profits.

(2) Future countermeasures: The Company will stay on top of the market trend information of the interest rate and exchange rate trend to adjust the borrowing portfolio of various currencies, obtain the most preferential interest rate from the bank, and control the Company's accounts receivable, inventory, accounts payable and fixed asset turnover rate, to increase the Company's cash flow and minimize the impact of interest rate raise on the Company’s operation.

2. The impact of foreign exchange rate changes on the company's profit and loss and future countermeasures:

(1) The impact of foreign exchange rate changes on the Company's operating profits in the latest two years is as follows:

Unit: NT$ thousand; %

Item \ Year	2021	2022
Net Foreign exchange gains (losses)	(1,292)	(10,005)
Net Operating Revenue	2,175,627	1,467,651
Operating net profits	(78,964)	(136,321)
Net Foreign exchange gains (losses) / Net Operating Revenue	-0.06%	-0.68%
Net Foreign exchange gains (losses) / Operating net profits	1.64%	7.34%

(2) Specific measures in response to foreign exchange rate fluctuations:

A. When making quotations to customers, the business unit makes a prudent assessment of the exchange rate trend, comprehensively considers the possible impact of exchange rate changes, and adopts a more secured and conservative exchange rate as the basis for quotation, in order to minimize the impact of the flustration of the new Taiwan dollar on the profit of the orders received. Also, the effect of natural hedge is achieved by increasing the payable in foreign currency arising from purchase to off-set the impact of the increase in foreign currency receivables arising from export sales directly.

B. The Company will collect relevant information on exchange rate changes at any time, maintain close contact with banks, and fully grasp exchange rate trends. In accordance with the "Procedures for Acquisition or Disposal of Assets" stipulated by the Company, under the conserative and strict control of the supervisor in charge, the risk of exchange rate fluctuations can be avoided in a timely manner.

C. Regarding the net assets of US dollars and the flow that may be generated in the future, the Company and its subsidiaries will pay attention to the international economic situation at any time, refer to the analysis report of the bank, and adopt hedging methods such as borrowing US dollars, undertaking forward foreign exchange, options and foreign exchange transactions or directly selling spot US dollar to reduce the impact of exchange rate fluctuations.

3. The impact of inflation on the Company's profit and loss and future countermeasures

Most of the products of the company and its subsidiaries are exported, so domestic inflation has little impact on the company's profit and loss. But if inflation occurs in the global market, it will affect consumers' purchasing power and willingness, and reduce the demand for consumer products, which will lead to a negative impact on the company's overall revenue and profit and loss. However, the impact of international inflation is comprehensive, not just affecting individual companies. All governments in different countries should be able to respond. Nevertheless, the Company will be committed to the research and development of niche products, focus on production cost reduction, so that the Company's products will be with the price of products that can stimulate consumer demand to maintain the company's revenue, and reduce the negative impact of inflation on the company's profit and loss.

(2) Policies, Main Reasons for Profit or Loss And Future Countermeasures Engaging in High-risk, Highly Leveraged Investment, Capital Lending to Others, Endorsement Guarantee and Derivatives Trading:

1. The short-term investment by the Company and its subsidiaries has been carefully assessed and handled in accordance with the "Procedures for Handling Assets Acquisition or Disposal" and the relevant regulations of approval authority.

2. When the Company and its subsidiaries engaged in loaning of funds to others and endorsement guarantees, it should be handled in accordance with the regulations of "Capital Lending and Others' Operating Procedures" and "Endorsement Guarantee Operating Procedures" formulated by the Company. When the subsidiaries require the funds for operational needs and are not easy to obtain the loan line from the bank by themselves, the Company or the subsidiaries may loan the funds to them or handled by endorsement guarantees.

3. The policy of the Company and its subsidiaries for engaging in erivatives transactions is limited to hedging purposes only. In the future, with consideration of the current foreign exchange holdings, the estimated flow and the demand for purchased raw materials, the Company and its subsidiaries will appropriately undertake forward foreign exchange, options and forward buy as a hedge to reduce the impact of exchange rate and raw material fluctuations, with reference to the bank's analysis report.

(3) Future Research & Development Projects and Corresponding Budget:

1. The company's technology sources are mainly self-development. The future research and development plans are as follows:

(1) In the future, the company will provide the best energy and battery module and safety solutions. Also, the research and development directions will be focused on high-power, multi-series, long life cycle and intelligent communication battery modules.

(2) For the factory process capabilities, the improvement plans are as follows:

A. Improve the automated production and the test coverage of test equipment.

B. Strengthen the research and analysis of the pattern of defective products to improve the quality of production process.

2. The company continuously invests 1%~2% of its operating revenues as R&D expenses to grasp the development trend of various technologies.

3. The main goal of the company is to design and develop portable battery modules for note book computers, UPS (uninterruptible power supply) & BBU (Backup Battery Unit) for data center, LEV high-power battery modules and military battery modules.

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

The Company did not have any significant impact on its business operation and finance due to changes in policies and regulations in the past year. In addition, the Company continuesly pays attention to the political and economic environment and legal trends at home and abroad and appoints legal counsel to provide relevant consultation and negotiation services so as to take various countermeasures at any time, if required.

(5) Effects of and Response to Changes in Technology (including information security risks) and the Industry Relating Changes to Corporate Finance and Sales

The Company grasps and analyzes the technology of related industries on timely manners. For the past year, there is no situation where changes in technologies have a significant impact on the Company's operating business and finance.

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

The company has always adhered to the business principles of professionalism and integrity, attached importance to corporate image and risk control, and there are currently no foreseeable crisis matters.

(7) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: There are no M&A plans for the Company currently.

(8) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: not applicable.

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

The company is a mid-stream assembly manufacturer in the secondary battery industry. The main raw material of battery cores is provided to customers. Other materials such as PCB, electronic parts and materials, and minor raw material, battery upper/lower covers and labels are provided by many suppliers. Therefore, there is no risk of centralized purchase of materials.

The company's sales to customer LG CHEM accounted for 93.56%, 87.71% and 95.91% from 2018 to 2020, respectively. As a result, the company continuesly develops ODM business to gradually improve the situation of sales concentration.

(10) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.

(11) Effects of Risks Relating to and Response to the Changes in Management Rights: not applicable.

(12) Litigation or Non-litigation Matters

1. If there has been any material impact upon shareholders' equity or prices for the company's stock as a result of any litigation, non-litigious proceeding, or administrative dispute involving the company that was finalized or remained pending during the most recent 2 fiscal years or during the current fiscal year up to the annual report publication date, the Company shall disclose the facts in dispute, amount in dispute, commencement date, main parties involved, and current status of the case: none

2. If there has been any material impact upon shareholders' equity or prices for the company's stock as a result of any litigation, non-litigious proceeding, or administrative dispute involving a company directors, supervisors, general manager, de facto responsible person, or major shareholder with share holding of more than 10 percent, and the matter was finalized or remained pending during the most recent 2 fiscal years or during the current fiscal year up to the annual report publication date, the Company shall disclose the information set forth in sub-subparagraph (1) above: None.

3. If there are any occurrence of any events set forth under Article 157 of the Securities and Exchange Act that involves company directors, supervisors, its general manager, or any major shareholders with a share holding of more than 10 percent, provided the event occurred in the most recent 2 fiscal years or during the current fiscal year up to the annual report publication date, and how the Company is currently handling the matter: None.

(13) Other Major Risks: none.

7. Other Important Matters:

(1) The Company’s Key Performance Indicators, KPI):

Capacity utilization and product yield are non-financial key performance indicators of the Company's industry. Since the main costs of battery assembly and processing industry is the labor and equipment depreciation costs, the capacity utilization rate will have a significant impact on the overall costs. In addition, the laptop and mobile phone battery manufacturing process is complicated and most of the products are customized. If the product quality is not good, it is necessary to replenish the material and reproduce the products. So the product yield will not only affect the costs but also delivery leadtime.

As mentioned above, capacity utilization rate and product yield have a great impact on the Company’s industry, so “Property, Plant and Equipment Turnover Rate” and “Inventory Turnover Rate” are the financial key performance indicators of the Company. The following table shows the financial key performance indicators of the Company's consolidated financial statements for the most recent five years.

Item/year	2018	2019	2020	2021	2022
Inventory turnover (times)	3.38	2.59	1.95	1.66	1.70
Property, plant and equipment turnover (times)	12.38	9.44	3.14	1.57	1.14
Total assets turnover (times)	1.05	0.92	0.77	0.60	0.40

(2) The relevant person of the Company that is related to the transparency of financial information who have obtained the relevant certificates and licenses specified by the competent authority:

Certified Public Accountant of the Republic of China: 1 person in the general manager's office

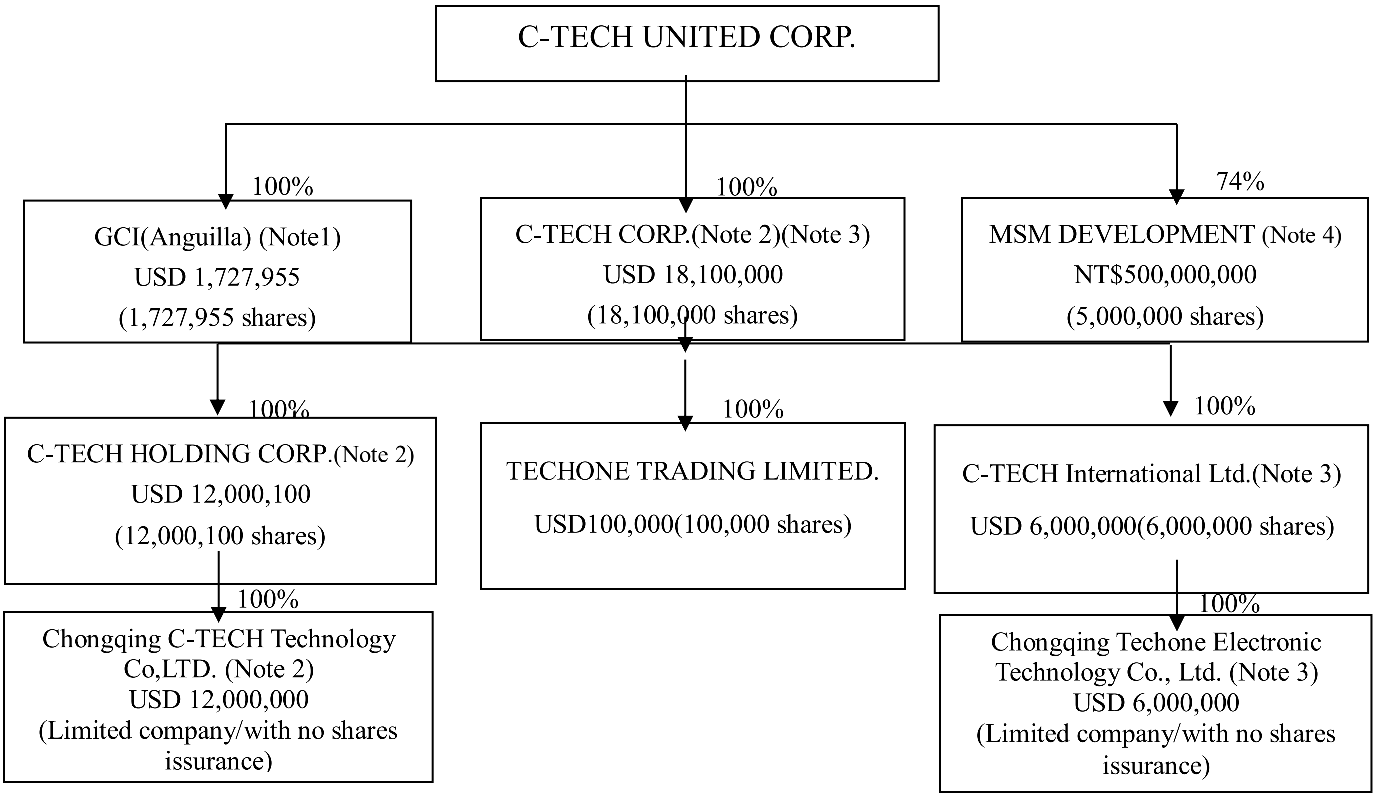
VIII. Special Disclosure

1. Summary of Affiliated Companies

(1) Consolidated Operating Report of Affiliated Companies

1. Overview on Affiliated Companies

Dec 31, 2022



Note 1: GCI was originally registered in Brunei. Since the Brunei government stopped the establishment and operation of overseas companies since Dec 25, 2017, it completed the re-domicile to Anguilla on Oct. 26, 2017. GCI holds 5,584,000 ordinary shares of its parent company, C-TECH UNITED CORP., which accounts for 4.89% of the total issued shares of 114,131,382 (capital of NT$1.14 billion).

Note 2: C-TECH UNITED CORP. increased the capital of its subsidiary C-TECH HOLDING CORP., and reinvested in Chongqing C-TECH Technology Co, LTD., with US$4 million.

On 2018/07/13 Chongqing C-TECH Technology Co, LTD. changed the company's license with total invested capital of US$8 million and registered capital of US$16 million.

On 2018/08/13 Chongqing C-TECH Technology Co, LTD. obtained a capital increase of US$4 million.

On 2018/11/02, its company license changed with the total invested capital of US$12 million and registered capital of US$16 million.

On 2018/11/22 Chongqing C-TECH Technology Co, LTD. obtained a capital increase of US$4 million.

Note 3: (1) C-TECH CORP. reinvested its subsidiary C-TECH International Ltd. (established 2018/1/25) and reinvested in Chongqing Techone Electronic Technology Co., Ltd. (established 2018/04/24) with a maximum investment of of US$6 million.

On 2018/05/23 invested US$3 million.

On 2019/8/12 increased the investment by US$1 million.

On 2019/12/16 increased the investment by US$2 million.

(2) C-TECH UNITED CORP. reinvested in Chongqing Techone Electronic Technology Co., Ltd. of US$1 million and US$2 million through C-TECH CORP and C-TECH International Ltd., respectively. The capital change for C-TECH CORP's was completed on June 2020 and the capital change of C-TECH International Ltd. is subject to completion.

2. Basic Information of Affiliated Companies:

Dec 31, 2022；Unit: $

Name	Date of establishment	Address	Actual investment amount	Main business or products
Golden Capital International Co., Ltd. (Anguilla)	March 2010	Rm 51, 5th Floor, Britannia House, Jalan Cator, Bandar Seri Begawan BS 8811, Negara Brunei Darussalam	USD 1,727,955	Conduct holding business
C-TECH CORP.	April 2003	3rd Floor, Raffles Tower, 19 Cybercity, Ebene, Mauritius	USD18,100,000	Conduct holding business
MSM DEVELOPMENT CO., LTD.	May 2012 (On July 2013, the Company acquired the right to operate based on net value)	4th floor, No. 659-1, Zhongzheng Road, Xinzhuang District, New Taipei City	Paid-in capital NTD500,000,000 C-TECH UNITED holds NTD370,000,000	Land development, house construction, real estate leasing
C-TECH HOLDING CORP.	Sep. 2011	Le Sanalele Complex, Ground Floor, Vaea Street, Saleufi, PO Box 1868, Apioa, SAMOA	USD12,000,100	Conduct holding business
C-TECH International Ltd.	Jan. 2018	Suite 1, Commercial House One, Eden Island, Republic of Seychelles	USD6,000,000	Conduct holding business
TECHONE TRADING LIMITED	Dec. 2009	Portcullis TrustNet Chambers P.O. Box 1225 Apia SAMOA	USD100,000	International trading
Chongqing C-TECH Technology Co,LTD.	May 2012	Phoenix Lake Industrial Park, Yongchuan District, Chongqing, China	Total investment USD16,000,000 Registered capital USD12,000,000 Paid-in capital USD12,000,000	Manufacturing battery modules for notebook computers and sales of the Company's own products
Chongqing Techone Electronic Technology Co., Ltd.	April 2018	Phoenix Lake Industrial Park, Yongchuan District, Chongqing, China	Total investment USD6,000,000 Registered capitals USD6,000,000 Paid-in capitals USD6,000,000	Manufacturing battery modules for notebook computers and parts and components of battery module (casings)

3. Related information if it is presumed to have controlled and affiliated companies: none.

4. The industries covered by the business operated by the affiliates overall. Where connections exist among the businesses operated by individual affiliates, describe the mutual dealings and division of work among such affiliates:

(1) Golden Capital International Co., Ltd. (Anguilla) (originally registered in Brunei, relocated to Anguilla on 2017/10/26): a holding company that holds shares of the parent company. Its shares are disclosed in the consolidated financial report as treasury stock. As of the reporting date, Golden Capital International holds 5,584,000 shares of the parent company, which represents 6.80% of the total shares.

(2) C-TECH CORP. : It is a holding company reinvested in C-TECH HOLDING GORP., C-TECH International Ltd. and TECHONE TRADING LIMITED. On Jan 24, 2018, based on the Board of Directors' resolution, the company's capital was increased to USD14,000,000 to reinvest in mainland China, of which USD8,000,000 was reinvested in Chongqing C-TECH Technology Co, LTD. through C-TECH HOLDING GORP. to support capital expenditures related to SMD production line and production line automation, and another USD6,000,000 was reinvested in Chongqing Techone Electronic Technology Co. through the newly established company C-TECH International Ltd., Ltd., to support the capital expenditures related to the product vertically integration projects. According to the investment plan, it has reinvested USD8,000,000 in Chongqing C-TECH Technology and USD6,000,000 in Chongqing Techone as of the reporting date.

(3) MSM DEVELOPMENT CO., LTD.: a development company engaged in land development and house construction. The Company invests in land and real estate development through MSM to create profits for the Company.

(4)C-TECH HOLDING CORP.: It is a holding company and through which to reinvest in Chongqing C-TECH Technology Co, LTD.

(5)C-TECH International Ltd.: It is a holding company and through which to reinvest in Chongqing Techone Electronic Technology Co., Ltd.

(6)TECHONE TRADING LIMITED: It was engaged in international trade that purchased raw materials on behalf of the Company in response to the Economic Substance Law and introduced the SAP system for the Company to simplify the process. The purchase of raw materials has been stopped since 2020/10/1.

(7)Chongqing C-TECH Technology Co,LTD.: It was engaged in the production of notebook battery modules (Pack) and circuit board assembly (SMD), and selling the company's self-produced products to related party C-TECH UNITED CORP. and non-related customers

(8)Chongqing Techone Electronic Technology Co., Ltd.: In line with the Company's vertical integration policy, Chongqing Techone established a plastic injection production line to produce blister products (Tray) and injection molding products for sale to related party Chongqing C-TECH Technology and non-related customers.

5. The names and their shareholding ratios of the directors, supervisors and general managers of each affiliated companies:

Company Name	Title	Name or Representative	Holding Shares	
			Shares	%
Golden Capital International Co., Ltd. (Anguilla)	Director	Representative of C-TECH NITED CORP.: Huang Zong Wei	1,727,955	100%
C-TECH CORP.	Chairman	Representative of C-TECH NITED CORP.: Huang Zong Wei	18,100,000	100%
MSM DEVELOPMENT CO., LTD.	Chairman	Representative OF C-TECH NITED CORP.: Huang Zong Wei	37,000,000	74%
C-TECH HOLDING CORP.	Chairman	Representative of C-TECH CORP.: Huang Zong Wei	12,000,100	100%

Company Name	Title	Name or Representative	Holding Shares	
			Shares	%
C-TECH International Ltd.	Chairman	Representative of C-TECH CORP.: Huang Zong Wei	6,000,000	100%
TECHONE TRADING LIMITED	Chairman	Representative of C-TECH CORP.: Huang Zong Wei	100,000	100%
Chongqing C-TECH Technology Co, LTD.	Director	Representative of C-TECH HOLDING CORP.: Huang Zong Wei	No Shares	100%
Chongqing Techone Electronic Technology Co., Ltd.	Director	Representative of C-TECH International Ltd.: Huang Zong Wei	No Shares	100%

(2) Operational overview of the affiliated company:

Dec 31, 2022；Unit: NT$ thousand

Name	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating net profits	Profit (loss) of current period	Earning /share ($)
Golden Capital International Co., Ltd. (Anguilla)	55,131	51,307	153	51,154	0	(101)	(416)	-0.24
C-TECH CORP.	549,571	399,315	0	399,315	0	0	(98,973)	-5.47
MSM DEVELOPMENT CO., LTD.	500,000	1,573,084	1,170,350	402,734	0	(15,678)	(15,408)	-0.31
C-TECH HOLDING CORP.	364,371	325,452	0	325,452	0	0	(23,160)	-1.93
C-TECH International Ltd.	181,948	30,302	0	30,302	0	0	(70,563)	-11.76
TECHONE TRADING LIMITED	3,185	44,323	783	43,540	0	(5,553)	(5,551)	-55.51
Chongqing C-TECH Technology Co, LTD.	364,370	373,818	48,374	325,444	532,316	(22,743)	(22,811)	Not applicable
Chongqing Techone Electronic Technology Co., Ltd.	181,948	82,261	19,458	62,803	58,340	(32,842)	(37,761)	Not applicable

(3) Consolidated Financial Statement of Affiliate Companies: Please refer to pages 96~183

(4) Relationship Report of Affiliate Companies: Not applicable.

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

3. The holding or disposal of the company's stocks by subsidiaries in the most recent year and as of the publication date of the annual report:

(1) Subsidiaries holding or disposing of the company's stocks

Unit: NT$ thousand; shares; ％ Date: March 31, 2023

Name of subsidiaries		Paid-in Capital	Source of fund	The Company's shareholding ratio	Date of acquisition or disposal	Number of shares and amount acquired (Note 1)	Number and amount of shares disposed (Note 1)	Investment profit and loss	The shareholding shares and amounts as of the publication date of the annual report	Pledge situation	Amount of the company's endorsed	The Amounts of company's loan to its subsidiaries
Golden Capital International Co., Ltd. (Anguilla)		55,131	private capital	100 %	2010/ 9/21 (Note 2)	3,800,000 shares 93,100 thousand	-	Not Applicable	-	None	0	0
					2010/ 10/13 (Note 2)	2,059,000 shares 70,745 thousand	-	Not Applicable	-	None	0	0
					2016/ 09/02 (Note 3)	-	85,000 shares 1,332 thousand	Not Applicable	-	None	0	0
					2016/ 09/06 (Note 3)	-	60,000 shares 939 thousand	Not Applicable	-	None	0	0
					2016/ 09/16 (Note 3)	-	85,000 shares 1,391 thousand	Not Applicable	-	None	0	0
					2016/ 09/21 (Note 3)	-	45,000 shares 738 thousand	Not Applicable	-	None	0	0
					As of the publication date of the annual report				5,584,000 shares 48,244 thousand (Note 3)	None	0	0

Note 1: The amounts mentioned above refer to the actual acquisition or disposal amounts.

Note 2: When acquiring the shares of the Company in 2010, Golden Capital International Co., Ltd. (Anguilla) was not a subsidiary of the Company. In September 2012, due to the increase in investment in it, the account transferred from “Non current financial assets at cost value” to “the long-term investment using the equity method”. The subsidiary holds 5,859,000 shares of the Company's stock with a book value of NT$50,621 thousand, which was booked as the Company’s treasury stocks

Note 3: From September 2, 2016 to September 21, 2016, 275 thousand shares were disposed. The value of treasury stocks deducted the value at “cost method”, the balance was NT$48,244 thousand.

(2) Explain the impact of Golden Capital International Co., Ltd. (Anguilla) on the company's financial performance and situation:

Accoring to Securities and Exchange Act, the treasury stocks held by the Company shall not be pledged, shall not be entitled to dividend distribution and have no voting rights. The Company's shares held by the subsidiary Golden Capital International Co., Ltd. (Anguilla) are treated as treasury stocks. It has the same rights as ordinary shareholders except that it cannot participates in the Company's cash capital increase and has no voting rights.

Golden Capital International Co., Ltd. (Anguilla) held 5,859,000 shares of the Company with original book value of NT$73,238,000. On March 31, 2015, the valuation adjustment due to holding the company was NT$22,617 thousand. The balance of NT$50,621 thousand are listed as treasury stocks.

Golden Capital International Co., Ltd. (Anguilla) disposed of 275,000 shares of the Company’s stock from September 2 to September 21, 2016, and held 5,584,000 shares of the Company’s stock after the disposal. The value of treasury stocks deducted the value at “cost method”, the balance was NT$48,244 thousand.

4. Other necessary supplementary explanations

Exposure of unfulfilled OTC commitments:

OTC Commitments	Handling of OTC Commitments
1. The Company promised to add articles in the "Procedures of Asset Acquisition or Disposal": "The Company shall not give up the capital increase of C-TECH CORP. (hereinafter referred to as C-TECH) in the future. If the Company abandons the capital increase or disposes of above-mentioned company, it must be passed by a special resolution of the C-TECH UNITED CORP. board of directors.” If such handling method is revised later, it should be exposed in Market Observation Post System (https://mops.twse.com.tw) as major information disclosure and reports to the Center for future references.	The Company revised the "Procedures for Acquisition or Disposal of Assets" by adding this commitment and approved by the 99th Annual Shareholders’ General Meeting on June 23, 2010. As of issuing of this letter, there are no abandonment of the capital increase of the subsidiary.
2. The Company promised that if the financial report of the subsidiary C-TECH is audited and certified by other accountants and the Company recognizes investment gains and losses or prepares consolidated financial statements based on this, the certified accountant of the Company must issue a statement without reference to any other accountant's audit.	Has fulfilled the promise.

5. For the most recent year and up to the date of publication of the annual report, matters that have a significant impact on shareholders' equity or securities prices in accordance with Sub-paragraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None

Declaration of Consolidated Financial Statements of Affiliated Enterprises

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

Very truly yours,

Company name: C Tech United Corporation

Chairman: Huang, Tsung-Wei

Date: March 30, 2023

Independent Auditors' Report

To the Board of Directors and Shareholders of C-Tech United Corporation

Opinion

We have audited the consolidated financial statements of C-Tech United Corporation and its subsidiaries("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of accounting policies

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 year then ended in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") and the former Standing Interpretations Committee ("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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are the 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 Certified Public Accountants Code of Professional Ethical in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significant 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 whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Valuation of noncurrent assets held for sale

The Group had made decision on disposals of ownerships of investments of non-core business and recognized loss on investments at differences of fair value and carrying amount and reclassified as noncurrent assets held for sale in accordance with International Financial Reporting Standards No. 5 "Noncurrent assets held for sale and discontinued operations" for the year ended December 31, 2022. As of December 31, 2022, noncurrent assets held for sale amounted to $1,616,435 thousand and noncurrent liabilities held for sale amounted to $1,151,790 thousand, representing 44% and 31% of total assets; the Group recognized loss on aforementioned noncurrent assets for held amounted to $38,861 thousand, representing 8% of net loss for the current year. Refer to Note 4(12), 5(5), 13 and 26(3) to the consolidated financial statements.

The abovementioned item is material to the consolidated financial statements, the Group's judgements on noncurrent assets held for sale has been identified as one of the key audit matters.

Our audit procedures related to abovementioned noncurrent assets held for sale included the following, among others:

1. Understand the process of disposal of subsidiaries and obtained the related meeting minutes of board of directors.
2. Obtain the valuation report of ownerships of disposal on investments, contracts or letters of intent to assess the rationality of the amount of loss on the subsidiaries and track the subsequent receipts and collections.

Valuation of investments using equity method

The Group recognized loss on investments using equity method amounted to $160,004 thousand, representing 39% of consolidated operating loss before tax, due to the Company's investment using equity method had been dissolved for the year ended 2022. Refer to Note 4(7), 5(3), 15 and 26(3) to the consolidated financial statements.

The abovementioned item is material to the consolidated financial statements and involves the management's significant estimates and judgement, therefore valuation of investments using equity method has been identified as one of the key audit matters.

Our audit procedures related to abovementioned valuation of investments using equity method included the following, among others:

1. Understand the managements' policy of valuation on investments using equity method and procedures of disposals.
2. Obtain the base of valuation of investments using equity methods and the process of evaluation to confirm the rationality.

Authenticity of specific sales revenue

In 2022, the Group's sales revenue from specific customers increased significantly and is therefore considered as a key audit matter for current year. For accounting policies relating to sales revenue, please refer to Note 4(15) to the consolidated financial statements.

We have carried out the main audit procedures for the abovementioned authenticity of the sales from specific customers as follows:

1. Understand and test the effectiveness of the design and implementation of key internal control systems for the authenticity of sales revenue from specific customers.
2. Obtain the sales details to sample and check the transaction documents of sales revenue of specific customers and receipts and collections to confirm the authenticity of the recognition of sales revenue.

Other Matters－Report of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method that are included in the consolidated financial statements. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and the information disclosed in Note 15 and Note 37 relative to these investments, is based solely on the audit reports of other auditors. Total assets of these associates and investments amounted to $207,572 thousand, representing 6% of the total consolidated assets as of December 31, 2021, and total operating loss amounted to $30,686 thousand, representing 18% of consolidated other comprehensive income(loss) for the year ended December 31, 2022.

Other Matter- Parent company only financial statements

C Tech United Corporation has additionally prepared its parent company only financial statements as of the year ended December 31, 2022 and 2021, on which we have issued an unqualified opinion and expressed an unmodified with other matter section.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, 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 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 the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the directions, 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 Nai-Hua Guo and Li-Huang Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 30, 2023

C-Tech United Corporation and subsidiaries
Consolidated Balance Sheets
(In thousands of New Taiwan Dollars)
December 31, 2022 and 2021

Codes	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	$ 194,538	5	$ 135,617	4
1136	Financial assets at amortized cost－current (Note 9, 10, 33)	113,143	3	56,310	1
1170	Accounts receivables, net (Note 11 and 25)	170,357	5	286,816	8
1200	Other receivables (Note 11)	747	-	4,485	-
1220	Current tax assets (Note 27)	1,849	-	-	-
130X	Inventories (Note 12 and 33)	201,078	5	1,322,045	36
1460	Noncurrent assets held for sale, net (Note 13 and 33)	1,616,435	44	-	-
1470	Other current assets (Note 17 and 25)	21,177	1	140,026	4
11XX	**Total current assets**	2,319,324	63	1,945,299	53
	Noncurrent assets				
1510	Financial assets measured at fair value through profit or loss－noncurrent (Note 7 and 31)	-	-	264	-
1517	Financial assets measured at fair value through other comprehensive income －noncurrent (Note 8, 31 and 33)	21,513	1	34,807	1
1550	Investments accounted for using equity method (Note 15)	-	-	207,572	6
1600	Property, plant and equipment (Note 16, 32 and 33)	1,267,705	35	1,404,766	38
1755	Right-of-use assets	9,758	-	28,979	1
1780	Other intangible assets	14,240	-	17,449	-
1840	Deferred income tax assets (Note 27)	16,124	-	21,074	1
1915	Prepayments for equipment	28,953	1	15,942	-
1920	Refundable deposits	3,434	-	3,945	-
15XX	**Total noncurrent assets**	1,361,727	37	1,734,798	47
1XXX	**Total assets**	$ 3,681,051	100	$ 3,680,097	100
Codes	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans (Note 18, 31 and 33)	$ 757,686	21	$ 1,150,416	31
2110	Short-term notes payables (Note 18, 31 and 33)	-	-	202,400	6
2120	Financial liabilities measured at fair value through profit or loss – current (Note 7 and 31)	-	-	58	-
2130	Contract liabilities – current (Note 25 and 32)	20,513	1	165,092	5
2150	Notes payables	-	-	4,559	-
2170	Accounts payables (Note 20 and 31)	88,091	2	422,028	11
2200	Other accounts payables (Note 21 and 31)	75,542	2	91,498	3
2260	Liabilities related to noncurrent assets held for sales (Note 13)	1,151,790	31	-	-
2280	Lease liabilities – current (Note 31)	3,905	-	13,563	-
2320	Current portion of long-term loans payable (Note 18, 31 and 33)	18,667	1	6,667	-
2399	Other current liabilities (Note 21 and 32)	123,974	3	11,294	-
21XX	Total current liabilities	2,240,168	61	2,067,575	56
	Noncurrent liabilities				
2500	Financial liabilities measured at fair value through profit or loss – noncurrent (Note 7 and 31)	2,142	-	-	-
2530	Bonds payables (Note 19 and 31)	100,872	3	99,390	3
2540	Long-term loans (Note 18, 31 and 33)	385,045	10	391,711	11
2570	Deferred tax liabilities (Note 27)	50	-	1,097	-
2580	Lease liabilities – noncurrent (Note 31)	4,358	-	15,648	-
2640	Net defined benefit liabilities (Note 22)	5,025	-	6,185	-
2645	Guarantee deposit	26	-	-	-
25XX	**Total noncurrent liabilities**	497,518	13	514,031	14
2XXX	**Total liabilities**	2,737,686	74	2,581,606	70
	Equity Attributable to Shareholders Of The Parent (Note 24)				
3110	Common stock	1,141,314	31	981,314	27
3200	Capital surplus	567,009	16	403,049	11
	Retained earnings				
3310	Appropriated as legal capital reserve	15,854	-	15,854	-
3320	Appropriated as special capital reserve	25,808	1	25,808	1
3350	Accumulated deficit	(800,489)	(22)	(312,687)	(9)
3300	Total retained earnings	(758,827)	(21)	(271,025)	(8)
3400	Others	(62,598)	(2)	(75,320)	(2)
3500	Treasury stocks	(48,244)	(1)	(48,244)	(1)
31XX	Total Equity	838,654	23	989,774	27
36XX	Non-Controlling Interests	104,711	3	108,717	3
3XXX	**Total equity**	943,365	26	1,098,491	30
	Total liabilities and equity	$ 3,681,051	100	$ 3,680,097	100

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

Chairman: Huang, Tsung-Wei　　General Manager: Huang, Tsung-Wei　　Accounting Officer: Liu, Yi-Wei

C-Tech United Corporation and subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(In thousands of New Taiwan Dollars, except for loss per share)

Codes		2022 Amount	2022 %	2021 Amount	2021 %
	Operating revenues (Note 25 and 32)				
4110	Sales revenue	$ 1,468,984	100	$ 2,176,641	100
4170	Sales returns	(1,017)	-	(921)	-
4190	Sales allowance	(316)	-	(93)	-
4000	Total sales revenue	1,467,651	100	2,175,627	100
5000	Operating costs (Note 12, 26)	(1,292,884)	(88)	(1,934,652)	(89)
5900	Operating gross margin	174,767	12	240,975	11
	Operating expenses (Note 26 and 29)				
6100	Sales and marketing	(58,617)	(4)	(68,701)	(3)
6200	General and administrative	(166,732)	(11)	(175,188)	(8)
6300	Research and development	(86,873)	(6)	(79,113)	(4)
6450	Gain on reversal of expected credit	1,134	-	3,063	-
6000	Total operating expenses	(311,088)	(21)	(319,939)	(15)
6900	Operating loss	(136,321)	(9)	(78,964)	(4)
	Non-operating income and expenses (Note 26 and 32)				
7100	Interest income	1,068	-	134	-
7010	Other income	6,992	-	4,800	-
7020	Other gains and loss	(201,259)	(14)	(3,729)	-
7050	Finance costs	(21,416)	(1)	(17,031)	(1)
7060	Share of loss of associates using equity method	(63,766)	(4)	(30,686)	(1)
7000	**Total non-operating income and expenses**	(278,381)	(19)	(46,512)	(2)
7900	Loss from continuing operations before tax	(414,702)	(28)	(125,476)	(6)
7950	Income tax benefit (expense) (note 27)	7,606	-	(291)	-

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Code		2022 Amount	2022 %	2021 Amount	2021 %
8000	Loss from continuing operations for current year	($ 407,096)	(28)	($ 125,767)	(6)
8100	Loss from discontinued operations (Note 13 and 32)	(85,671)	(6)	(42,729)	(2)
8200	Net loss for current year	(492,767)	(34)	(168,496)	(8)
	Other comprehensive income (loss) (Note 22 and 27)				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8311	Remeasurement of defined benefit obligation	1,198	-	(89)	-
8316	Unrealized gain/(loss) on investments in equity instruments measured at fair value through other comprehensive income	(13,294)	(1)	(20,078)	(1)
8320	Associates using equity method, other comprehensive income component	16,198	1	(16,238)	(1)
8349	Income tax related to items that will not be reclassified subsequently	(239)	-	18	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences arising on translation of foreign operations	12,273	1	(3,863)	-
8370	Share of other comprehensive loss of associates and joint ventures	-	-	(33)	-
8399	Income tax related to items that may be reclassified subsequently	(2,455)	-	773	-
8300	**Other comprehensive income (loss), net**	13,681	1	(39,510)	(2)
8500	**Total comprehensive income**	($ 479,086)	(33)	($ 208,006)	(10)
8600	Net income attribute to:				
8610	Shareholders of the parent	($ 488,761)	(34)	($ 164,814)	(8)
8620	Non-controlling interests	(4,006)	-	(3,682)	-
		($ 492,767)	(34)	($ 168,496)	(8)

(Continued)

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Code		2022 Amount	2022 %	2021 Amount	2021 %
8700	Total comprehensive income attribute to:				
8710	Shareholders of the parent	($ 475,080)	(33)	($ 204,324)	(10)
8720	Non-controlling interests	(4,006)	-	(3,682)	-
		($ 479,086)	(33)	($ 208,006)	(10)
	Loss per share (Note 28)				
	From continuing and discontinued operations of owners of parent				
9850	Diluted	($ 4.68)		($ 1.92)	
9750	Basic	($ 4.68)		($ 1.92)	
	Continuing operations of owners of parent				
9710	Basic	($ 3.90)		($ 1.47)	
9810	Diluted	($ 3.90)		($ 1.47)	

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

Chairman: Huang, Tsung-Wei General Manager: Huang, Tsung-Wei Accounting Officer: Liu, Yi-Wei

C-Tech United Corporation and subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(In thousands of New Taiwan Dollars)

		Equity attribute to the shareholders of the parent company											
		Capital Stock			Retained Earnings			Total other equity interest					
Code		Shares (in thousands)	Amount	Capital Surplus	Legal Capital Reserve	Special Capital Reserve	Accumulated deficits	Foreign currency Translation Reserve	Unrealized gain(loss) on financial assets measured at fair value through other Comprehensive Income	Treasury stock	Total	Non-controlling interests	Total equity
A1	Balance, January, 2021	82,096	$ 820,960	$ 256,918	$ 15,854	$ 25,808	($ 147,802)	($ 22,366)	($ 13,515)	($ 48,244)	$ 887,613	$ 112,405	$ 1,000,018
C5	Capital Reserve from convertible bonds	-	-	25,241	-	-	-	-	-	-	25,241	-	25,241
C7	Adjustments to share of changes in equities of associates	-	-	4,529	-	-	-	-	-	-	4,529	-	4,529
D1	Net loss	-	-	-	-	-	(164,814)	-	-	-	(164,814)	(3,682)	(168,496)
D3	Other comprehensive income (loss), net of income tax	-	-	-	-	-	(71)	(3,123)	(36,316)	-	(39,510)	-	(39,510)
D5	Total comprehensive income (loss)	-	-	-	-	-	(164,885)	(3,123)	(36,316)	-	(204,324)	(3,682)	(208,006)
I1	Transition of convertible bonds payables	16,005	160,054	115,382	-	-	-	-	-	-	275,436	-	275,436
G1	Exercising Stock Options	30	300	501	-	-	-	-	-	-	801	-	801
N1	Share-based payment arrangement	-	-	478	-	-	-	-	-	-	478	-	478
O1	Non-controlling equity	-	-	-	-	-	-	-	-	-	-	(6)	(6)
Z1	Balance at December 31, 2021	98,131	981,314	403,049	15,854	25,808	(312,687)	(25,489)	(49,831)	(48,244)	989,774	108,717	1,098,491
D1	Net loss	-	-	-	-	-	(488,761)	-	-	-	(488,761)	(4,006)	(492,767)
D3	Other comprehensive income (loss), net of income tax	-	-	-	-	-	959	9,818	2,904	-	13,681	-	13,681
D5	Total comprehensive income (loss)	-	-	-	-	-	(487,802)	9,818	2,904	-	(475,080)	(4,006)	(479,086)
E1	Capital increase	16,000	160,000	160,000	-	-	-	-	-	-	320,000	-	320,000
N1	Share-based payment arrangement	-	-	3,960	-	-	-	-	-	-	3,960	-	3,960
Z1	Balance, December 31, 2022	114,131	$ 1,141,314	$ 567,009	$ 15,854	$ 25,808	($ 800,489)	($ 15,671)	($ 46,927)	($ 48,244)	$ 838,654	$ 104,711	$ 943,365

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

Chairman: Huang, Tsung-Wei General Manager: Huang, Tsung-Wei Accounting Officer: Liu, Yi-Wei

C-Tech United Corporation and subsidiaries
Consolidated Statements of Cash flows
For the years ended December 31, 2022 and 2021
(In thousands of New Taiwan Dollars)

Code		2022	2021
	Cash flows from operating activities		
A00010	Income before income tax from continuing operations of owners of parent	($ 414,702)	($ 125,476)
A00020	Income before income tax from discontinued operations of owners of parent	(85,671)	(42,729)
A10000	Income before income tax	(500,373)	(168,205)
A20010	Adjustments for		
A20100	Depreciation expense	101,907	85,414
A20200	Amortization expense	8,658	5,273
A20300	Expected credit losses reversal on investments	(1,607)	(2,049)
A20400	Gain (loss) on financial assets and liabilities measured at fair value through profit or loss	967	(5,595)
A20900	Financial costs	21,624	17,195
A21200	Interest income	(1,160)	(174)
A21300	Dividend income	(1,105)	(1,420)
A21900	Share-based compensation	3,960	478
A22300	Loss on associates using equity method	63,766	29,848
A22500	Gain on disposal and retirement of property, plant and equipment, net	261	(32)
A23500	Loss on investments using equity method	160,004	-
A23700	Loss on noncurrent assets held for sale	38,861	-
A23700	Loss on non-financial assets	21,489	5,800
A23700	Loss for market price decline and obsolete and slow-moving inventories	27,488	212
A30000	Changes in operating assets and liabilities		
A31150	Accounts receivables	115,349	303,228
A31180	Other accounts receivables	3,731	2,078
A31200	Inventories	(305,110)	(274,689)
A31240	Other current assets	12,561	(22,354)
A32125	Contract liabilities	85,884	74,606
A32130	Notes payables	105,632	668
A32150	Accounts payables	(258,469)	(143,806)
A32180	Other accounts payables	222	(36,662)
A32230	Other current liabilities	11,840	(1,390)
A32240	Net defined benefit liabilities	38	(89)
A33000	Cash generated from operations	(283,582)	(131,665)

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Code		2022	2021
A33100	Interest received	$ 1,160	$ 174
A33200	Dividends received	1,105	-
A33300	Interest paid	(19,625)	(13,186)
A33500	Income tax paid	(3,764)	(24,845)
AAAA	Net cash flows from operating activities	(304,706)	(169,522)
	Cash flows from investing activities		
B00040	Acquisition of financial assets at amortized costs	(93,907)	-
B00050	Disposal of financial assets at amortized costs	-	5,377
B00200	Disposal of financial assets measured at fair value through profit or loss	1,381	4,069
B01800	Acquisition of investments using equity method	-	(250,000)
B01900	Disposal of investments using equity method	110,000	2,157
B02700	Acquisition of property, plant and equipment	(43,513)	(787,597)
B02800	Disposal of property, plant and equipment	1,792	311
B03700	Refundable deposits paid	-	(721)
B03800	Refundable deposits refunded	22	-
B04500	Acquisition of intangible assets	(6,399)	(13,046)
B07100	Increase in prepayments for equipment	(23,667)	(2,708)
B07600	Dividends received	-	1,420
BBBB	Net cash flows used in investing activities	(54,291)	(1,040,738)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	1,977,772	519,703
C00200	Decrease in short-term borrowings	(1,824,203)	-
C00500	Increase in short-term notes payables	10,000	54,000
C00600	Decrease in short-term notes payables	(44,000)	-
C01200	Issuance of bonds payables	-	398,017
C01600	Proceeds from long-term debt	45,000	168,378
C01700	Payments of long-term borrowings	(39,666)	-
C03000	Increase in guarantee deposits	26	-
C04020	Principle repayment	(23,116)	(13,402)
C04600	Increase in capital	320,000	-
C04800	Exercising employee stock options	-	801
C05800	Changes in non-controlling equity	-	(6)
CCCC	Net cash flows from financing activities	421,813	1,127,491
DDDD	Effect of exchange rate changes on cash and cash equivalents	13,595	(2,187)

(Continued)

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Code		2022	2021
EEEE	Net increase(decrease) in cash and cash equivalents	$ 76,411	($ 84,956)
E00100	Cash and cash equivalents, beginning of the year	135,617	220,573
E00200	Cash and cash equivalents, end of the year	$ 212,028	$ 135,617

Reconciliation of cash and cash equivalents at the end of the year

Code		December 31, 2022	December 31, 2021
	Cash and cash equivalents, end of the year		
E00210	Cash and cash equivalents on the balance sheets	$ 194,538	$ 135,617
E00212	Classified as cash and cash equivalents under noncurrent assets held for sale	17,490	-
E00200	Cash and cash equivalents, end of the year	$ 212,028	$ 135,617

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

Chairman: Huang, Tsung-Wei General Manager: Huang, Tsung-Wei Accounting Officer: Liu, Yi-Wei

C-Tech United Corporation and subsidiaries
Notes to Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. General Information

   C-Tech United Corporation (the Company) was established on 1996 May in New Taipei city, the main business items are manufacturing and processing of battery modules, development and manufacturing of electronic components, sales of houses and buildings.

   The Company's shares were listed and have been trading on the Taiwan Stock Exchange since October 28, 2009.

   The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the "Group", are presented in the Company's functional currency, the New Taiwan dollar.

2. Approval date and procedures of the financial statements

   The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 30, 2023.

3. New standards, amendments and interpretations adopted

   (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, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

   Except for the following, whenever applied, the initial application of the amendments by Securities Issuers and the IFRSs endorsed and issue:

   (1) Annual Improvement to IFRS Standards 2018-2020

   The annual improvements amend several Standards. Among which, started from January 1, 2022, the amendment to IFRS 9 clarifies that, in determining whether an exchange or modification of the terms of a financial liability is substantially different from the original one, only fees paid or received between the Group (the borrower) and the lender, including fees paid or received by either the Group or the lender on the other's behalf, shall be included in the '10 percent' test of discounting present value of the cash flows under the new terms.

(2)Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The Company had met the requirement started from January1, 2022 and applicable to this amendment. These amendments set out that proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for them to be capable of operating in the manner intended by management shall not be recognized as a deduction of the asset. Instead, the proceeds and the costs of those items, measured in accordance with IAS 2, shall be recognized in profit or loss in accordance with applicable IFRS Standards. Information of accounting policies refer to Note 4.

(3) Amendments to IAS 37 “Onerous Contracts — Cost of Fulfilling a Contract”

The Group had not carried out all of the amendments as of January 1, 2022. The amendments set out that, when determining whether a contract is onerous, the cost of fulfilling a contract comprises an allocation of other costs that relate directly to fulfilling contracts—for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others.

(4) Amendments to IFRS 16 “Covid-19-Related Rent Concessions” and “Covid-19-Related Rent Concessions beyond 30 June 2021”

The Group elected to apply the practical expedient provided in the amendments to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Group shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

(b) The IFRS issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023:

New, Revised or Amended Standards and Interpretations	**Effective Date Issued by IASB**
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)

Note1: The amendments will be applied for annual reporting periods beginning on or after January 1, 2023.

Note2: The amendments will be applicable to changes in accounting estimates and accounting policies that occur on or on or after January 1, 2023.

Note3: Except that deferred taxes will be recognized on January 1, 2023 for temporary differences associated with leases and decommissioning obligations, the amendments will be to transactions that occur on or after January 1, 2023.

(1). Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Group chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

(2) Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

(3) Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2023, and recognize the cumulative effect of initial application in retained earnings at that date. The Group will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2023.

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

(c) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	**Effective Date Issued by IASB(Note 1)**
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 measurement in sale and leaseback"	January 1, 2024(Note 2)
IFRS 17 "Insurance Contrascts"	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 Noncurrent"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note1: Unless stated otherwise, the above New IFRSs will be effective for annual reporting periods beginning on or after their respective effective dates.

Note2: The seller and lessee shall apply the amendments of IFRS 16 retroactively to the sale and leaseback transactions signed after the date of initial application of IFRS 16.

(1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

(2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

(3) Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"

The amendments clarify that the liability that arises from a sale and leaseback transaction—that satisfies the requirements in IFRS 15 to be accounted for as a sale—is a lease liability to which IFRS 16 applies. However, in the case of variable lease payments not subject to an index or rate, the seller-lessee shall measure the liability without recognizing any profit or loss related to the right of use it retains. Subsequently, the difference between the current lease payments included in the calculation of the lease liabilities and the payments made is recognized in profit or loss.

In addition to the above effects, as of the date of approving the consolidated financial statements for release, the Group had continued to evaluate the effect of the amendments to other standards and interpretations on its financial position and financial performance, and the relevant effects will be disclosed when the evaluation 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, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

The Group is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of consolidation

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

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

See Note 14, Tables 7 and 8 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 (i.e., foreign currencies) is recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

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

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

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories of goods

Inventories consist of raw materials, supplies, finished goods and work-in-process 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 weighted-average cost on the balance sheet date.

Construction inventories

Inventories consist of construction-in-progress. Construction-in-progress are recorded at acquisition cost, with construction-in-progress being the cost of land, construction work and related loans that have not yet been completed. Construction-in-progress are measured at the lower of cost or net realizable value, and comparisons between cost and net realizable value are made on a project-by-project basis. Net realizable value is defined as the estimated selling price under normal circumstances less estimated costs to complete and estimated costs to complete the sale.

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 is 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 associates.

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.

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 Group’s shares of losses of an associate equal or exceed 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.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples of these assets for testing before they reach their intended use are measured at the lower of cost or net realizable value when the assets are tested for proper functioning before they reach their intended use, and the sales price and cost are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment and depreciated when completed and ready for their intended use.

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

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

i. Intangible assets

(1) 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. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

(2) Internally-generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

(3) Derecognition of intangible assets

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

j. Assets related to contract costs

When a sales contract is obtained, the sale service fees paid to agents under exclusive sale agreements are recognized as assets (incremental costs of obtaining a contract) to the extent that the costs are expected to be recovered and are recognized in profit or loss when the property is transferred to the customers. However, the Group elects not to capitalize the incremental costs of obtaining a contract if the amortization period of the assets that the Group would otherwise have recognized is expected to be one year or less.

k. Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties 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. Otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

l. Noncurrent assets held for sale

Noncurrent assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the noncurrent assets are available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When a sale plan would result in a loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the group will retain a non-controlling interest in that subsidiary after the sale.

They are measured at the lower of carrying amount and fair value less costs to sell.

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and 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 31.

ii. Financial assets at amortized cost

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

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

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

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 as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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

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

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), as well as contract assets.

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

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

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Group:

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagging 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, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

c) Derecognition of financial assets

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

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

2) Equity instruments

Debt and equity instruments issued by the Group 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 Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

Except the following situation, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such a financial liability is held for trading. Such financial liabilities are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss.

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.

4) Convertible bonds

The component parts of compound instruments (i.e. convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5). Derivative instruments

The Group's derivative instruments, including forward foreign exchange contracts and interest rate swap, are adopted to manage the Group's exchange rate and interest rate risk.

Derivative instruments are initially recognized at fair value when the derivative contract is signed, and subsequently remeasured at fair value at the balance sheet date. The gains or losses resulting from subsequent measurement are directly recognized in profit or loss. When the fair value of a derivative instrument is a positive number, it is classified as a financial asset; when the fair value is a negative number, it is classified as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset host that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

n. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Onerous contracts

Onerous contracts are those in which the Group's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. Before 2021, when assessing whether a contract is onerous, the "cost of fulfilling a contract" only includes both the incremental costs of fulfilling, however, after the amendments of the new standards, started from 2022, when assessing whether a contract is onerous, the "cost of fulfilling a contract" includes both the incremental costs of fulling that contract and an allocation of other costs that relate directly to fulfilling contracts.

p. 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

For contracts to sell properties in the ordinary course of business, the fixed transaction price is received in instalments and recognized as a contract liability. The transaction price, after adjusting for the effect of the significant financing component, is recognized as revenue when the construction is completed, and the property is transferred to the buyer. Revenue from the sale of goods comes from sales of battery modules products and electronic components and parts. Sales of products are recognized as revenue 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 receivables are recognized concurrently.

q. 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. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

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.

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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.

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 future lease payments resulting from 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.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions for lease contracts and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss (recognized as other income), in the period in which the events or conditions that trigger the concession occur and makes a corresponding adjustment to the lease liability.

r. Borrowing costs

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

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

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

s. Employee benefits

1). Short-term employee benefits

Relevant liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2). Post-employment benefits

For pension under the defined contribution plan, the amount of pension contributed is recognized in expenses during employees' service period.

The defined benefit cost under the defined benefit pension plan (including service cost, net interest, and re-measurement) is calculated based on the projected unit credit method. The service cost (including the service costs for the current period) and the net interest on the net defined benefit liabilities (assets) are recognized in employee benefit expenses as they occur. The re-measurement (including actuarial gains and losses, and the return on plan assets, net of interest) is recognized in other comprehensive income and listed in retained earnings when it occurs and will not be reclassified to profit or loss subsequently.

The net defined benefit liabilities (assets) are the deficit (surplus) of the defined benefit pension plan. The net defined benefit assets may not exceed the present value of any refunds from the plan or reductions in future contributions to the plan.

t. Share-based payment arrangements

Employee share options

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vesting immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

u. Income tax

The income tax expense represents the sum of the current income tax and deferred tax.

1) Current income tax

The Group determines the income (loss) of the current year in accordance with the laws and regulations in each jurisdiction for income tax declaration and calculates the income tax payable (recoverable) accordingly.

A surtax imposed on the undistributed earnings pursuant to the Income Tax Act of R.O.C. is recognized in the year in which it is resolved by the annual shareholders' meeting.

Adjustment to income tax payable from prior years are recognized in the current income tax.

2) Deferred tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized when there are likely to be taxable income to deduct temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that said temporary difference will not be reversed in the foreseeable future. The deductible temporary differences related to said investments are recognized in deferred income tax only if it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences, and they are expected to be reversed in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. 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 balance sheet date, 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, the current and deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

5. Critical Accounting Judgements 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 on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

KEY SOURCES OF ESTIMATION AND UNCERTAINTY

a. Impairment of Financial Assets

The provision for impairment of trade receivables is based on assumptions about probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates at the end of each reporting period. Please refer to Note 10 and Note 11 for the details of the key assumptions and inputs used. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value. In addition, due to the uncertainty of inflation and market interest rate fluctuations, large fluctuations in the price of raw materials and freight makes the estimation of net realizable value more uncertain.

c. Investments of associates

The Company immediately recognizes impairment loss on its net investments in subsidiaries and associates when there is any indication that an investment may be impaired and the carrying amount may not be recoverable. The Company's management evaluates such impairment based on the estimated future cash flow expected to be generated by the investments accounted for using the equity method. The Company also takes into consideration the market conditions and industry developments to evaluate the appropriateness of the relevant assumptions.

d. Impairment of property, plant and equipment

The impairment loss of property, plant and equipment in relation to production was based on the recoverable amounts of those assets, which are the higher of their fair value less costs of disposal and their value in use. Any changes in the market prices or future cash flows will affect the recoverable amounts of those assets and may lead to the recognition of additional impairment losses or the reversal of impairment losses.

e. Impairment loss for noncurrent assets held for sales

The Company should recognize impairment loss when the carrying amount of the noncurrent assets held for sales is lower than the fair value which shall be decided by the potential buyers.

6. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand	$ 1,248	$ 1,338
Checking accounts and demand deposits	193,290	134,279
	$ 194,538	$ 135,617

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2022	December 31, 2021
Financial assets - noncurrent		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
－Redemption options and put options of convertible bonds (Note 19)	$ -	$ 264
Financial liabilities - current		
Financial liabilities mandatorily classified as at FVTPL		
Derivative financial instruments (not under hedge accounting)		
－Currency Swaps(1)	$ -	$ 58

	December 31, 2022	December 31, 2021
Financial liabilities - noncurrent		
Financial liabilities mandatorily classified as at FVTPL		
Derivative financial instruments (not under hedge accounting)		
— Redemption options and put options of convertible bonds (Note 19)	$ 2,142	$ -

(a) The forward exchange contracts outstanding and not applicable to hedge accounting as of the balance sheet date are as follows

December 31, 2022: None

December 31, 2021:

	Currency	Maturity Period	Amount (in thousand)
Currency Swap	NTD to USD	2022.06.14	NTD11,130/USD400

The Group engages in the transaction of currency swaps primarily for hedging of exchange rate volatility with assets and liabilities denominated in foreign currencies.

8. FINANCIAL ASSETS MEASURED AT FVOCI

	December 31, 2022	December 31, 2021
Equity investment		
Noncurrent		
Domestic investments		
Unlisted shares		
Emerging stocks	$ 21,513	$ 28,074
Others	-	6,733
	$ 21,513	$ 34,807

For the purpose of long-term strategies on investments, the Company invested in Lumtech and LSC Ecosystem Corporation and expected to have profit or gains on the long-term investments. However, the management in the Company recognized the investments as financial assets measured at FVOCI instead of FVPL in accordance the aforementioned planning on the long-term investments, related information refers to Table 3.

For more details about the information of financial assets measured at FVOCI, please refer to Note 33.

9. FINANCIAL ASSETS MEASURED AT AMORTIZED COSTS

	December 31, 2022	December 31, 2021
Current		
Domestic investments		
Time deposits with original maturities exceeding 3 months	$ 18,914	$ 8,129
Bank deposits－Reserve account and Trust fund	94,229	48,181
	$ 113,143	$ 56,310

As of December 31, 2022 and 2021, the interest rate of time deposits with original maturities exceeding 3 months were ranged from 0.220% ~ 0.495 % and 0.765% ~ 0.815%, respectively.

Refer to Note 33 for information relating to investments measured at amortized costs pledged as collateral for financial assets.

10. Investments in debt instruments at FVTOCI

The investments in debt instruments at FVTOCI were as follows:

	December 31, 2022	December 31, 2021
Measured at amortized costs		
Total carrying amount	$ 113,143	$ 56,310
Expected credit loss	-	-
Amortized costs	$ 113,143	$ 56,310

The Company only invests in debt instruments whose derogation assessment is of low credit risk. The Company takes into account the current financial position of the debtors and the forecast of the prospects of their industries to measure the expected credit loss of 12 months or the duration of the investment in debt instruments. As of December 31, 2022 and 2021, the Company assessed that the credit risk of the debtor was low and had sufficient capacity to repay the cash flow of the contract, so the expected credit loss was not recognized._

11. ACCOUNTS RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE, NET

	December 31, 2022	December 31, 2021
Accounts receivables		
At amortized cost		
Gross carrying amount	$ 170,357	$ 288,964
Less: Allowance for impairment loss	-	(2,148)
	$ 170,357	$ 286,816
Other accounts receivable		
Total carrying amount	$ 831	$ 4,569
Less: Allowance for impairment loss	(84)	(84)
	$ 747	$ 4,485

The average credit period on sales of goods is 60~120 days without interests expenses.

In order to minimize credit risk, the management of the consolidated company has appointed a team responsible for the determination of credit limit, credit approval and other monitoring procedures to ensure that proper action is taken for recovery of overdue debts. In addition, the consolidated company reviews the recoverable amount of the overdue notes and accounts receivable on the balance sheet date to ensure that adequate allowances are made for the irrecoverable amounts. In this regard, the management believes that the credit risk of the consolidated company has been significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. 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 an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation, or when the trade receivables are over 90 days past due, whichever occurs earlier. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2022

	Not Past Due	Past Due 1~90 Days	Past Due 91~180 Days	Past Due Over 180 Days	Total
Gross carrying amount	$ 164,729	$ 5,628	$ -	$ -	$ 170,357
Loss allowance (lifetime ECL)	-	-	-	-	-
Amortized cost	$ 164,729	$ 5,628	$ -	$ -	$ 170,357

December 31, 2021

	Not Past Due	Past Due 1~90 Days	Past Due 91~180 Days	Past Due Over 180 Days	Total
Gross carrying amount	$ 280,701	$ 8,026	$ -	$ 237	$ 288,964
Loss allowance (lifetime ECL)	(660)	(1,251)	-	(237)	(2,148)
Amortized cost	$ 280,041	$ 6,775	$ -	$ -	$ 286,816

The movements of the loss allowance of accounts receivables and other accounts receivables were as follows:

	2022	2021
Balance at January 1, 2022	$ 2,232	$ 4,281
Less: Net remeasurement of loss allowance	(1,607)	(2,049)
Less: Noncurrent assets held for sales (Note 13)	(560)	-
Foreign exchange gains and losses	19	-
Balance at December 31, 2022	$ 84	$ 2,232

12. Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 158,920	$ 205,735
Work in Process	-	4,787
Semi-finished goods	3,820	3,878
Finished goods	38,795	33,494
Construction inventories	1,411,236	1,074,151
	1,612,771	1,322,045
Less: Noncurrent assets held for sales (Note 13)	(1,411,693)	-
	$ 201,078	$ 1,322,045

As of December 31, 2022 and 2021, the cost of inventories (including discontinued departments) recognized as cost of goods sold were $1,323,223 thousand and $1,969,050 thousand, respectively. Loss on reversal of write-downs inventories were $27,488 thousand and $212 thousand.

Details of inventories – construction and contract liabilities were as below:

	December 31, 2022			
Name	Land	Construction – in progress	Total	Contract liabilities – Current
Xin Lianxin	$ 228,544	$ 120,206	$ 348,750	$ 68,563
Xin Shang Cheng	266,802	90,165	356,967	57,127
Sumi A9	356,629	182,867	539,496	104,773
Shi Shin	-	166,023	166,023	-
	$ 851,975	$ 559,261	$ 1,411,236	$ 230,463

The abovementioned inventories – constructions and contract liabilities were reclassified to noncurrent assets held for sales, please refer to Note 13.

	December 31, 2021			
Name	Land	Construction – in progress	Total	Contract liabilities – Current
Xi Lian Xin	$ 228,544	$ 74,713	$ 303,257	$ 39,847
Xin Shang Cheng	266,802	56,261	323,063	33,425
Sumi A9	356,629	91,202	447,831	83,321
	$ 851,975	$ 222,176	$ 1,074,151	$ 156,593

The information related to the amount of inventories as collateral, please refer to Note 33.

13. Noncurrent assets held for sales and disposal group held for sales

The Company sold common shares of MSM Development by the resolutions of the board of directors on November 15, 2022 and December 29, 2022 and expected to complete the process in the future 12 months. Therefore, the Company reclassified MSM development as a disposal group held for sales on consolidated balance sheet on December 31, 2022, the information of the disposal of the shares, please refer to Note 32(10). The ownership of the shares was held from 74% to 26%, the payments of the transactions were collected in February 2023.

The management of the Company expected to complete the disposal process of Chongqing Wusheng in the next 12 months. Therefore, the Company reclassified as disposal group held for sales on consolidated balance sheet on December 31, 2022 and recognized impairment loss under discontinued operations from expected fair value less costs lower than the carrying amount of $38,861 thousand.

	December 31, 2022		
	MSM Development	Chongqing Wusheng	Total
Noncurrent assets held for sales			
Cash and cash equivalents	$ 11,258	$ 6,232	$ 17,490
Financial assets measured amortized costs－Current	37,074	-	37,074
Accounts receivables, net	16	2,682	2,698
Other receivables	-	2	2
Inventories	1,411,236	457	1,411,693
Incremental costs of obtaining contracts (Note 4(10)	80,139	-	80,139
Other current assets	24,944	1,210	26,154
Property, plant and equivalent	$ -	$ 23,525	$ 23,525
Right-of-use assets	-	7,860	7,860
Other intangible assets	142	893	1,035
Deferred tax assets	8,275	-	8,275
Refundable deposits	-	490	490
	$ 1,573,084	$ 43,351	$ 1,616,435
Liabilities related to noncurrent assets held for sales			
Short-term borrowings	$ 546,299	$ -	$ 546,299
Short-term notes payables	168,400	-	168,400
Contract liabilities－Current	230,463	-	230,463
Notes payables	110,191	-	110,191
Accounts payables	64,586	10,882	75,468
Other payables	3,235	599	3,834
Lease liabilities－Current	-	2,230	2,230
Other current liabilities	9,158	1	9,159
Lease liabilities－noncurrent	-	5,746	5,746
	$ 1,132,332	$ 19,458	$ 1,151,790

The above transactions met the criteria of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Therefore, the disposals of the assets and liabilities of MSM Development and Chongqing Wusheng were classified as a disposal group held for sale, which was presented as income (loss) from discontinued operations. To coordinate with the discontinued operations presentation of consolidated income statement for the year ended December 31, 2022, the Group reclassified the income/loss of discontinued operations for the year ended December 31, 2021 and made the related period information of consolidated income statement more relevant.

The details of profit (loss) from discontinued operations and the related cash flow information are as follows:

	2022	2021
Operating income	$ 11,181	$ 32,733
Operating cost	(30,339)	(34,398)
Operating gross loss	(19,158)	(1,665)
Selling expenses	(6,454)	(7,664)
Administrative expenses	(23,381)	(25,470)
Gain (loss) on reversal of impairment loss	473	(1,014)
Operating Net Loss	($ 48,520)	($ 35,813)
Interest income	92	40
Other income	2,136	653
Other gains or loss	(39,171)	(8,283)
Financial costs	(208)	(164)
Share of Profit or Loss of Associates	-	838
Net loss before tax	(85,671)	(42,729)
Tax expense	-	-
Loss from discontinued units	($ 85,671)	($ 42,729)
Cash flows		
Operating activities	($134,112)	($121,010)
Investing activities	(25,956)	45,787
Financing activities	122,917	103,012
Effect of exchange rate changes on cash and cash	130	71
Net cash outflow(inflow)	($ 37,021)	$ 27,860

14. Subsidiaries

(a) Subsidiaries included in consolidated financial statements

The consolidated financial statements include subsidiaries as follows:

Company	Subsidiary	Nature of business	Ownership% 2021 December 31	Ownership% 2021 December 31	Note
The Company	C-TECH CORP.	Investment holding	100.00%	100.00%	
The Company	Golden Capital International Corp.	Investment holding	100.00%	100.00%	
	MSM Development	Development, rental and sales of buildings	74.00%	74.00%	Please refer to Note 13 and 32
C-TECH CORP.	Techone Trading Limited	International trading	100.00%	100.00%	
	C-TECH HOLDING CORP.	Investment holding	100.00%	100.00%	
	C-TECH INTERNATIONAL LTD.	Investment holding	100.00%	100.00%	

C-TECH HOLDING CORP.	Chongqing C-Tech	Manufacturing of batteries	100.00%	100.00%	
C-TECH INTERNATIONAL LTD.	Chongqing Wusheng	Manufacturing and sales of plastic cases with battery compartment	100.00%	100.00%	Please refer to Note 13 and 35

For the purpose of establishing the headquarter of the Company, the Company would have a jointly constructed with house divided on Land No.388 in XinZhuang District, with MSM Development and Chenmei Group and have contracts, related information please refer to Note 32.

(b) Subsidiaries not included in the consolidated financial statements: None.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Associates

	December 31, 2022	December 31, 2021
Material associate:		
OTTOBIKE CO., LTD.	$ -	$207,572

At the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

Company	Business nature	Main business location	December 31, 2022	December 31, 2021
OTTOBIKE CO., LTD.	Manufacturing of motor vehicles and parts	Taiwan	20.15%	20.30%

The abovementioned associates were all measured and accounted for using equity method, except for the preliminary earnings and net of shareholders' equity of OTTO BIKE for the year ended December 31, 2022, the Company recognized the profit or loss for the year ended December 31, 2021 based on other auditors' results.

The Company sold the 20% of ownership of Zhanli Corporation to CAR QUALITY AUTOMOTIVE CO., LTD. amounted to $2,157 thousand on March 30, 2021.

The Company invested in OTTOBIKE with totaling $250,000, $26.5 per share by cash by the resolution approved by the board of directors on January 14, 2021. The Company now has 20.30% of ownerships of OTTOBIKE, the transaction was completed on February, 2021.

OTTOBIKE CO., LTD. issued common stocks amounted to 344,460 shares to merge PingCheng by the resolution of shareholders' meetings on November 15, 2022. The ownership of voting rights was decreased from 20.30% to 20.15%.

OTTOBIKE CO., LTD was dissolved by the resolutions approved by the shareholders' meetings on December 30, 2022. The management of the Company assessed the impairment tests on the investments and evaluate the recoverable amount is lower than the carrying amount, therefore the Company recognized impairment loss of $160,004 thousand under consolidated comprehensive income sheet.

Related significant information of the associates were summarized as follows:

OTTOBIKE Co., LTD

	December 31, 2022	December 31, 2021
Current assets	$ 106,198	$ 195,679
Noncurrent assets	359,754	423,706
Current liabilities	(293,655)	(157,752)
Noncurrent liabilities	(282,359)	(227,272)
Equity	($ 110,062)	$ 234,361
Ownership%	20.15%	20.30%
The Company's rights	$ -	$ 47,568
Impairment loss	(160,004)	-
Goodwill	160,004	160,004
Carrying amount of the investment	$ -	$ 207,572

	2022	2021
Sales revenue	$ 57,615	$ 3,039
Net loss from continuing operations for the year ended	($ 427,695)	($ 156,985)
Other comprehensive income	-	(80,194)
Total of other comprehensive income	($ 427,695)	($ 237,179)

16. Property, plant and equipment

Self-owned

	Land	Buildings	Machines	Office Equipment	Transportation	Leased Improvements	Others	Construction in progress and inspection equipment	Total
Cost									
Balance at January 1, 2022	$ 948,660	$ 137,691	$ 435,008	$ 14,318	$ 504	$ 72,105	$ 43,255	$ 13,153	$1,664,694
Additions	-	-	20,664	1,603	-	2,965	6,057	-	31,289
Disposals	-	-	(3,677)	-	-	-	(381)	-	(4,058)
Reclassification	-	-	5,254	-	-	2,835	2,725	(13,153)	(2,339)
Noncurrent assets held for sales	-	-	(71,817)	(1,686)	(512)	(29,022)	(8,311)	-	(111,348)
Currency differences	-	-	5,866	84	8	1,128	569	-	7,655
Balance at December 31, 2022	$ 948,660	$ 137,691	$ 391,298	$ 14,319	$ -	$ 50,011	$ 43,914	$ -	$1,585,893
Accumulated depreciation and loss									
Balance at January 1, 2022	$ -	$ 18,570	$ 176,789	$ 7,700	$ 257	$ 30,169	$ 26,443	$ -	$ 259,928
Depreciation	-	6,961	55,765	2,493	62	11,729	7,899	-	84,909
Disposals	-	-	(1,702)	-	-	-	(303)	-	(2,005)
Impairment loss	-	-	47,179	518	-	10,213	2,455	-	60,365
Noncurrent assets held for sales	-	-	(56,442)	(1,500)	(322)	(22,894)	(6,665)	-	(87,823)
Currency differences	-	-	2,073	46	3	399	293	-	2,814
Balance at December 31, 2022	$ -	$ 25,531	$ 223,662	$ 9,257	$ -	$ 29,616	$ 30,122	$ -	$ 318,188
Net value as of December 31, 2022	$ 948,660	$ 112,160	$ 167,636	$ 5,062	$ -	$ 20,395	$ 13,792	$ -	$1,267,705
Cost									
Balance at January 1, 2021	$ 255,481	$ 87,328	$ 381,423	$ 11,894	$ 582	$ 71,004	$ 40,731	$ 44,337	$ 892,780
Additions	693,179	6,025	24,966	1,996	-	2,116	4,149	15,736	748,167
Disposals	-	-	(243)	(27)	(530)	(635)	(1,085)	-	(2,520)
Reclassification	-	44,338	30,775	480	456	-	(350)	(46,920)	28,779
Currency differences	-	-	(1,913)	(25)	(4)	(380)	(190)	-	(2,512)
Balance at December 31, 2021	$ 948,660	$ 137,691	$ 435,008	$ 14,318	$ 504	$ 72,105	$ 43,255	$ 13,153	$1,664,694
Accumulated depreciation and loss									
Balance at January 1, 2021	$ -	$ 13,383	$ 127,292	$ 5,050	$ 244	$ 17,747	$ 21,130	$ -	$ 184,846
Depreciation	-	5,187	46,955	2,681	307	10,901	6,454	-	72,485
Disposals	-	-	(212)	(27)	(283)	(635)	(1,084)	-	(2,241)
Impairment loss	-	-	3,357	8	(9)	2,251	31	-	5,638
Currency differences	-	-	(603)	(12)	(2)	(95)	(88)	-	(800)
Balance at December 31, 2021	$ -	$ 18,570	$ 176,789	$ 7,700	$ 257	$ 30,169	$ 26,443	$ -	$ 259,928

Net value at December 31, 2021	$ 948,660	$ 119,121	$ 258,219	$ 6,618	$ 247	$ 41,936	$ 16,812	$ 13,153	$1,404,766

The impairment loss of $21,504 thousand and $5,638 thousand for the years ended in 2022 and 2021, respectively was recognized under other gains or loss of consolidated comprehensive income since the recoverable amount of the fair value less disposal costs were lower than the carrying amount.

Depreciation costs of the property, plant and equipment are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Buildings	
Houses	25-51 years
House improvements	2-25 years
Machines	2-10 years
Office Equipment	3-5 years
Transportation	5 years
Leased Improvements	3-10 years
Others	1-10 years

The amount of property, plant and equipment collateral for borrowings, please refer to Note 33.

17. Other assets

	December 31, 2022	December 31, 2021
Current		
Prepayments	4,359	9,105
Incremental costs of obtaining contracts (Note 4 (10)	-	75,255
Tax Overpaid Retained for Offsetting the Future Tax	12,110	53,141
Other	4,708	2,525
	$ 21,177	$ 140,026

18. Borrowings

(a) Short-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings		
Bank (Note 33)	$ 373,000	$ 842,035
Unsecured borrowings		
Credit loans	384,686	308,381
	$ 757,686	$ 1,150,416

Interest rate for borrowings from bank ranges from 1.865% to 6.410% and 0.941% to 1.800% as of December 31, 2022 and 2021, respectively.

(b) Short-term notes payables

	December 31, 2022	December 31, 2021
Commercial paper payables (Note 33)	$ -	$ 202,400

The interest rate as of December 31, 2022 was 0.780%.
Commercial paper payables with no stated interest rate may be measured at the original face amount if the effect of discounting is immaterial.
The Company provides stocks and inventories - construction as collateral for short-term notes payable, for more information, please refer to Note 33.

(c) Long-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings		
Long-term loan	$ 403,712	$ 398,378
Less: Current portion	(18,667)	(6,667)
	$ 385,045	$ 391,711

The borrowings were guaranteed by the Company's self-owned land and buildings, please refer to Note 33.
Details of long-term borrowings were as follows:

Counterparty	Original amount	December 31, 2022	December 31, 2021
SCBC	Total amount: $20,000 thousand Period: 2021.08.12~2024.08.12 Interest rate: 2.875% (floating rate) Payment: Monthly payments with interests at every 12th of each month, totaling 36 months	$ 11,112	$ 17,778
Taishin	Total amount: $380,600 thousand Period: 2021.09.29~2025.03.31 Interest rate: 2.630% (floating rate) Payment: Monthly payments with interests, totaling 42months	380,600	380,600
Chailease	Total amount: $45,000 thousand Period: 2022.02.25~2023.08.25 Interest rate: 2.000% Payment: Monthly payments with interests at every 25th, period 1~9 amounted to $3,500 thousand, period 10~18 amounted to $1,500 thousand, totaling 18 months.	12,000	-
	Total	$ 403,712	$ 398,378

19. Bonds payables

	December 31, 2022	December 31, 2021
Domestic unsecured bonds payable	$ 105,500	$ 105,500
Less: discounts on bonds payables	(4,628)	(6,110)
	$ 100,872	$ 99,390

(a) Domestic unsecured bonds payable (Code: 36253)

The Company issued 4 thousand units of unsecured convertible bonds with par value of 100.75% and interest rate of 0%, totaling $403,000 thousand on January 12, 2021.

Each bonds holders can have the right to exercise the transfer to the Company's common shares at NTD18.4 per share. The convertible period started from January 12, 2021 to January 12, 2026. From March 31, 2022, the convertible price was adjusted from NTD 18.4 per share to NTD 18.2 per share.

From April 13, 2021 to December 3, 2025, the next day after the issuance date of the convertible bonds 3 months later, if the closing price of the common stock of the Company exceeds the convertible price of the convertible bonds by 30% for 30 consecutive business days , or if the outstanding balance of the convertible bonds is less than 10% of the total face value of the original issue, the Company may take back the bonds within the next 30 business days.

The base dates for the convertible bonds were January 12, 2024 and January 12, 2025 for the holders to sell back the convertible bonds in advance, and the holders may request the company to add interest on the face value of the bonds. The compensation is to redeem the convertible bonds held by the holders in cash with due in 3 years with 101.5075% of the face value of the bonds (0.5% of real income); due in 4 years with 102.0151% of the bond face value (0.5% of real income).

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was1.8151% per annum on initial recognition. The derivatives of options were recognized in FVPL, the Company recognized gains (loss) on FVPL of $(2,406) thousand and $1,584 thousand.

	Amount
Proceeds from issuance (less transaction costs of $4,983 thousand)	$ 398,017
Equity component (less transaction costs allocated to the equity component of $320 thousand)	(25,241)
Liability component	(1,320)
Liability component at the date of issue (less transaction costs allocated to the liability component of $4,663 thousand)	$ 371,456

	Amount
Liability component at January 12, 2021	$ 371,456
Interest charged at an effective interest rate of 1.4917%	3,370
Convertible bonds converted to ordinary shares	(275,436)
Liability component at December 31, 2021	$ 99,390
Liability component at January 1, 2022	$ 99,390
Interest charged at an effective interest rate of 1.4917%	1,482
Convertible bonds converted to ordinary shares	-
Liability component at December 31, 2022	$ 100,872

20. Accounts Payables

	December 31, 2022	December 31, 2021
Accounts payables		
Operating	$ 88,091	$ 422,028

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed upon credit terms.
Construction retainage is not interest-bearing and will be paid upon the termination of the retention period of each construction contract. The retention period refers to the normal operating cycle of the consolidated company and is more than 1 year in most cases.

21. Other liabilities

	December 31, 2022	December 31, 2021
Current		
Other payables		
Salary payables and compensation of employees	$ 27,395	$ 36,895
Equipment payables	5,537	17,761
Supplies payables	3,784	5,338
Service payables	2,553	3,769
Others	36,273	27,735
	$ 75,542	$ 91,498
Other current liabilities		
Prepayments from disposal of securities (Note 32(10))	$ 110,000	$ -
Receives on behalf of others	9,924	10,053
Other	4,050	1,241
	$ 123,974	$ 11,294

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group 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.

b. Defined benefit plans

The defined benefit plans adopted by the Corporation and subsidiaries (Core Asia Human Resources Management Co., Ltd., Chung Kung Safeguarding & Security Corp., Chung Kung Management Consultant Co., Ltd., and Chung Kung Management and Maintenance of Apartment Co., Ltd.) in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributed at 2% of salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 10,624	$ 11,341
Fair value of plan assets	(5,599)	(5,156)
Net defined benefit liabilities	$ 5,025	$ 6,185

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	$ 11,905	($ 5,720)	$ 6,185
Interest expense (income)	52	(21)	31
Recognized in profit or loss	52	(21)	31
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(76)	(76)
Actuarial loss－Changes in demographic assumptions	320	-	320
Actuarial loss－Changes in financial assumptions	(134)	-	(134)
Actuarial loss－Changes in experience adjustments	(21)	-	(21)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Recognized in OCI	$ 165	($ 76)	$ 89
Contributions by employer	-	(120)	(120)
Plan assets	(781)	781	-
December 31, 2021	11,341	(5,156)	6,185
Interest expense (income)	70	(32)	38
Recognized in profit or loss	70	(32)	38
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(411)	(411)
Actuarial loss－Changes in demographic assumptions	46	-	46

Actuarial loss－Changes in financial assumptions	(804)	-	(804)
Actuarial loss－Changes in experience adjustments	(29)	-	(29)
Recognized in OCI	(787)	(411)	(1,198)
December 31, 2022	$ 10,624	($ 5,599)	$ 5,025

Due to the pension system under the "Labor Standards Act", the Group is exposed to the following risks:

1) Investment risk: The Bureau of Labor Funds, MOL, through the methods of voluntary use and commissioned management, invests labor retirement funds in domestic (foreign) equity securities and debt securities respectively, in addition to bank deposits; only in the case of the consolidated company's distributable amounts of plan assets can the income of which be calculated using an interest rate no lower than that of 2-year time deposits in local banks.
2) Interest risk: A decrease in the interest rate of government bonds will cause an increase in the present value of defined benefit obligations; unless the return on debt investments of plan assets also increases the impact of both items will have partially offsetting effects.
3) Payroll risk: The calculation of the present value of defined benefit obligations considers the future salaries of plan members. Therefore, increase in the salaries of plan members will cause an increase in the present value of defined benefit obligations.

The present value of defined benefit obligations of the Group actuarial valuation by a licensed actuary; below are the material assumptions of the measurement date:

	December 31, 2022	December 31, 2021
Discount rate	1.375%	0.625%
Expected rate of salary increase	2.250%	2.250%

If the material actuarial assumptions respectively incur reasonably possible changes, under the condition that all other assumptions stay the same, below are the increased (decreased) present value amounts of defined benefit obligations:

	December 31, 2022	December 31, 2021
Discount rate		
Increased by 0.25%	($ 252)	($ 268)
Decreased by 0.25%	$ 260	$ 277
Expected rate of salary increase		
Increased by 0.25%	$ 253	$ 266
Decreased by 0.25%	($ 247)	($ 259)

Because the actuarial assumptions may be related to each other, the possibility of a single assumption changing is not large; therefore, the sensitivity analysis described above may not be able to reflect actual changes in the present value of defined benefit obligations.

	December 31, 2022	December 31, 2021
Funds expected to be allocated within 1 year	$ -	$ -
Average maturity period of defined benefit obligations	9.6 years	9.5 years

23. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The Group is engaged in construction and sales of buildings. The classification criteria for current or non-current of assets and liabilities related to the construction projects is based on the operating cycle. The classification criteria for current or non-current of other items were as follows:

December 31, 2022

Information of assets and liabilities of business of constructions which was reclassified as noncurrent assets held for sales, please refer to Note 13.

December 31, 2021

	Within 1 year	After 1 year	Total
Assets			
Cash and cash equivalent	$ 135,617	$ -	$ 135,617
Financial assets measured at amortized costs- Current	56,310	-	56,310
Accounts receivables, net	286,816	-	286,816
Other receivables	4,485	-	4,485
Inventories – general	247,894	-	247,894
Inventories – Constructions	-	1,074,151	1,074,151
Other current assets	140,026	-	140,026
	$ 871,148	$ 1,074,151	$ 1,945,299
Liabilities			
Short-term borrowings	$ 681,381	$ 469,035	$ 1,150,416
Short-term notes payables	77,000	125,400	202,400
Financial liabilities measured at FVPL – current	58	-	58
Contract liabilities – current	165,092	-	165,092
Notes payables	4,559	-	4,559
Accounts payables	412,737	9,291	422,028
Other payables	91,498	-	91,498
Lease liabilities – current	13,563	-	13,563
Long-term borrowings due within 1 year or 1 operating period	6,667	-	6,667
Other current liabilities	11,294	-	11,294
	$ 1,463,849	$ 603,726	$ 2,067,575

24. Equities

(a) Share capital

Ordinary share

	December 31, 2022	December 31, 2021
Authorized shares (thousands)	200,000	200,000
Authorized capital	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (thousands)	114,131	98,131
Capital issued	$ 1,141,314	$ 981,314

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and right to dividends.

The change in share capital was mainly due to unsecured convertible bonds were transferred to common stocks of $159,5190 thousand (15,951 thousands of shares) and the execution of employee share options of $300 thousand (30 thousands of shares), the base date was set to be November 10, 2021, which were approved by the board of directors and completed the registration on January 19, 2022. As for the other unsecured convertible bonds transferred to common shares of $544 thousand (54 thousands of shares), the base date was scheduled to be March 31, 2022, approved by the resolutions of board of directors and completed the registration on April 26, 2022.

The Company issued new common stocks of 16,000 thousand of shares in cash by the resolutions approved by the board of directors on December 22, 2021 with par value of NTD 10, totaling $160,000 thousand. The aforementioned transaction were approved by FSC on February 11, 2022. The base date was on March 31, 2022, the subscription price was NTD20 per share, totaling $320,000 thousand and had fully collected and completed the registration.

(b) Capital surplus

	December 31, 2022	December 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 312,736	$ 152,736
Premium on convertible bonds	158,666	158,666
Treasury share transactions (2)	15,828	15,828
Call convertible bonds (3)	29,216	29,216
Expired stock options (4)	22,168	18,208
May be used to offset a deficit only		
Movements of associates and joint ventures accounted for using equity method (5)	13,301	13,301
May not be used for any purpose		
Employees' stock options	8,437	8,437
Convertible bonds – stock options	6,657	6,657
	$ 567,009	$ 403,049

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital and once a year).
2) Such capital surplus is the effect from the subsidiary disposed the ownerships of the parent company, and the parent company issued cash dividends to the subsidiary.
3) Such capital surplus is call convertible bonds and reclassified from capital surplus-convertible bonds, stock options.
4) Such capital surplus is capital increased by cash with no cash inflow and expired employees' stock options, reclassified from capital surplus – employees' stock options.
5) Such capital surplus is the effect from the transition of equity when the Company did not subscribe according to shareholding ratio.

(c) Retained earnings and dividend policy

According to the Company's articles of incorporation, revised by the resolutions of the board of the directors on June 15, 2022, 10% of annual net earnings (net of income taxes), after deducting accumulated deficits, must be set aside as legal reserve. The remaining portion is to be distributed upon a proposal by the board of directors and approval in an annual shareholders' meeting; a special reserve be made from the unappropriated earnings, equivalent to current income or loss and prior period undistributed earnings from the reduction of other equity.

When a special reserve is appropriated by the Company in accordance with the law, with respect to the insufficient surplus amount of the "cumulative net increases in fair value measurement of investment properties from prior period" and the "cumulative net debit balance reserves from prior period", an amount of special reserve equal to the amount appropriated from the prior unappropriated earnings shall be unappropriated first before the distribution of profits. If any insufficient remains, it shall be unappropriated from the amount of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period.

The Board of Directors is authorized to distribute dividends and bonuses or all/part of the statutory surplus reserve and capital surplus in cash by a resolution of at least two-thirds of the Directors present and a majority of the Directors present, and to report such distribution to the shareholders' meeting.

If there is any surplus in the Company's annual final accounts, the Company shall first pay taxes and make up for accumulated losses over the years, and then set aside 10% as the statutory surplus reserve; except when the statutory surplus reserve has reached the Company's total capital. The special surplus reserve shall be allocated or converted according to laws or regulations of the competent authority. Any remaining surplus will become the annual undistributed earnings. This remaining balance shall be added to the accumulated undistributed earnings of the previous years to form the cumulative distributable earnings of the shareholders. The Board of Directors may prepare a proposal for its distribution, and if new shares are to be issued as the form of distribution, the proposal shall be submitted to the shareholders meeting for resolution before the distribution, for more information, please refer to Note 26(7).

The Company is currently in its growth stage; thus, the policy for distribution of dividends should reflect factors such as the current and future investment environment, fund requirements, domestic competition and capital budget, as well as benefits to be given out, balance in the distribution of shares and cash bonuses. The Company's Articles of Incorporation stipulate that at least 20% of dividends to shareholders shall be distributed in cash.

Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The proposal on appropriation of deficits for the years ended December 31, 2021 and 2020 was approved by the resolution of the shareholders' meetings on June 15, 2022 and August 11, 2021, respectively.

The proposal on appropriation of deficits offset by legal reserve of $15,854 and capital surplus of $551,915 on March 30, 2023 planned by the board of directors, and to be approved by the shareholders' meetings on June 30, 2023.

d. Other equity

1). Exchange differences on translating the financial statements of foreign operations

	2022	2021
Balance at January 1	($ 25,489)	($ 22,366)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	12,273	(3,863)
Tax	(2,455)	773
Associates accounted for using equity method	-	(33)
Balance at December 31	($ 15,671)	($ 25,489)

2. Unrealized gain and losses on financial assets at fair value through other comprehensive income

	2022	2021
Balance at January 1	($ 49,831)	($ 13,515)
Recognized for the year		
Unrealized gains and losses		
－Equity instruments	(13,294)	(20,078)
Associates accounted for using equity method	16,198	(16,238)
Balance at December 31	($ 46,927)	($ 49,831)

(e) Non-controlling interests

	2022	2021
Balance at January 1	$ 108,717	$ 112,405
Share in loss for the year	(4,006)	(3,682)
Non-controlling equity of liquidation of subsidiary of HaoShen	-	(6)
Balance at December 31	$ 104,711	$ 108,717

(f) Treasury shares

Shares held by its subsidiaries (in thousands of shares)	2022	2021
Number of shares at the beginning of the year	5,584	5,584
Addition	-	-
Disposals	-	-
Number of shares at the end of the year	5,584	5,584

Related information regarding shares of the Company held by its subsidiaries on the balance sheet date was as follows:

Subsidiary	Number of shares held (in thousands of shares)	Carrying amount	Market Value
December 31, 2022			
Golden Capital International Corp.	5,584	$ 48,244	$ 68,125
December 31, 2021			
Golden Capital International Corp.	5,584	$ 48,244	$ 144,905

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

The Company reclassified 5,584 shares with carrying amount of $48,244 thousand of the Company held by Golden Capital International Corp. (GCI) as of December 31, 2022 and 2021, respectively, to treasury stocks.

25. Revenue

	2022	2021
Customers' contract revenue		
Sales revenue	$ 1,478,832	$ 2,208,360
Less: discontinued departments (Note 13)	(11,181)	(32,733)
	$ 1,467,651	$ 2,175,627

(a) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivables (Note 11)	$ 170,357	$ 286,816	$ 587,995
Contract liabilities — Current			
Sales of goods	$ 20,513	$ 8,499	$ 4,849
Real estate construction (Note 12)	-	156,593	85,637
Noncurrent assets held for sales (Note 12 and 13)	230,463	-	-
	$ 250,976	$ 165,092	$ 90,486

(b) Assets related to contract costs

	December 31, 2022	December 31, 2021
Current		
Incremental costs of obtaining contracts (Note 13 and 17)	$ 80,139	$ 75,255

26. Net income (loss) from continuing operations

(a) Interest income

	2022	2021
Bank Deposit	$ 531	$ 165
Others	629	9
Less: discontinued units (Note13)	(92)	(40)
	$ 1,068	$ 134

(b) Other revenue

	2022	2021
Lease revenue	$ 72	$ 570
Dividend revenue	1,105	1,420
Other	7,951	3,463
Less: discontinued departments (Note 13)	(2,136)	(653)
	$ 6,992	$ 4,800

(c) Other gains and loss

	2022	2021
Gains or losses on foreign currency exchange	($ 10,005)	($ 1,292)
Gains (loss) on disposal or retirement of property, plant and equipment	(261)	32
Gains (loss) on financial liabilities measured at FVPL	(967)	5,595
Impairment loss on noncurrent assets held for sales	(38,861)	-
Impairment loss accounted for using equity method (note 15)	(160,004)	-
Impairment loss – property, plant and equivalent and intangible assets	(21,489)	(5,800)
Other	(8,843)	(10,547)
Add: discontinued departments (Note 13)	39,171	8,283
	($ 201,259)	($ 3,729)

(d) Financial costs

	2022	2021
Interest expenses from convertible bonds	$ 1,482	$ 3,370
Borrowing interests from banks	33,652	22,663
Interest paid for lease liabilities	638	666
Less: discontinued departments (Note 13)	(208)	(164)
Amounts included in the cost of qualifying assets	(14,148)	(9,504)
	$ 21,416	$ 17,031

Information about capitalized interest is as follows:

	2022	2021
Capitalized interest	$ 14,148	$ 9,504
Capitalization rate	1.49%～2.39%	1.47%～1.87%
Capitalized accumulated interest of work in process	36,526	22,378

The information of abovementioned capitalized interest includes the information of noncurrent group held for sales.

(e) Depreciation and amortization

	2022	2021
Depreciation expenses by function		
Operating costs	$ 71,653	$ 56,794
Operating expenses	30,254	28,620
Less: discontinued business units	(17,090)	(16,927)
	$ 84,817	$ 68,487
Amortization expenses by function		
Operating costs	$ 1,251	$ 580
Operating expenses	7,407	4,693
Less: discontinued business units	(332)	(302)
	$ 8,326	$ 4,971

(f) Employee benefit expenses

	2022	2021
Short-term employees' benefits	$ 403,085	$ 461,069
Post-retirement benefit (Note22)		
Defined contribution plan	8,606	8,393
Defined benefit plan	-	31
Share-based payment	3,960	478
Less: discontinued business units	(34,598)	(44,233)
Total of employees' benefits	$ 381,053	$ 425,738
Summary by function		
Operating costs	$ 203,319	$ 257,109
Operating expenses	212,332	212,862
Less: discontinued units	(34,598)	(44,233)
	$ 381,053	$ 425,738

(g) Employees' Compensation and Directors' Remuneration

As stipulated in the Company's Articles of Incorporation, 5% to 20% of the annual profit shall be allocated as remuneration to employees. The distribution of remuneration in shares or cash is resolved by the board of directors' meeting, and these employees must be employees of the controlling or subordinate companies who meet certain requirements. No more than 5% of the annual profit shall be allocated in cash as remuneration to directors by resolving the Board of Directors. The motion of distribution of remuneration to employees and directors shall be proposed to the shareholders' meeting. However, where there are accumulated losses, the Company shall first retain a certain amount before allocating remuneration to Employees and Directors as referred to in the preceding paragraph. The company has operating losses in 2022 and 2021, and there is no need to estimate the remuneration of employees and directors.

If there is a difference with the actual distribution amount in the next year, it will be treated according to the change in accounting estimates, and the difference will be recognized as the profit or loss of the next year.

Relevant information of employees' compensation and directors' remuneration can be found on MOPS.

27. Tax from continuing operations

(a) Income tax expense recognized in profit or loss:

	2022	2021
Current tax		
In respect of the current period	$ -	$ 3,758
Adjustments for prior years	(540)	(3,601)
Deferred tax		
In respect of the current year	(7,066)	134
Income tax expense recognized in profit or loss	($ 7,606)	$ 291

A reconciliation of accounting profit and income tax expenses are as follows:

	2022	2021
Loss from continuing operations before tax	($ 500,373)	($ 168,205)
Income tax expense on pretax net profit calculated at the statutory rate	($ 108,695)	($ 36,088)
Nondeductible expenses in determining taxable income	83,681	20,755
Tax-free income	(221)	(284)
Unrecognized deductible temporary difference and carry forwards	18,169	19,509
Prior period adjustment on income tax expenses	(540)	(3,601)
Income tax expense recognized in profit or loss	($ 7,606)	$ 291

The applicable tax rate used by Chongqing C-Tech, WuSheng in China is 15%, the applicable tax rate used by C-TECH, TECHONE, C-TECH INTERNATIONAL, C-TECH HOLDING and CGI in tax free countries are preferential tax rates in accordance with local laws. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

(b) Income tax recognized in other comprehensive income

	2022	2021
Deferred tax		
In respect of the current year		
—Translation of foreign operations	($ 2,455)	$ 773
—Remeasurement of defined benefits plans	(239)	18
Income tax recognized in OCI	($ 2,694)	$ 791

(c) Current tax assets and liabilities

	December 31, 2022	December 31, 2021
In respect of the current year		
Tax refund receivables	$ 1,849	$ -

(d) Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2022

Deferred tax assets (liabilities)	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Reclassification of noncurrent assets held for sales	Balance, end of year
Temporary differences					
Allowance for bad debts	$ 17	$ -	$ -	$ -	$ 17
Associates	(133)	83	-	-	(50)
Exchange difference	(964)	1,311	-	-	347
Inventory write-downs	4,162	5,498	-	-	9,660
Exchange differences on translation of the financial statements of foreign operations	6,364	-	(2,455)	-	3,909
Defined benefits plans	1,588	7	(239)	-	1,356
Paid-time off payables	668	167	-	-	835
Loss Carryforwards	8,275	-	-	(8,275)	-
	$ 19,977	$ 7,066	($ 2,694)	($ 8,275)	$ 16,074

For the year ended December 31, 2021

Deferred tax assets (liabilities)	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Temporary differences				
Allowance for bad debts	$ 17	$ -	$ -	$ 17
Associates	(137)	4	-	(133)
Exchange difference	(426)	(538)	-	(964)
Inventory write-downs	4,162	-	-	4,162
Exchange differences on translation of the financial statements of foreign operations	5,591	-	773	6,364
Defined benefits plans	1,588	(18)	18	1,588
Paid-time off payables	250	418	-	668
Loss Carryforwards	8,275	-	-	8,275
	$ 19,320	($ 134)	$ 791	$ 19,977

(e) Temporary differences associated with investments for which deferred tax liabilities were not recognized

	December 31, 2022	December 31, 2021
Impairment loss	$ 50,000	$ -
Loss Carryforwards		
Due in 2030	17,549	17,549
Due in 2030	19,225	19,225
Due in 2032	17,948	-
	$ 104,722	$ 36,774

(f) Income tax assessments

The tax returns of the Company through 2020 have been assessed by the tax authorities.

28. Loss per share

Unit: NT$ per Share

	2022	2021
Basic loss per share		
From continuing operation	($ 3.90)	($ 1.47)
From discontinued departments	(0.78)	(0.45)
Total	($ 4.68)	($ 1.92)
Diluted loss per share		
From continuing operation	($ 3.90)	($ 1.47)
From discontinued departments	(0.78)	(0.45)
Total	($ 4.68)	($ 1.92)

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

Net Loss for the Year

	2022	2021
Net loss attributable to owners of the Company	($ 407,096)	($ 125,767)
Add: Net loss from discontinued departments used in the computation of diluted loss per share	(81,665)	(39,047)
Net loss from continuing operation used in the computation of diluted loss per share	($ 488,761)	($ 164,814)

Share

Unit: thousands of shares

	2022	2021
Weighted average number of ordinary shares (in thousands) used in the computation of basic loss per share	104,547	85,706
Effect of potentially dilutive ordinary shares (in thousands)		
Convertible bonds	-	-
Employees' stock options	-	-

	2022	2021
Employees' compensation	-	-
Weighted average number of ordinary shares (in thousands) used in the computation of diluted loss per share	104,547	85,706

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were 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 was 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.

If the outstanding convertible bonds issued by the Company are converted to ordinary shares, they are anti-dilutive and excluded from the computation of diluted earnings per share.

The exercisable price of stock options the Company issued was higher than the average market price for the years ended December 31, 2022 and 2021, they are anti-dilutive and excluded from the computation of diluted earnings per share.

29. SHARE-BASED PAYMENT ARRANGEMENTS

(a) Treasury shares transferred to employees

The board of directors made a resolution on January 18, 2017 to the vesting condition of all outstanding employee share option plans. Each stock option eligible to subscribe for one thousand common shares of the Company when exercised. The stock options of all the plans are valid for six years and exercisable at certain percentages subsequent to the second anniversary of the grant date. Under the terms of the plans, the stock options are granted at an exercise price equal to the closing price of the Company's common shares quoted on the TWSE on the grant date.

Related information of share based payment were as below:

	2022		2021	
Employees' share options	Number of Stock Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Stock Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance, beginning of the year	750	$ 26.7	1,030	$ 26.7
Stock options canceled	-	-	(250)	-
Stock options exercised	-	-	(30)	26.7
Balance, end of the year	750	26.5	750	26.7
Exercisable at the end of the year	750		750	

As of the balance sheet date, the information of outstanding of employees' share options were as follows:

	December 31, 2022	December 31, 2021
Weighted average remaining contractual life (years)	0.05	1.05

The compensation costs amounted to $0 thousand and $478 thousand for the years ended December 31, 2022 and 2021.

(b) Capital increased by cash – Employees' stock options

The Company increased capital by cash on the resolutions approved by the board of directors on December 22, 2021 and reserved 10% of the new shares for the employees in accordance with Company Act. The Company recognized the costs for employees' stock options and capital surplus – employees' stock options of $3,960 thousand and $0 thousand for the years ended December 31, 2022 and 2021, respectively.

30. 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 shareholders through the optimization of the debt and equity balance.

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

The Group is not subject to any externally imposed capital requirements.

31. FINANCIAL INSTRUMENT

(a) Fair value of financial instruments not measured at fair value

The management of the Group believes the carrying amount of the Group's financial instruments not measured at fair value are close to the fair value.

(b) Fair value of financial instruments 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 FVOCI				
Investments in equity instruments				
－emerging market shares	$ -	$ 21,513	$ -	$ 21,513
－Domestic and overseas unlisted shares	-	-	-	-
	$ -	$ 21,513	$ -	$ 21,513
Financial liabilities at FVTPL				
－Convertible bonds options	$ -	$ 2,142	$ -	$ 2,142

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
－Convertible bonds options	$ -	$ 264	$ -	$ 264
Financial assets at FVOCI				
Equity instrument				

	Level 1	Level 2	Level 3	Total
—Stocks from emerging market	$ -	$ 28,074	$ -	$ 28,074
—Domestic unlisted stocks	-	-	6,733	6,733
	$ -	$ 28,074	$ 6,733	$ 34,807

Financial liabilities at FVTPL				
—Derivatives	$ -	$ 58	$ -	$ 58

2) There were no transfers between Levels 1 and 2 in the current and prior periods.
3) Except for financial assets at FVTPL in Level 3 were recognized under exchange of fair value of other comprehensive income, there were no other adjustments.
4) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Domestic stocks from emerging market	Fair value was assessed by the closing price as of balance sheet date.
Convertible bonds – employees' stock options	Binomial Option Pricing Model: Future cash flows are estimated at the end of the period, based on observable factors, such as duration, convertible prices, risk-free rates, and discounted rates on binomial option pricing model. at the end of the period.
Derivatives – foreign exchange forward contracts/foreign option contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

Financial Instruments	Valuation Techniques and Inputs
Domestic and overseas unlisted shares	Market approach: Based on the market fair value of the comparable companies and adjusted by PE ratio and market/net value of the investees.

(c) Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
FVTPL	$ -	$ 264
Financial assets at amortized cost (Note 1)	482,219	487,173
Financial assets at FVTOCI		
Equity instruments	21,513	34,807
Financial liabilities		
Financial liabilities measured at FVPL	2,142	58
Financial liabilities at amortized cost (Note 2)	1,425,929	2,368,669

Note1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivables, other receivables, and refundable deposits.

Note2: The balances include financial liabilities at amortized cost, which comprise short-term and long-term borrowings, short-term bills payable, notes and accounts payables, other payables long-term borrowings due within one year, bonds payables and guarantee deposits.

(d) Financial Risk Management Objectives and Policies

The consolidated company's major financial instruments include investments in equity and debt instruments, accounts receivable, accounts payable, bonds payables, borrowings and lease liabilities. The consolidated company's financial management department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operation of the consolidated company through internal risk reports which analyze exposures by degree and magnitude of risk. These risks include market risk(including currency risks and interest risks), credit risk and liquidity risk.

The consolidated company operates the derivative financial instruments based on the transaction procedures of the derivative financial commodity resolved by the Board of Directors to avoid exchange rate risk. Internal auditors continue to review policy compliance and risk exposure limits. The consolidated company does not conduct financial instrument transactions (including derivative financial instruments) for speculative purposes.

1). Market Risk

The Group's operating activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see a) below) and interest rates (see b) below).

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The Group believed that its foreign currency assets and liabilities were not significantly exposed to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 36.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity analysis is for a 1% change in foreign currency rates and included only outstanding foreign currency denominated monetary items at the end of the reporting period. A positive number below indicates a decrease in pre-tax profit (loss) when New Taiwan dollars strengthen by 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit (loss) and the balances below would be negative.

	Impact of the US dollar	
	2022	2021
Profit or loss	$ 243 (i)	$ 1,584 (i)

(i) The above sensitivity analysis mainly referred to the outstanding USD deposits, receivables and payables which were not hedged at the end of the year.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

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

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
－Financial assets		
Cash	$ 1,248	$ 1,338
Time deposits－Over 3 months	18,914	8,129
	$ 20,162	$ 9,467
－Financial liabilities		
Bonds payables	$ 100,872	$ 99,390

	December 31, 2022	December 31, 2021
Cash flow interest rate risk		
－Financial assets		
Bank notes and demand deposits	$ 193,290	$ 134,279
Restricted bank deposits	94,229	48,181
	$ 287,519	$ 182,460
－Financial liabilities		
Short-term borrowings	$ 757,686	$ 1,150,416
Short-term notes payables	-	202,400
Long-term borrowings	403,712	398,378
	$ 1,161,398	$ 1,751,194

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 0.5% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.5% 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 $4,369 thousand and $7,844 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk approximates the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

In addition, the invents the recoverable amount of the overdue notes and accounts receivable on the balance sheet date to ensure that adequate allowances are made for the irrecoverable amounts. In this regard, the management believes that the credit risk of the consolidated company has been significantly reduced.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. The Group had available unutilized bank loan facilities set out in (b) below.

(a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The maturity dates of the Group's remaining contractual maturity for its non-derivative financial liabilities was based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities from the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate at the end of the year.

December 31, 2022

	On Demand or Less than 1 Year	1 to 3 years	2 to 5 years	Over 5 years
Floating rate instruments				
Short-term borrowings	$ 757,686	$ -	$ -	$ -
Long-term borrowings	18,667	4,445	380,600	-
Non-interest-bearing liabilities				
Accounts payables	88,091	-	-	-
Other payables	11,874	-	-	-
Lease liabilities	3,999	2,908	1,500	-
Bonds payables	-	100,872	-	-
	$ 880,317	$ 108,225	$ 382,100	$ -

December 31, 2021

	On Demand or Less than 1 Year	1 to 3 years	2 to 5 years	Over 5 years
Floating rate instruments				
Short-term borrowings	$ 681,381	$ 180,000	$ 289,035	$ -
Long-term borrowings	77,000	125,400	-	-
Non-interest-bearing liabilities	6,667	6,667	385,044	-
Accounts payables				
Other payables	4,559	-	-	-
Lease liabilities	412,737	9,291	-	-
Bonds payables	28,015	-	-	-
Floating rate instruments	14,007	5,759	10,313	-
Short-term borrowings	-	99,390	-	-
	$ 1,224,366	$ 426,507	$ 684,392	$ -

Bank loans with a repayment on demand clause were included in the "on demand or less than 1 month" time band in the above maturity analysis. As of December 31, 2022 and 2021, the aggregate undiscounted principal amounts of these bank loans were NT$1,161,398 thousand and NT$1,751,194 thousand, respectively. Considering the Group's financial position, management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. Management believes that such bank loans will be repaid after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements.

The amounts included above for financial guaranteed contracts were the maximum amounts the Group could be required to settle under the arrangement with an option to demand the full guaranteed amount if that amount is claimed by the counterparty of the financial guarantee contract. Based on expectations at the end of the year, the Group considers that it is more likely than not that no amount will be payable under the arrangement.

(2) Financing facilities

	December 31, 2022	December 31, 2021
Unsecured bank borrowings and trade receivables factoring facility and payable on demand:		
Amount used	$ 396,686	$ 308,381
Amount unused	328,314	186,041
	$ 725,000	$ 494,422
Secured bank borrowings facility:		
Amount used	$ 764,712	$ 1,442,813
Amount unused	175,088	540,835
	$ 939,800	$ 1,983,648

4). Financial Performance

The accumulated losses of the Company as of December 31, 2022 exceeded 50% of the paid-in capital, the Company's plans on financial structures were as follows:

(1) Operating

A. Cost and expenses reduction: Decrease administrative, general affairs and engineering fees to reduce controllable indirect expenses.

B. Terminate the incompetent employees

(2) Financial performance

A. For the purpose of operating schemes, the Company plans on the disposal of the ownership percentage of MSM Development, the transactions amounted to $252,000 thousand, and had completed the transaction on February, 2023 and collected the payments, refer to explanations on Note 32(10).

B. For the purpose of operating schemes, the company disposed all of the ownerships of Chongqing Wusheng by resolutions approved by the board of directors on March 30, 2023, and scheduled to be completed in 2023Q2.

C. The accumulated losses of the Company as of December 31, 2022 exceeded 50% of the paid-in capital, legal reserve of $15,854 thousand and paid-in capital of $551,915 thousand may be used to offset deficit to strengthen the financial structures as a resolutions approved by the board of director on March 30, 2023.

D. For the purposes of utilization of the fund, strengthening financial performance, competence and operating efficiency, the meeting of board of directors on November 10, 2022 approved and effective on December 29, 2022 raising funds through private placement within 50,000 thousand of common shares or convertible bonds with three times in a year after the resolution date of shareholders meeting, related information refer to MOPS.

32. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(a) Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
MSM Development	Subsidiary
Chongqing Wusheng	Subsidiary
OTTOBIKE Co., LTD	Associate
Cheng Mei Development Group	Substantive related party
Huang, Chung-Wei	Substantive related party
Huang, Bo-Ching	Substantive related party
Huang, Yu-Xiang	Substantive related party
Huang, Yu-Chieh	Substantive related party
Mega Peak Investment Co. Ltd.	Substantive related party
Zhaoxiang International Co., Ltd.	Substantive related party
Zhaosheng International Co., Ltd.	Substantive related party
Zhaojie International Co., Ltd.	Substantive related party
Wusheng Co., LTD.	Substantive related party

(b) Operating revenue

Account	Nature of related party	2022	2021
Sales revenue	Associate	$ -	$ 74
Other revenue	Associate	$ 7	$ -

The abovementioned transactions with related parties were no significant different with normal trade terms with non-related parties.

(c) Contract liability

Account	Nature of related party	December 31, 2022	December 31, 2021
Contract liabilities - current	2022	2021	$ -

(d) Lease revenue

Nature of related party	2022	2021
2022	$ 72	$ 72

Lease contracts were based on the market prices and were equal to non-related parties with a year of rent up front.

(e) Other related party transactions

Account	Nature of related party/Name	December 31, 2022	December 31, 2021
Payment on behalf of others	Associate		
	OTTOBIKE	$ 536	$ -
Collection on behalf of others	Associate		
	OTTOBIKE	$ 1,428	$ 1,428

(f) Loans to the related parties

Nature of related party/Name	December 31, 2022	December 31, 2021
Subsidiary／MSM Development	$ 38,000	$ -

Interests' receivables

Nature of related party/Name	December 31, 2022	December 31, 2021
Subsidiary／MSM Development	$ 18	$ -

Interest income

Nature of related party/Name	2022	2021
Subsidiary／MSM Development	$ 615	$ -

The lending fund to the subsidiary, MSM Development is unsecured loans, the interest rates are similar to the market interest rate. The collections were expected to be within one year and the Company assessed there were no expected credit loss. The above-mentioned transactions were eliminated during the process of consolidation.

(g) Borrowings from related parties

Nature of related party/Name	December 31, 2022	December 31, 2021
Ultimate parent／the Company	$ 38,000	$ -

Interest payables

Nature of related party/Name	December 31, 2022	December 31, 2021
Ultimate parent／the Company	$ 18	$ -

Interest expense

Nature of related party/Name	2022	2021
Ultimate parent／the Company	$ 615	$ -

The borrowing for MSM Development were unsecured borrowings, and the interest rates were similar to the market interest rates. The above-mentioned transactions were eliminated during the process of consolidation.

(h) Endorsement guarantee

Endorsement provided to others

Nature of related party/Name	December 31, 2022	December 31, 2021
Ultimate parent／the Company		
Amount endorsed	$ 409,233	$ 276,064
Outstanding Endorsement	-	-
	$ 409,233	$ 276,064

Nature of related party/Name	December 31, 2022	December 31, 2021
Subsidiary／MSM Development		
Amount endorsed	$ -	$ 160,000
Outstanding Endorsement	-	-
	$ -	$ 160,000

Guarantees

Nature of related party/Name	December 31, 2022	December 31, 2021
Subsidiary／MSM Development		
Guarantee amount	$ 409,233	$ 250,000
Outstanding guarantees	-	-
	$ 409,233	$ 250,000
Subsidiary／Chongqing Wusheng		
Guarantee amount	$ -	$ 26,064
Outstanding guarantees	-	-
	$ -	$ 26,064
Ultimate parent／the Company		
Guarantee amount	$ -	$ 160,000
Outstanding guarantees	-	-
	$ -	$ 160,000

Some of the bank loans were guaranteed by the chairman Huang, Tsung-Wei for the years ended December 31, 2022 and 2021.

(i) Acquisition of assets

The Company purchased parts of Land No.388 in XinZhuang District for the purposes of establishing the Company's headquarters by the resolutions approved by the board of directors on January 14, 2021. With the valuation reports as of November 27, 2020 from CCIS Real Estate Joint Appraisers Firm, the appraisers assessed the price of the objects amounted to $692,067 thousand, the counter party was one of the related parties, Huang, Bo-Ching and one other natural person. The Company recognized as property, plant and equipment and completed the transfer on April 29, 2022.

The Company had a cooperative construction contract with MSM Development (MSM) and Cheng Mei Development Group (Cheng Mei) on April 29, 2021 to establish an operating headquarters by joint constructions, which amended on July 22, 2022 to add clauses that the Company shall provide the land of 374.08 Ping and Cheng Mei shall provide the land of 147.10 Ping, totaling 521.18 Ping, and invested by MSM. The three entities were agreed to be allocated 55.50% of land ownerships (the Company has 39.8% and Cheng Mei has 15.7%), and MSM owns 45.50% of the land ownerships. The aforementioned percentages were based on the reports of Zhan-Mao Real Estate Appraisers Firm.

(j) Sales of assets

1. Property, plant and equipment

	Price of disposal		Gain (loss) on disposal	
Relation/Name	2022	2021	2022	2021
Subsidiary/Chongqing C-Tech	$ 630	$ -	$ 30	$ -

2. Investments accounted for using equity method

The Company disposed some of the shares of MSM Development on the resolutions approved by the board of directors on November 15, 2022 and December 29, 2022. The prices per share were NTD 10.41 and NTD 9.18~NTD12.80 which were assessed by the valuation organization as of November 30, 2022 and December 16, 2022. The Company had agreement on the shares transfer on December 30, 2022 with 24,000 thousand of shares in par value of NTD 10.5, totaling $252,000 thousand; therefore, the ownerships were decreased from 74% to 26%. The counter party was one of the related parties which was Mega Peak Investment Co. Ltd. As of December 31, 2022, the Company had prepayments for the securities of $110,000 thousand (which recognized in other current liabilities), but the transfer has not been completed yet. The transfer was completed on February 2022 and had collected the payments.

(k) Key management personnel compensation

	2022	2021
Short-term employee benefits	$ 33,325	$ 34,332
Share-based payments	-	131
	$ 33,325	$ 34,463

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

33. PLEDGED ASSETS

The following assets were provided as collateral for the credit fund for pre-sale houses, derivatives, deposits for customs tariff, supply of raw materials and bank loans:

	December 31, 2022	December 31, 2021
Pledged CD (recognized as financial assets measured at amortized costs)	$ 4,914	$ 8,129
Reserve account (recognized as financial assets measured at amortized costs)	94,229	48,181
Financial assets at FVOCI	-	28,074
Self-owned land	948,660	948,660
Buildings	112,160	119,121
Progress in constructions	-	13,153
Inventories – constructions	-	1,074,151
Noncurrent assets held for sales		
Financial assets measured at amortized costs – current	37,074	-
Inventories – constructions	1,411,236	-
	$ 2,608,273	$ 2,239,469

34. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

As of December 31, 2022, the Company and subsidiaries' commitments and contingent liabilities were as follows:

(a) For the purposes of purchase of property, plant and equipment, the Company signed a contract of $55,423 thousand, as of December 31, 2022, the Company had already paid $28,953 thousand.

(b) The Company had a construction contract with contractors which recognized under noncurrent assets held for sales amounted to $1,431,018 thousand, as of December 31, 2022, the Company had already paid $527,968 thousand.

(c) The following was the summary of cooperative constructions contracts with landlords, which recognized under noncurrent assets held for sales:

Method	Name or number
Joint constructions	Xin Shangcheng
Joint buildings	Xin Lian Xin Gi Shi Xing

35. SIGNIFICANT SUBSEQUENT EVENTS

For the purpose of entire operating plans of the Group, the Company decided to sell one of the subsidiary Chongqing Wusheng by the resolutions approved by the board of director on March 30, 2023, related information please refer to MOPS.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

Unit: foreign currency/NTD in thousands

December 31, 2022

	Currency	Currency rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 6,507	30.71 (USD: NTD)	$ 199,683
USD	414	6.9646 (USD: RMB)	2,878
JPY	1,531	0.2324 (JPY: NTD)	356
			$ 202,917
Foreign currency liabilities			
Monetary items			
USD	7,387	30.71 (USD: NTD)	$ 226,882
JPY	360	0.2324 (JPY: NTD)	84
			$ 226,966

December 31, 2021

	Currency	Currency rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 8,926	27.68 (USD: NTD)	$ 247,053
USD	617	6.3757 (USD: RMB)	17,086
JPY	875	0.2405 (JPY: NTD)	210
			$ 264,349
Foreign currency liabilities			
Monetary items			
USD	15,262	27.68 (USD: NTD)	$ 422,505
JPY	8,205	0.2405 (JPY: NTD)	1,973
			$ 424,478

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

	2022		2021	
Functional Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	29.805(USD : NTD)	($ 28,917)	28.009(USD : NTD)	$ 4,056
USD	6.7208(USD : RMB)	18,912	6.4512(USD : RMB)	(5,348)
		($ 10,005)		($ 1,292)

37. Notes on Disclosed Items

(i)Information on Significant Transactions and (ii) Information on Investments

1) Financing provided to others (Table 1)
2) Endorsement/guarantee provided to others. (Table 2)
3) Marketable securities held at the end of the reporting period. (Excluding investments in subsidiaries, affiliate, and joint venture) (Table 3)
4) Accumulated buying or selling the same securities for over 300 million New Taiwan dollars or more than 20% paid-in capital: None.
5) Accumulated buying or selling the same securities for over 300 million New Taiwan dollars or more than 20% paid-in capital: None.
6) Disposal of real estate at price of over 300 million New Taiwan dollars or more than 20% of paid-in capital: None
7) Total purchases form or sales to related parties amounting to over 100 million New Taiwan dollars or more than 20% of paid-in capital. (Table 4)
8) Receivables from related parties amounting to over 100 million New Taiwan dollars or more than 20% of paid-in capital. (Table 5)
9) Conduct trading in derivative products (Table 7 and 19)
10) Other: Business relation and significant transaction between the parent company and subsidiaries (Table 6)
11) Information on investees (Table 7)

(iii). Information on Investments in China

1) Name of the investee company in Mainland China, main businesses and products, amount of paid-in capital, investment method, investment flows, shareholding ratio, current profit or loss and recognized investment profit or loss, investment carrying value at the end of the reporting period, inward remittance of investment earnings, and limit in investment amount to Mainland China. (Table 8)
2) Significant transaction, including price, payment terms and unrealized profit or loss occur directly or indirectly via the 3rd regions with an investee company in China: See Table 4 and 9.
   (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
   (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
   (c) The amount of property transactions and the amount of the resultant gains or losses.
   (d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
   (e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
   (f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

(iv) Major shareholders Information: The name, shareholding amount and proportion of shareholders with a shareholding ratio of 5% or more: None

38. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The reportable segments of the consolidated company are as below:

Electronic equipment department– Assembly and sales of batteries

Construction department – Manufacturing and sales of buildings and real estate

There are some of the units from the aforementioned departments discontinue their operations and excluded by the abovementioned amount of the related information, for more detailed information of discontinued units, please refer to Note 13.

(a) Segments revenue and results

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

	Electronic equipment	Constructions	Total
2022			
Revenue from external parties	$ 1,467,651	$ -	$ 1,467,651
Intersectoral revenue	-	-	-
Segment revenue	$ 1,467,651	$ -	$ 1,467,651
Segment loss	($ 136,321)	$ -	($ 136,321)
Interest income			1,068
Other revenue			6,992
Other gains and loss			(201,259)
Share of Profit or Loss of associates			(63,766)
Financial costs			(21,416)
Net loss before tax			($ 414,702)
2021			
Revenue from external parties	$ 2,175,627	$ -	$ 2,175,627
Intersectoral revenue	-	-	-
Segment revenue	$ 2,175,627	$ -	$ 2,175,627
Segment loss	($ 78,964)	$ -	($ 78,964)
Interest income			134
Other revenue			4,800
Other gains and loss			(3,729)
Share of Profit or Loss of associates			(30,686)
Financial costs			(17,031)
Net loss before tax			($ 125,476)

The abovementioned intersectoral revenue were from external parties, there was no intersectoral revenue for the years ended December 31, 2022 and 2021.

Segment profits refer to the earnings by each division, excluding management costs, other revenue, other gains or loss, profits or loss from investments accounted for using equity method and financial costs of discontinued departments. The amount of measurement is then provided to the chief operating decision-maker to allocate resources to divisions and evaluate the division's performance.

(b) Total assets and liabilities of the segments

	December 31, 2022	December 31, 2021
Assets of the segment		
Electronic equipment	$ 2,064,616	$ 2,461,452
Constructions	-	1,218,645
Noncurrent assets held for sales	1,616,435	-
Total of consolidated assets	$ 3,681,051	$ 3,680,097
Liabilities of the segment		
Electronic equipment	$ 1,585,896	$ 1,767,949
Constructions	-	813,657
Noncurrent assets held for sales	1,151,790	-
Total of consolidated assets	$ 2,737,686	$ 2,581,606

To monitor segment performance and allocate resources between segments:

1. All assets were allocated to the reporting department other than associates accounted for using equity method, other financial assets, current tax assets and deferred tax assets. Goodwill was allocated to the reporting department. Assets used jointly by the reporting department were allocated based on the revenues earned by the individual reporting department.
2. All liabilities were allocated to the reporting department other than borrowings, other financial liabilities, current tax liabilities and deferred tax liabilities. Goodwill was allocated to the reporting department. Liabilities used jointly by the reporting department were allocated based on the revenues earned by the individual reporting department.

(c) Revenue from major products and services

The Group’s revenue from continuing operations from its major products and services was divided into segments. Refer to the disclosure regarding segment revenue for more details.

(d) Geographical information

The Group's revenue from external customers is from Taiwan and China. The information by location of operations and information about its non-current assets by location of assets are detailed below:

	2022	2021
Korea	$ 1,149,210	$ 1,926,080
Taiwan	267,259	227,662
Others	51,182	21,885
	$ 1,467,651	$ 2,175,627

(e) Information on Major Customers

Customers accounted for more than 10 % of the consolidated company's operating income in 2022 and 2021 are as shown below:

	2022	2021
Company L (Note 1)	$ 1,138,352	$ 1,926,080
Company SR (Note 1)	183,877	-
	$ 1,322,229	$ 1,926,080

Note1: From revenue of electronic equipment

39. Non-cash transactions;

The Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows for the years ended December 31, 2022 and 2021:

	2022	2021
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	$ 31,289	$ 748,167
Add: Payable for purchase of equipment, balance at January 1	17,761	57,191
Less: Payable for purchase of equipment, balance at December31	(5,537)	(17,761)
Cash payment	$ 43,513	$ 787,597
Disposal of investment accounted for using equity method		
Disposal of investment accounted for using equity method	$ -	$ -
Add: Prepayments of disposal of security	110,000	-
Cash received	$ 110,000	$ -
Interest payment		
Interest expenses	$ 19,504	$ 13,159
Add: interest payables at January 1	190	217
Less: interest payables at December 31	(69)	(190)
Interest expense payment	$ 19,625	$ 13,186

C-Tech United Corporation and subsidiaries
FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 1

No. (Table1)	Financing Company	Counter Party	Financial Statement Account (Note 2)	Related party	Financing Limit for Each Borrowing Company (Note 3)	Ending balance (Note 8)	Actual used	Interest rate	Financing properties (Note 4)	Financing amount (Note 5)	Financing reasons (Note 6)	Allowance for bad debt	Collateral		Maximum Limit for Each Counterparty (Note 7)	Financing Company's Financing Amount Limits (Note 7)	Note
													Item	Value			
0	C-Tech United	MSM Development	Accounts receivables from related parties	Y	$ 300,000	$ 300,000	$ 38,000	1.600% ~ 1.975%	2	$ -	Operating and construction engineering fund	$ -	None	$ -	$ 335,462	$ 335,462	

Note 1: Significant transaction between the parent company and its subsidiaries or among subsidiaries are numbered as follows:
(1) Enter 0 for the parent company.
(2) Subsidiaries are numbered sequentially from "1" according to company type.
Note 2: Total amount of the financing is disclosed herein if the financing related to business transactions.
Note 3: Maximum financing balance provided to others for the period.
Note 4: Reasons for financing are as follows:
a. Business relationship.
b. The need for short-term financing
Note 5: Total amount of the business transactions between financing company and counterparty should be disclosed herein if the financing occurred due to business transactions.
Note 6: The necessity and rationality of the loan application should be specifically illustrated herein if the financing occurred due to short-term financing.
Note 7: The limits and the calculation methods of financing amount for individual counterparty and total financing amount for financing company are disclosed in accordance with company's operating procedure of financing.
(1) The total amount for lending to a company shall not exceed 10 percent of the net worth of the Company.
(2) The total amount available for lending purpose shall not exceed 40 percent of the net worth of the Company.
Note 8: According to Paragraph 1, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, each financing should be approved by the board of directors. To fairly expose the company's risk, even if the fund doesn't be utilized, the financing amount approved by the board of directors still includes in the financing balance. To reflect the adjustment of the company's risk, while the counterparty repays the fund, it should disclose the balance after the repayment. Although the chairman is authorized to handle the financing in installment or revolver under the specific amount approved by the board of directors within one year, according to Paragraph 2, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, it still uses the financing amount approved by the board of directors as the reporting balance. While the counterparty repays the fund, considering the possibility of another utilization, it still uses the financing amount approved by the board of directors as the reporting balance.

C-Tech United Corporation and subsidiaries
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Table 2

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement / Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement / Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	C-Tech United Corporation	MSM Development	(2)	$ 838,654	$ 409,233	$ 409,233	$ -	$ 40,000	48.80%	$ 838,654	Y	N	N	Note 4
0	C-Tech United Corporation	Chongqing Wusheng	(2)	838,654	26,634 RMB 6,000	- RMB -	-	-	-	838,654	Y	N	Y	Note 4
0	MSM Development	C-Tech United Corporation	(3)	402,734	160,000	-	-	-	-	402,734	N	Y	N	Note 5

Note 1: Significant transaction between the parent company and its subsidiaries or among subsidiaries are numbered as follows:
(1) Enter 0 for the parent company.
(2) Subsidiaries are numbered sequentially from "1" according to company type.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
(4) The endorser/guarantor company and endorsed/guaranteed company both are owned directly or indirectly more than 90% voting shares by the company.
(5) Mutual guarantee of the trade as required by the construction contract.
(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(7) Jointly guarantee of the pre-construction real estate sales contract in accordance with Consumer Protection Law.

Note 3: According to the Company's procedures for endorsement & guarantee, the total amount of endorsement/guarantee to the subsidiaries and third parties shall not exceed 100% of the Company's net worth.

Note 4: The Company withdrew the endorsements of RMB 6,000 thousand to Chongqing C-Tech and $250,000 thousand to MSM Development by the resolutions approved by the board of directors on Mary 28, 2022; approved the endorsement to MSM Development of $409,233 thousand by the resolutions approved by the board of directors on March 28, 2022.

Note5: MSM Development withdrew the endorsement of $160,000 thousand by the resolutions approved by the board of directors on March 28, 2022.

C-Tech United Corporation and subsidiaries
MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 3

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Market price or net value	
C-Tech United Corporation	Emerging market							
	LUMINESCENCE TECHNOLOGY CORP.	N	Financial assets at FVTPL - non-current	1,420,000	$ 21,513	5.64%	$ 21,513	
	Unlisted stocks							
	LSC Ecosystem Corporation	N	Financial assets at FVTPL - non-current	3,333,333	-	2.63%	-	
					$ 21,513		$ 21,513	

Note1: Information of subsidiaries, associates, and joint ventures, please refer to Table 7 and Table 8.

C-Tech United Corporation and subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Table 4

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
C-Tech United Corporation	Chongqing C-Tech	Affiliated	Processing fees	$ 344,745	31	Normal trade terms	As agreement	-	($ 132,357)	69	
			Purchase	173,049	15	Normal trade terms	As agreement	-	(6,661)	6	
Chongqing C-Tech	C-Tech United Corporation	Affiliated	Processing revenue	344,745	66	Normal trade terms	As agreement	-	139,018	99	
			Sale	173,049	33	Normal trade terms	As agreement	-			

Note 1: All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

C-Tech United Corporation and subsidiaries
RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 5

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Chongqing C-Tech	The Company	Parent	Accounts Receivables $ 139,018	3.67	$ -	—	$ 29,132	$ -

Note 1: All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

C-Tech United Corporation and subsidiaries
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Table 6

No. (Note 1)	Company Name	Counterparty	Nature of Relationship (Note 2)	Transaction Details			
				Account	Amount	Transaction Terms	Percentage of Consolidated Total Operating Revenue or Total Assets (Note 3)
0	C-Tech United Corporation	Techone Trading Limited	1	Accounts Payables	$ 41,975	The terms with related parties are not significantly different from those to third parties	1
		Chongqing C-Tech	1	Processing fees	344,745	As agreement	23
			1	Purchase	173,049	As agreement	12
			1	Sales	72,049	As agreement	5
			1	Other receivables	614	The terms with related parties are not significantly different from those to third parties	-
			1	Accounts Payables	6,661	The terms with related parties are not significantly different from those to third parties	-
			1	Other Payables	132,357	The terms with related parties are not significantly different from those to third parties	4
		Chongqing Wusheng	1	Purchase	15,674	As agreement	1
			1	Accounts Payables	2,055	The terms with related parties are not significantly different from those to third parties	-
			1	Other Payables	1,069	The terms with related parties are not significantly different from those to third parties	-
1	Chongqing C-Tech	Chongqing Wusheng	3	Cost of goods sold	31,635	As agreement	2
			3	Accounts Payables	3,289	The terms with related parties are not significantly different from those to third parties	-

Note 1: Significant transaction between the parent company and its subsidiaries or among subsidiaries are numbered as follows:
(1) Enter 0 for the parent company.
(2) Subsidiaries are numbered sequentially from “1” according to company type.
Note 2: Relation among parties involved in the transaction is marked as follows:
(1) Parent to subsidiary.
(2) Subsidiary to parent.
(3) Between subsidiaries.
Note 3: Regarding the ratio of the transaction amount to the consolidated total operating income or total assets, it is calculated by the ending balance to the consolidated if it is recognized as liabilities; if as profit or loss, then by the ending cumulative amount to the consolidated total operating income.

C-Tech United Corporation and subsidiaries
NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEES ON WHICH EXERCISED SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Table 7

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance at the End of the Period			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership (%)	Carrying Amount			
C-Tech United Corporation	C-TECH CORP.	Mauritius	Investment	$ 549,571 (USD 18,100)	$ 549,571 (USD 18,100)	18,100,000	100.00	$ 399,315	($ 98,973)	($ 98,973)	
C-Tech United Corporation	Golden Capital International CORP.	Anguilla	Investment	55,131 (USD 1,728)	55,131 (USD 1,728)	1,727,955	100.00	2,910	(416)	(416)	
C-Tech United Corporation	MSM Development	Taiwan	Lease of buildings	367,374	367,375	37,000,000	74.00	298,023	(15,407)	(11,401)	Note 1
C-Tech United Corporation	OTTOBIKE Co., LTD.	Taiwan	Manufacturing of auto vehicles components and parts	250,000	250,000	9,433,962	20.15	-	(427,695)	(63,766)	Note 2
C-TECH CORP.	Techone Trading Limited	Samoa	International trade business	3,185 (USD 100)	3,185 (USD 100)	100,000	100.00	43,540	(5,551)	(5,551)	
C-TECH CORP.	C-TECH HOLDING CORP.	Samoa	Investment	364,371 (USD 12,000)	364,371 (USD 12,000)	12,000,100	100.00	325,452	(23,160)	(23,160)	
C-TECH CORP.	C-TECH INTERNATIONAL LTD.	Seychelles	Investment	181,948 (USD 6,000)	181,948 (USD 6,000)	6,000,000	100.00	30,302	(70,263)	(70,263)	

Note 1: The Company sold shares of MSM Development approved by the board of directors on December 29, 2022, please refer to Note 32(10) for explanations.
Note2: OTTOBIKE Co., LTD was dissolved by the shareholders' meetings on December 30, 2022.

C-Tech United Corporation and subsidiaries
INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Table 8

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan at the Beginning of the Period	Investment Flows		Accumulated Outflow of Investment from Taiwan at the End of the Period	Net Income (Loss) of Investee	% Ownership through Direct or Indirect Investment	Investment Income (Loss) (Note 2(2)B)	Carrying Value at the End of the Period	Accumulated Inward Remittance of Earnings at the End of the Period	Note
					Outflow	Inflow							
Chongqing C-Tech	Production of battery modules of notebooks	$ 364,370	(2)	$ 364,370	$ -	$ -	$ 364,370	($ 23,161)	100	($ 23,161)	$ 325,444	$ -	
Chongqing WuSheng	Production and sales of plastics of battery modules	181,948	(2)	181,948	-	-	181,948	(70,264)	100	(70,264)	30,299	-	Note 5

Accumulated Investment in Mainland China at the End of the Period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 3)
$546,318	$546,318	-

Note 1: The investment types are as follows:
a. Direct investment in mainland China.
b. Indirect investments in mainland China through subsidiaries, invested by the Company, in third regions.
c. Others.

Note 2: Under the investment gain (loss) column:
a. Companies still in the preparatory stage and therefore have no gains or losses should be disclosed.
b. Investment gain (loss) recognized based on the following should be disclosed:
1) Financial statements are audited through the cooperation between international accounting from and ROC accounting firm.
2) Financial statements are audited by licensed CPA of the parent company.
3) Others.

Note 3: According to the MOEA No.09704604680 amendment of "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" dated Aug 29, 2008, accumulated investment in Mainland China is limited to 60% of the net asset value or 60% of the consolidated net asset value, whichever is higher. However, the Company had obtained the certificate issued by the Industrial Bureau of the Ministry of Economic Affairs in accordance with the business scope of the operating headquarters; thus, the amount that can be invested in companies located in mainland China is unlimited from October 30, 2020 to October 29, 2023.

Note 4: The related numbers in the table were all presented in New Taiwan Dollars.

Note 5: The Company is expecting to sell out all of the shares within twelve months.

C-Tech United Corporation and subsidiaries

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, AND THEIR PRICES, PAYMENT TERMS, UNREALIZED GAINS OR LOSSES AND OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Table 9

Investee	Transaction Type	Amount	Price	Transaction Details		Accounts receivables(payables)		Unrealized gains(loss)	Note
				Payment term	Comparison with Normal Transactions	Amount	%		
Chongqing C-Tech	Processing fees	$ 344,745	Bid	As contracts	Normal trade term	Other payables ($ 132,357)	69	$ -	
	Purchase	173,049	Bid	As contracts	Normal trade term	Accounts payables (6,661)	6		
	Sales	72,049	Bid	As contracts	Normal trade term				

Independent Auditors' Report

To the Board of Directors and Shareholders of C-Tech United Corporation

Opinion

We have audited the accompanying parent company only financial statements of C-Tech United Corporation (the "Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other auditors, as described in the other matter section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basic 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 Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's parent company only financial statements for the year ended December 31, 2022 is stated as follows:

Valuation of noncurrent assets held for sale

The Company had made decision on disposals of ownerships of investments of non-core business and recognized loss on investments at differences of fair value and carrying amount and reclassified as noncurrent assets held for sale in accordance with International Financial Reporting Standards No. 5 "Noncurrent assets held for sale and discontinued operations" for the year ended December 31, 2022. As of December 31, 2022, noncurrent assets held for sale amounted to $298,023 thousand, representing 12% of total assets; the Company recognized loss on aforementioned noncurrent assets for held amounted to $38,861 thousand, representing 8% of net loss for the current year. Refer to Note 4(11), 5(5) and 13 to the parent company only financial statements.

The abovementioned item is material to the consolidated financial statements, the Company's judgements on noncurrent assets held for sale has been identified as one of the key audit matters.

Our audit procedures related to abovementioned noncurrent assets held for sale included the following, among others:

1. Understand the process of disposal of subsidiaries and obtained the related meeting minutes of board of directors.
2. Obtain the valuation report of ownerships of disposal on investments, contracts or letters of intent to assess the rationality of the amount of loss on the subsidiaries and track the subsequent receipts and collections.

Valuation of investments using equity method

The Company recognized loss on investments using equity method amounted to $160,004 thousand, representing 39% of consolidated operating loss before tax, due to the Company's investment using equity method had been dissolved for the year ended 2022. Refer to Note 4(7), 5(3), 13 and 22(3) to the parent company only financial statements.

The abovementioned item is material to the consolidated financial statements and involves the management's significant estimates and judgement, therefore valuation of investments using equity method has been identified as one of the key audit matters.

Our audit procedures related to abovementioned valuation of investments using equity method included the following, among others:

1. Understand the managements' policy of valuation on investments using equity method and procedures of disposals.
2. Obtain the base of valuation of investments using equity methods and the process of evaluation to confirm the rationality.

Authenticity of specific sales revenue

In 2022, the Company's sales revenue from specific customers increased significantly and is therefore considered as a key audit matter for current year. For accounting policies relating to sales revenue, please refer to Note 4(13) to the parent company only financial statements.

We have carried out the main audit procedures for the abovementioned authenticity of the sales from specific customers as follows:

1. Understand and test the effectiveness of the design and implementation of key internal control systems for the authenticity of sales revenue from specific customers.
2. Obtain the sales details to sample and check the transaction documents of sales revenue of specific customers and receipts and collections to confirm the authenticity of the recognition of sales revenue.

Other Matters－Report of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method that are included in the parent company only financial statements. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the parent company only financial statements and the information disclosed in Note 13 and Note 32 relative to these investments, is based solely on the audit reports of other auditors. Total assets of these associates and investments amounted to $207,572 thousand, representing 7% of the total assets as of December 31, 2021, and total operating loss amounted to $30,686 thousand, representing 19% of other comprehensive income(loss) for the year ended December 31, 2022.

Responsibilities of Management and Those Charged with Governance for the Parent company only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent company only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company′s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management′s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company′s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors′ report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors′ report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the directions, supervision and performance of the Company 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 parent company only 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 Nai-Hua Guo and Li-Huang Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 30, 2023

C-Tech United Corporation

Parent-company-only Balance Sheets
(In thousands of New Taiwan Dollars)
December 31, 2022 and 2021

Codes	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	$ 176,916	7	$ 71,576	3
1136	Financial assets at amortized cost－current (Note 9, 10, 29)	112,989	4	42,131	1
1170	Accounts receivables, net (Note 11 and 21)	169,173	7	273,789	10
1200	Other receivables (Note 11)	484	-	2,915	-
1210	Other receivables from related parties Note (11 and 28)	38,632	1	-	-
1220	Current tax assets (Note 23)	75	-	-	-
130X	Inventories (Note 12)	159,184	6	206,998	7
1460	Noncurrent assets held for sale, net (Note 13)	298,023	12	-	-
1470	Other current assets	16,558	1	15,574	1
11XX	**Total current assets**	972,034	38	612,983	22
	Noncurrent assets				
1510	Financial assets measured at fair value through profit or loss－noncurrent (Note 7 and 27)	-	-	264	-
1517	Financial assets measured at fair value through other comprehensive income －noncurrent (Note 8 and 27)	21,513	1	34,807	1
1550	Investments accounted for using equity method (Note 13)	402,225	16	1,006,337	36
1600	Property, plant and equipment (Note 14, 28 and 29)	1,108,493	43	1,114,223	40
1755	Right-of-use assets	7,673	-	11,177	-
1780	Intangible assets	12,503	-	13,218	1
1840	Deferred income tax assets (Note 23)	16,124	1	12,799	-
1920	Refundable deposits	2,149	-	2,380	-
1915	Prepayments for equipment	20,094	1	5,649	-
15XX	**Total noncurrent assets**	1,590,774	62	2,200,854	78
1XXX	**Total assets**	$ 2,562,808	100	$ 2,813,837	100
Codes	**Liabilities and Equity**				
	Current liabilities				
2100	Short-term loans (Note 15, 27 and 29)	$ 757,686	30	$ 681,381	24
2110	Short-term notes payables (Note 15, 27 and 29)	-	-	44,000	2
2120	Financial liabilities measured at fair value through profit or loss – current (Note 7 and 27)	-	-	58	-
2130	Contract liabilities – current	20,513	1	8,499	-
2170	Accounts payables from non-related parties (Note 17 and 27)	58,929	2	319,638	12
2180	Accounts payables from related parties (Note 17, 27 and 28)	50,691	2	49,703	2
2200	Other accounts payables (Note 18 and 27)	59,479	2	51,273	2
2220	Other accounts payables from related parties (Note 18, 27 and 28)	133,426	5	143,739	5
2280	Lease liabilities – current (Note 27)	3,376	-	3,388	-
2320	Current portion of long-term loans payable (Note 15, 27 and 29)	18,667	1	6,667	-
2399	Other current liabilities (Note 18 and 28)	123,895	5	9,539	-
21XX	**Total current liabilities**	1,226,662	48	1,317,885	47
	Noncurrent liabilities				
2500	Financial liabilities measured at fair value through profit or loss – noncurrent (Note 7 and 27)	2,142	-	-	-
2530	Bonds payables (Note 16 and 27)	100,872	4	99,390	4
2540	Long-term loans (Note 15, 27 and 29)	385,045	15	391,711	14
2570	Deferred tax liabilities (Note 23)	50	-	1,097	-
2580	Lease liabilities – noncurrent (Note 27)	4,358	-	7,795	-
2640	Net defined benefit liabilities (Note 19)	5,025	-	6,185	-
25XX	**Total noncurrent liabilities**	497,492	19	506,178	18
2XXX	**Total liabilities**	1,724,154	67	1,824,063	65
	Equity (Note 20)				
3110	Common stock	1,141,314	45	981,314	35
3200	Capital surplus	567,009	22	403,049	14
	Retained earnings				
3310	Appropriated as legal capital reserve	15,854	-	15,854	1
3320	Appropriated as special capital reserve	25,808	1	25,808	1
3350	Accumulated deficit	(800,489)	(31)	(312,687)	(11)
3300	Total retained earnings	(758,827)	(30)	(271,025)	(9)
3400	Others	(62,598)	(2)	(75,320)	(3)
3500	Treasury stocks	(48,244)	(2)	(48,244)	(2)
3XXX	Total Equity	838,654	33	989,774	35
	Total	$ 2,562,808	100	$ 2,813,837	100

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

Chairman: Huang, Tsung-Wei General Manager: Huang, Tsung-Wei Accounting Officer: Liu, Yi-Wei

C-Tech United Corporation

Parent-company-only Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(In thousands of New Taiwan Dollars, except for loss per share)

Codes		2022 Amount	2022 %	2021 Amount	2021 %
	Operating revenues (Note 21 and 28)				
4110	Sales revenue	$ 1,460,287	100	$ 2,172,747	100
4170	Sales returns	(695)	-	(921)	-
4190	Sales allowance	(17)	-	(52)	-
4000	Total sales revenue	1,459,575	100	2,171,774	100
5000	Operating costs (Note 12, 22 and 28)	(1,318,888)	(90)	(2,027,729)	(93)
5900	Operating gross margin	140,687	10	144,045	7
	Operating expenses (Note 22, 25 and 28)				
6100	Sales and marketing	(39,986)	(3)	(45,248)	(2)
6200	General and administrative	(124,049)	(8)	(123,172)	(6)
6300	Research and development	(86,873)	(6)	(79,112)	(3)
6450	Gain on reversal of expected credit	1,134	-	3,063	-
6000	Total operating expenses	(249,774)	(17)	(244,469)	(11)
6900	Operating loss	(109,087)	(7)	(100,424)	(4)
	Non-operating income and expenses (Note 22 and 28)				
7100	Interest income	1,010	-	75	-
7010	Other income	4,455	-	4,525	-
7020	Other gains and loss	(197,233)	(14)	1,350	-
7050	Finance costs	(21,130)	(1)	(16,544)	(1)
7070	Share of loss of associates and subsidiaries using equity method	(92,891)	(6)	(11,406)	-
7000	**Total non-operating income and expenses**	(305,789)	(21)	(22,000)	(1)
7900	Profit(loss) from continuing operations before tax	(414,876)	(28)	(122,424)	(5)
7950	Income tax benefit (expense) (note 23)	7,780	-	(3,343)	-

(Continued)

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Code		2022 Amount	2022 %	2021 Amount	2021 %
8000	Loss from continuing operations for current year	($ 407,096)	(28)	($ 125,767)	(5)
8100	Loss from discontinued operations (Note 13 and 28)	(81,665)	(6)	(39,047)	(2)
8200	Net loss for current year	(488,761)	(34)	(164,814)	(7)
	Other comprehensive income (loss) (Note 19 and 23)				
8310	**Items that will not be reclassified subsequently to profit or loss:**				
8311	Remeasurement of defined benefit obligation	1,198	-	(89)	-
8316	Unrealized gain/(loss) on investments in equity instruments measured at fair value through other comprehensive income	(13,294)	(1)	(20,078)	(1)
8326	Associates using equity method, other comprehensive income component	16,198	1	(16,238)	(1)
8349	Income tax related to items that will not be reclassified subsequently	(239)	-	18	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences arising on translation of foreign operations	12,273	1	(3,863)	-
8370	Share of other comprehensive loss of associates and joint ventures	-	-	(33)	-
8399	Income tax related to items that may be reclassified subsequently	(2,455)	-	773	-
8300	**Other comprehensive income (loss), net**	13,681	1	(39,510)	(2)
8500	**Total comprehensive income (loss)**	($ 475,080)	(33)	($ 204,324)	(9)
	Loss per share (Note 24)				
	From continuing and discontinued operations of owners of parent				
9750	Basic	($ 4.68)		($ 1.92)	
9850	Diluted	($ 4.68)		($ 1.92)	
	Continuing operations of owners of parent				
9710	Basic	($ 3.90)		($ 1.47)	
9810	Diluted	($ 3.90)		($ 1.47)	

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

Chairman: Huang, Tsung-Wei General Manager: Huang, Tsung-Wei Accounting Officer: Liu, Yi-Wei

C-Tech United Corporation

Parent-company-only Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(In thousands of New Taiwan Dollars)

Code		Capital Stock: Shares (in thousands)	Capital Stock: Amount	Capital Surplus	Retained Earnings: Legal Capital Reserve	Retained Earnings: Special Capital Reserve	Retained Earnings: Accumulated deficits	Others: Foreign currency Translation Reserve	Others: Unrealized gain(loss) on financial assets measured at fair value through other Comprehensive Income	Treasury stock	Total
A1	Balance, January, 2021	82,096	$ 820,960	$ 256,918	$ 15,854	$ 25,808	($ 147,802)	($ 22,366)	($ 13,515)	($ 48,244)	$ 887,613
	Movements on other capital surplus:										
C5	Capital Reserve from convertible bonds	-	-	25,241	-	-	-	-	-	-	25,241
C7	Adjustments to share of changes in equities of associates	-	-	4,529	-	-	-	-	-	-	4,529
D1	Net loss	-	-	-	-	-	(164,814)	-	-	-	(164,814)
D3	Other comprehensive income (loss), net of income tax	-	-	-	-	-	(71)	(3,123)	(36,316)	-	(39,510)
D5	Total comprehensive income (loss)	-	-	-	-	-	(164,885)	(3,123)	(36,316)	-	(204,324)
I1	Transition of convertible bonds payables	16,005	160,054	115,382	-	-	-	-	-	-	275,436
G1	Exercising Stock Options	30	300	501	-	-	-	-	-	-	801
N1	Share-based payment arrangement	-	-	478	-	-	-	-	-	-	478
Z1	Balance, December, 2021	98,131	981,314	403,049	15,854	25,808	(312,687)	(25,489)	(49,831)	(48,244)	989,774
D1	Net loss	-	-	-	-	-	(488,761)	-	-	-	(488,761)
D3	Other comprehensive income(loss), net of income tax	-	-	-	-	-	959	9,818	2,904	-	13,681
D5	Total comprehensive income (loss)	-	-	-	-	-	(487,802)	9,818	2,904	-	(475,080)
E1	Capital increase	16,000	160,000	160,000	-	-	-	-	-	-	320,000
N1	Share-based payment arrangement	-	-	3,960	-	-	-	-	-	-	3,960
Z1	Balance, December 31, 2022	114,131	$ 1,141,314	$ 567,009	$ 15,854	$ 25,808	($ 800,489)	($ 15,671)	($ 46,927)	($ 48,244)	$ 838,654

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

Chairman: Huang, Tsung-WeiGeneral Manager: Huang, Tsung-Wei Accounting Officer: Liu, Yi-Wei

C-Tech United Corporation
Parent-company-only Statements of Cash flows
For the years ended December 31, 2022 and 2021
(In thousands of New Taiwan Dollars)

Code		2022	2021
	Cash flows from operating activities		
A00010	Income before income tax from continuing operations of owners of parent	($ 414,876)	($ 122,424)
A00020	Income before income tax from discontinued operations of owners of parent	(81,665)	(39,047)
A10000	Income before income tax	(496,541)	(161,471)
A20010	Adjustments for		
A20100	Depreciation expense	24,245	13,342
A20200	Amortization expense	6,999	4,322
A20300	Expected credit losses reversal on investments	(1,134)	(3,063)
A20400	Gain (loss) on financial assets and liabilities measured at fair value through profit or loss	967	(5,595)
A20900	Financial costs	21,130	16,544
A21200	Interest income	(1,010)	(75)
A21300	Dividend income	(1,105)	(1,420)
A21900	Share-based compensation	3,960	478
A22400	Loss on investments using equity method and associates	174,556	50,453
A22500	Gain on disposal and retirement of property, plant and equipment, net	(30)	-
A23500	Loss on investments using equity method	160,004	-
A23700	Loss on non-financial assets	2,775	-
A23700	Loss for market price decline and obsolete and slow-moving inventories	27,488	-
A30000	Changes in operating assets and liabilities		
A31150	Accounts receivables	105,750	300,839
A31180	Other accounts receivables	2,431	340
A31200	Inventories	20,326	(109,753)
A31240	Other current assets	(984)	1,159
A32125	Contract liabilities	12,014	4,895
A32130	Notes payables	-	(115)
A32150	Accounts payables	(260,709)	(156,544)
A32160	Accounts payables from related parties	988	(29,296)
A32180	Other accounts payables	2,664	34,302
A32230	Other current liabilities	4,356	(1,733)
A32240	Defined benefit liabilities	38	(89)
A33000	Cash generated from operations	(190,822)	(42,480)

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(Continued)

Code		2022	2021
A33100	Interest received	$ 992	$ 75
A33300	Interest paid	(19,504)	(13,159)
A33500	Income tax paid	639	(27,930)
AAAA	Net cash flows from operating activities	(208,695)	(83,494)
	Cash flows from investing activities		
B00040	Acquisition of financial assets at amortized costs	(70,858)	(41,431)
B00200	Disposal of financial assets measured at fair value through profit or loss	1,381	4,069
B01800	Acquisition of investments using equity method	-	(250,000)
B01900	Disposal of investments using equity method	110,000	6
B02700	Acquisition of property, plant and equipment	(18,416)	(751,941)
B02800	Disposal of property, plant and equipment	16	-
B03700	Refundable deposits paid	-	(664)
B03800	Refundable deposits refunded	231	-
B04300	Increase in other accounts receivables from related parties	(38,000)	-
B04500	Acquisition of intangible assets	(6,399)	(11,423)
B07100	Increase in prepayments for equipment	(19,197)	(1,799)
B07600	Dividends received	1,105	1,420
BBBB	Net cash flows used in investing activities	(40,137)	(1,051,763)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	1,890,508	424,468
C00200	Decrease in short-term borrowings	(1,814,203)	-
C00500	Increase in short-term notes payables	-	44,000
C00600	Decrease in short-term notes payables	(44,000)	-
C01200	Issuance of bonds payables	-	398,017
C01600	Proceeds from long-term debt	45,000	168,378
C01700	Payments of long-term borrowings	(39,666)	-
C04020	Principle repayment	(3,467)	(1,026)
C04600	Increase in capital	320,000	-
C04800	Exercising employee stock options	-	801
CCCC	Net cash flows from financing activities	354,172	1,034,638
EEEE	Net increase (decrease) in cash and cash equivalents	105,340	(100,619)
E00100	Cash and cash equivalents at beginning of period	71,576	172,195
E00200	Cash and cash equivalents at end of period	$ 176,916	$ 71,576

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

Chairman: Huang, Tsung-Wei General Manager: Huang, Tsung-Wei Accounting Officer: Liu, Yi-Wei

C-Tech United Corporation
Notes to Financial Statements
Notes to Consolidated Financial Statements
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. General Information
   C-Tech United Corporation (the Company) was established on 1996 May in New Taipei city, the main business items are manufacturing and processing of battery modules, development and manufacturing of electronic components, sales of houses and buildings.
   The Company's shares were listed and have been trading on the Taiwan Stock Exchange since October 28, 2009.
   The financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.
2. Approval date and procedures of the financial statements
   The accompanying financial statements were approved and authorized for issue by the Board of Directors on March 30, 2023.
3. New standards, amendments and interpretations adopted
   (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, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).
   Except for the following, whenever applied, the initial application of the amendments by Securities Issuers and the IFRSs endorsed and issue:
      (1) Annual Improvement to IFRS Standards 2018-2020
      The annual improvements amend several Standards. Among which, started from January 1, 2022, the Company applied to the amendment to IFRS 9 clarifies that, in determining whether an exchange or modification of the terms of a financial liability is substantially different from the original one, only fees paid or received between the Company (the borrower) and the lender, including fees paid or received by either the Company or the lender on the other's behalf, shall be included in the '10 per cent' test of discounting present value of the cash flows under the new terms.
      (2) Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"
      The Company had met the requirement started from January1, 2022 and applicable to this amendment. These amendments set out that proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for them to be capable of operating in the manner intended by management shall not be recognized as a deduction of the asset. Instead, the proceeds and the costs of those items, measured in accordance with IAS 2, shall be recognized in profit or loss in accordance with applicable IFRS Standards. Information of accounting policies refer to Note 4.
      (3) Amendments to IAS 37 "Onerous Contracts ─ Cost of Fulfilling a Contract"
      The Company had not carried out all of the amendments as of January 1, 2022. The amendments set out that, when determining whether a contract is onerous, the cost of fulfilling a contract

comprises an allocation of other costs that relate directly to fulfilling contracts—for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract among others.

(4) Amendments to IFRS 16 "Covid-19-Related Rent Concessions" and "Covid-19-Related Rent Concessions beyond 30 June 2021"

The Company elected to apply the practical expedient provided in the amendments to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. Prior to the application of the amendment, the Company shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

(b) The IFRS issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
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)

Note1: The amendments will be applied for annual reporting periods beginning on or after January 1, 2023.

Note2: The amendments will be applicable to changes in accounting estimates and accounting policies that occur on or on or after January 1, 2023.

Note3: Except that deferred taxes will be recognized on January 1, 2023 for temporary differences associated with leases and decommissioning obligations, the amendments will be to transactions that occur on or after January 1, 2023.

(1) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
b) The Company chose the accounting policy from options permitted by the standards;
c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;
d) The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or
e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2. Amendments to IAS 8 "Definition of Accounting Estimates"

   The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3. Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

   The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Company will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2023, and recognize the cumulative effect of initial application in retained earnings at that date. The Company will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2023.

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

(c) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB(Note 1)
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 measurement in sale and leaseback"	January 1, 2024(Note 2)
IFRS 17 "Insurance Contrascts"	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 Noncurrent"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note1: Unless stated otherwise, the above New IFRSs will be effective for annual reporting periods beginning on or after their respective effective dates.

Note2: The seller and lessee shall apply the amendments of IFRS 16 retroactively to the sale and leaseback transactions signed after the date of initial application of IFRS 16.

(1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated.

(2). Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

(3). Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"

The amendments clarify that the liability that arises from a sale and leaseback transaction—that satisfies the requirements in IFRS 15 to be accounted for as a sale—is a lease liability to which IFRS 16 applies. However, in the case of variable lease payments not subject to an index or rate, the seller-lessee shall measure the liability without recognizing any profit or loss related to the right of use it retains. Subsequently, the difference between the current lease payments included in the calculation of the lease liabilities and the payments made is recognized in profit or loss.

In addition to the above effects, as of the date of approving the consolidated financial statements for release, the Company had continued to evaluate the effect of the amendments to other standards and interpretations on its financial position and financial performance, and the relevant effects will be disclosed when the evaluation 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 and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

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

When preparing these parent company only the financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, 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 parent company only financial statements.

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

Current assets include:

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

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

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

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

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

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, work-in-process and finished goods 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 weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

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

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

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

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements.

Profit or loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

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

The Company 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 Company's share of the profit or loss and other comprehensive income of the associates. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company'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 Company'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 Company 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 Company's proportionate interest in the associate. The Company 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 Company'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 Company's share of losses of an associate equal 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 Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company 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 Company 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 Company 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 Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the parent company only financial statements only to the extent of interests in the associate that are not related to the Company.

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.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples of these assets for testing before they reach their intended use are measured at the lower of cost or net realizable value when the assets are tested for proper functioning before they reach their intended use, and the sales price and cost are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment and depreciated when completed and ready for their intended use.

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

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

i. Intangible assets

i) Separately acquire

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 least once at the end of each year. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life. The effect of any changes in estimates is accounted for on a prospective basis.

ii) Internally generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

iii) Derecognition of intangible assets

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

j. Impairment of property, plant and equipment, right-of-use assets, investment properties, intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets, investment properties and intangible assets, 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation. Otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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.

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

k. Noncurrent assets held for sale

Noncurrent assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the noncurrent assets are available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When a sale plan would result in a loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the Company will retain a non-controlling interest in that subsidiary after the sale.

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and 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 27.

ii. Financial assets at amortized cost

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

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

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

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

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

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

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), as well as contract assets.

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

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

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Company:

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagging 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, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

c) Derecognition of financial assets

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

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

2) Equity instruments

Debt and equity instruments issued by the Company 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 Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

Except the following situation, all financial liabilities are measured at amortized cost using the effective interest method:

<u>Financial liabilities at FVTPL</u>

Financial liabilities are classified as at FVTPL when such a financial liability is held for trading. Such financial liabilities are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss.

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.

4) Convertible bonds

The component parts of compound instruments (i.e. convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5). Derivative instruments

The Company's derivative instruments, including forward foreign exchange contracts and interest rate swap, are adopted to manage the Company's exchange rate and interest rate risk.

Derivative instruments are initially recognized at fair value when the derivative contract is signed, and subsequently remeasured at fair value at the balance sheet date. The gains or losses resulting from subsequent measurement are directly recognized in profit or loss. When the fair value of a derivative instrument is a positive number, it is classified as a financial asset; when the fair value is a negative number, it is classified as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset host that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

m. Revenue recognition

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

Revenue from the sale of goods

For contracts to sell properties in the ordinary course of business, the fixed transaction price is received in instalments and recognized as a contract liability. The transaction price, after adjusting for the effect of the significant financing component, is recognized as revenue when the construction is completed, and the property is transferred to the buyer. Revenue from the sale of goods comes from sales of battery modules products and electronic components and parts. Sales of products are recognized as revenue 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 receivables are recognized concurrently.

n. Leases

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

1) The Company as lessor

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

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

2) The Company as lessee

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

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The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over 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 future lease payments resulting from a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

The Company negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Company elects to apply the practical expedient to all of these rent concessions for lease contracts and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Company recognizes the reduction in lease payment in profit or loss (recognized as other income), in the period in which the events or conditions that trigger the concession occur and makes a corresponding adjustment to the lease liability.

o. Borrowing costs

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

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

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

p. Employee benefits

1). Short-term employee benefits

Relevant liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2).Post-employment benefits

For pension under the defined contribution plan, the amount of pension contributed is recognized in expenses during employees' service period.

The defined benefit cost under the defined benefit pension plan (including service cost, net interest, and re-measurement) is calculated based on the projected unit credit method. The service cost (including the service costs for the current period) and the net interest on the net defined benefit liabilities (assets) are recognized in employee benefit expenses as they occur. The re-measurement (including actuarial gains and losses, and the return on plan assets, net of interest) is recognized in other comprehensive income and listed in retained earnings when it occurs and will not be reclassified to profit or loss subsequently.

The net defined benefit liabilities (assets) are the deficit (surplus) of the defined benefit pension plan. The net defined benefit assets may not exceed the present value of any refunds from the plan or reductions in future contributions to the plan.

q. Share-based payment arrangements

<u>Employee share options</u>

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vesting immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the number of shares that the employees purchase is confirmed.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

r. Income tax

The income tax expense represents the sum of the current income tax and deferred tax.

1) Current income tax

The Company determines the income (loss) of the current year in accordance with the laws and regulations in each jurisdiction for income tax declaration and calculates the income tax payable (recoverable) accordingly.

A surtax imposed on the undistributed earnings pursuant to the Income Tax Act of R.O.C. is recognized in the year in which it is resolved by the annual shareholders' meeting.

Adjustment to income tax payable from prior years are recognized in the current income tax.

2) Deferred tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized when there are likely to be taxable income to deduct temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that said temporary difference will not be reversed in the foreseeable future. The deductible temporary differences related to said investments are recognized in deferred income tax only if it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences, and they are expected to be reversed in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates in the period in which the liabilities are expected to be settled or assets realized, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, 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, the current and deferred taxes are recognized in other comprehensive income or directly in equity, respectively.

5. <u>Critical Accounting Judgements and Key Sources of Estimation and Uncertainty</u>

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

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

<u>KEY SOURCES OF ESTIMATION AND UNCERTAINTY</u>

a. Impairment of Financial Assets

The provision for impairment of trade receivables is based on assumptions about probability of default and loss given default. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates at the end of each reporting period. Please refer to Note 10 and Note 11 for the details of the key assumptions and inputs used. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value. In addition, due to the uncertainty of inflation and market interest rate fluctuations, large fluctuations in the price of raw materials and freight makes the estimation of net realizable value more uncertain.

c. Investments of associates

The Company immediately recognizes impairment loss on its net investments in subsidiaries and associates when there is any indication that an investment may be impaired and the carrying amount may not be recoverable. The Corporation's management evaluates such impairment based on the estimated future cash flow expected to be generated by the investments accounted for using the equity method. The Corporation also takes into consideration the market conditions and industry developments to evaluate the appropriateness of the relevant assumptions.

d. Impairment of property, plant and equipment

The impairment loss of property, plant and equipment in relation to production was based on the recoverable amounts of those assets, which are the higher of their fair value less costs of disposal and their value in use. Any changes in the market prices or future cash flows will affect the recoverable amounts of those assets and may lead to the recognition of additional impairment losses or the reversal of impairment losses.

e. Impairment loss for noncurrent assets held for sales

The Company should recognize impairment loss when the carrying amount of the noncurrent assets held for sales is lower than the fair value which shall be decided by the potential buyers.

6. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
Cash on hand	$ 1,102	$ 1,026
Checking accounts and demand deposits	175,814	70,550
	$ 176,916	$ 71,576

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2022	December 31, 2021
Financial assets - noncurrent		
Financial assets mandatorily classified as at FVTPL		

Derivative financial assets (not under hedge accounting)		
— Redemption options and put options of convertible bonds (Note 16)	$ -	$ 264
Financial liabilities - current		
Financial liabilities mandatorily classified as at FVTPL		
Derivative financial instruments (not under hedge accounting)		
—Currency Swaps(1)	$ -	$ 58
Financial liabilities - noncurrent		
Financial liabilities mandatorily classified as at FVTPL		
Derivative financial instruments (not under hedge accounting)		
— Redemption options and put options of convertible bonds (Note 16)	$ 2,142	$ -

(a) The forward exchange contracts outstanding and not applicable to hedge accounting as of the balance sheet date are as follows

December 31, 2022: None

December 31, 2021:

	Currency	Maturity Period	Amount (in thousand)
Currency Swap	NTD to USD	2022.06.14	NTD11,130/USD400

The Company engages in the transaction of currency swaps primarily for hedging of exchange rate volatility with assets and liabilities denominated in foreign currencies.

8. FINANCIAL ASSETS MEASURED AT FVOCI

	December 31, 2022	December 31, 2021
Equity investment		
Noncurrent		
Domestic investments		
Unlisted shares	$ 21,513	$ 28,074
Emerging stocks	-	6,733
	$ 21,513	$ 34,807

For the purpose of long-term strategies on investments, the Company invested in Lumtech and LSC Ecosystem Corporation and expected to have profit or gains on the long-term investments. However, the management in the Company recognized the investments as financial assets measured at FVOCI instead of FVPL in accordance the aforementioned planning on the long-term investments, related information refers to Table 3.

For more details about the information of financial assets measured at FVOCI, please refer to Note 29.

9. FINANCIAL ASSETS MEASURED AT AMORTIZED COSTS

	December 31, 2022	December 31, 2021
Current		
Domestic investments		
Time deposits with original maturities exceeding 3 months	$ 18,914	$ 8,129
Bank deposits－Reserve account and Trust fund	94,075	34,002
	$ 112,989	$ 42,131

As of December 31, 2022 and 2021, the interest rate of time deposits with original maturities exceeding 3 months were ranged from 0.220% ~ 0.495 % and 0.765% ~ 0.815%, respectively.

Refer to Note 29 for information relating to investments measured at amortized costs pledged as collateral for financial assets.

10. Investments in debt instruments at FVTOCI

The investments in debt instruments at FVTOCI were as follows:

	December 31, 2022	December 31, 2021
Measured at amortized costs		
Total carrying amount	$ 112,989	$ 42,131
Expected credit loss	-	-
Amortized costs	$ 112,989	$ 42,131

The Company only invests in debt instruments whose derogation assessment is of low credit risk. The Company takes into account the current financial position of the debtors and the forecast of the prospects of their industries to measure the expected credit loss of 12 months or the duration of the investment in debt instruments. As of December 31, 2022 and 2021, the Company assessed that the credit risk of the debtor was low and had sufficient capacity to repay the cash flow of the contract, so the expected credit loss was not recognized.

11. ACCOUNTS RECEIVABLES AND OTHER ACCOUNTS RECEIVABLE, NET

	December 31, 2022	December 31, 2021
Accounts receivables		
At amortized cost		
Gross carrying amount	$ 169,173	$ 274,923
Less: Allowance for impairment loss	-	(1,134)
	$ 169,173	$ 273,789
Other accounts receivable		
At amortized cost		
Total carrying amount	$ 568	$ 2,999
Less: Allowance for impairment loss	(84)	(84)
	$ 484	$ 2,915
Other receivables – related party		
Financing to others	$ 38,000	$ -
Interest receivables	18	-
Equipment receivables	614	-
	$ 38,632	$ -

The average credit period on sales of goods is 60~120 days without interests expenses.

In order to minimize credit risk, the management of the consolidated company has appointed a team responsible for the determination of credit limit, credit approval and other monitoring procedures to ensure that proper action is taken for recovery of overdue debts. In addition, the consolidated company reviews the recoverable amount of the overdue notes and accounts receivable on the balance sheet date to ensure that adequate allowances are made for the irrecoverable amounts. In this regard, the management believes that the credit risk of the consolidated company has been significantly reduced.

The Company applies the simplified approach to providing for expected credit losses, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

If there is evidence showing that a transaction counterparty faces severe financial difficulties and the Company cannot reasonably expect to recover the amount such as cases where the transaction counterparty is being liquidated or where the debts are overdue for more than 365 days, the Company shall recognize 100% of the allowance for losses and continue to pursue repayment.

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

December 31, 2022

	Not Past Due	Past Due 1~90Days	Past Due 91~180 Days	Past Due 181~365 Days	Total
Gross carrying amount	$ 163,628	$ 5,545	$ -	$ -	$ 169,173
Loss allowance (lifetime ECL)	-	-	-	-	-
Amortized cost	$ 163,628	$ 5,545	$ -	$ -	$ 169,173

December 31, 2021

	Not Past Due	Past Due 1~90Days	Past Due 91~180 Days	Past Due 181~365 Days	Total
Gross carrying amount	$ 269,489	$ 5,434	$ -	$ -	$ 274,923
Loss allowance (lifetime ECL)	(448)	(686)	-	-	(1,134)
Amortized cost	$ 269,041	$ 4,748	$ -	$ -	$ 273,789

The movements of the loss allowance of accounts receivables and other accounts receivables were as follows:

	2022	2021
Balance at January 1, 2022	$ 1,218	$ 4,281
Less: reversal of impairment for the year	(1,134)	(3,063)
Balance at December 31, 2022	$ 84	$ 1,218

12. Inventories

	December 31, 2022	December 31, 2021
Raw materials	$ 139,244	$ 180,710
Work in Process	-	4,675
Semi-finished goods	1,020	51
Finished goods	18,920	21,562
	$ 159,184	$ 206,998

As of December 31, 2022 and 2021, the cost of inventories recognized as cost of goods sold were $1,318,88 thousand and $2,027,729 thousand, respectively. Loss on reversal of write-downs inventories were $27,488 thousand and $0 thousand.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Associates

	December 31, 2022	December 31, 2021
Investment in subsidiaries	$ 700,248	$ 798,765
Investment in associates	-	207,572
	700,248	1,006,337
Less: Reclassified to noncurrent assets held for sales	(298,023)	-
	$ 402,225	$ 1,006,337

(a) Investment in subsidiaries

	December 31, 2022	December 31, 2021
Unlisted ordinary shares		
C-TECH CORP.	$ 399,315	$ 486,331
MSM Development	298,023	309,425
G	2,910	3,009
	700,248	798,765
Less: Reclassified to noncurrent assets held for sales	(298,023)	-
	$ 402,225	$ 798,765

	Proportion of Ownership and Voting Rights	
Name of Subsidiaries	December 31, 2022	December 31, 2021
C-TECH CORP.	100.00%	100.00%
MSM Development	74.00%	74.00%
GCI	100.00%	100.00%

The Board of Directors of the Company approved the disposal of the common stocks of MSM development and expected to complete the process in next 12 months, therefore; the Company reclassified the carrying amount of $298,023 thousand of investment accounted for using equity method to noncurrent assets held for sales in the parent-company-only balance sheets on December 31, 2022, related information please refer to Note 28(10). The ownerships were decreased from 74% to 26%.

C-TECH CORP., which was held by the Company expected to dispose all shares of Chongqing Wusheng in the next 12 months, more related information please refer to notes to consolidated financial statements for the year ended December 31, 2022.

The above transactions met the criteria of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. Therefore, the disposals of the assets and liabilities of MSM Development and Chongqing Wusheng were classified as a disposal group held for sale, which was presented as income (loss) from discontinued operations. To coordinate with the discontinued operations presentation of consolidated income statement for the year ended December 31, 2022, the Group reclassified the income/loss of discontinued operations for the year ended December 31, 2021 and made the related period information of consolidated income statement more relevant. The Company recognized loss on the discontinued operations of $81,665 thousand and $39,047 thousand for the years ended December 31, 2022 and 2021, respectively.

The carrying amount of assets and liabilities on the disposal date of the Company and its subsidiaries, please refer to notes to consolidated financial statements for the year ended December 31, 2022.

The details of the investees indirectly held by the Company, please refer to Note 6 and Note 7.

The Corporation’s other comprehensive income (loss) from associates using the equity method were recognized based on each associate’s audited financial statements.

Information of the transition of treasury stocks of the Company held by GCI, please refer to Note 20(5).

(b) Investment in associates

	December 31, 2022	December 31, 2021
Associates that are individually material		
OTTOBIKE	$ -	$ 207,572

At the end of the reporting period, the proportion of ownership and voting rights in associates held by the Company were as follows:

Company	Business nature	Main business location	December 31, 2022	December 31, 2021
OTTOBIKE CO., LTD.	Manufacturing of motor vehicles and parts	Taiwan	20.15%	20.30%

The abovementioned associates were all measured and accounted for using equity method, except for the preliminary earnings and net of shareholders' equity of OTTO BIKE for the year ended December 31, 2022, the Company recognized the profit or loss for the year ended December 31, 2021 based on other auditors' results.

The Company invested in OTTOBIKE with totaling $250,000 thousand, $26.5 per share by cash by the resolution approved by the board of directors on January 14, 2021. The Company now has 20.30% of ownerships of OTTOBIKE, the transaction was completed on February, 2021.

OTTOBIKE CO., LTD. issued common stocks amounted to 344,460 shares to merge PingCheng by the resolution of shareholders' meetings on November 15, 2022. The ownership of voting rights was decreased from 20.30% to 20.15%.

OTTOBIKE CO., LTD was dissolved by the resolutions approved by the shareholders' meetings on December 30, 2022. The management of the Company assessed the impairment tests on the investments and evaluate the recoverable amount is lower than the carrying amount, therefore the Company recognized impairment loss of $160,004 thousand under consolidated comprehensive income sheet.

Related significant information of the associates were summarized as follows:

OTTOBIKE Co., LTD

	December 31, 2022	December 31, 2021
Current assets	$ 106,198	$ 195,679
Noncurrent assets	359,754	423,706
Current liabilities	(293,655)	(157,752)
Noncurrent liabilities	(282,359)	(227,272)
Equity	($ 110,062)	$ 234,361
Ownership%	20.15%	20.30%
The Company's rights	$ -	$ 47,568
Impairment loss	(160,004)	-
Goodwill	160,004	160,004
Carrying amount of the investment	$ -	$ 207,572

14. Property, plant and equipment

	December 31, 2022	December 31, 2021
Self-owned	$ 1,108,493	$ 1,114,223

	Land	Buildings	Lease improvements	Machines	Office Equipment	Others	Construction in progress a	Total
Cost								
Balance at January 1, 2022	$ 948,660	$ 137,691	$ -	$ 60,338	$ 8,856	$ 6,897	$ -	$ 1,162,442
Additions	-	-	1,719	8,120	1,464	2,342	-	13,645
Disposals	-	-	-	(1,000)	-	-	-	(1,000)
Reclassification	-	-	2,150	1,079	-	1,523	-	4,752
Balance at December 31, 2022	$ 948,660	$ 137,691	$ 3,869	$ 68,537	$ 10,320	$ 10,762	$ -	$ 1,179,839
Accumulated depreciation and loss								
Balance at January 1, 2022	$ -	$ 18,570	$ -	$ 19,807	$ 4,350	$ 5,492	$ -	$ 48,219
Depreciation	-	6,961	630	10,136	1,722	1,418	-	20,867
Disposals	-	-	-	(400)	-	-	-	(400)
Impairment loss	-	-	81	2,553	4	22	-	2,660
Balance at December 31, 2022	$ -	$ 25,531	$ 711	$ 32,096	$ 6,076	$ 6,932	$ -	$ 71,346
Net value as of December 31, 2022	$ 948,660	$ 112,160	$ 3,158	$ 36,441	$ 4,244	$ 3,830	$ -	$ 1,108,493
Cost								
Balance at January 1, 2021	$ 255,481	$ 87,328	$ -	$ 23,412	$ 7,159	$ 5,114	$ 44,337	$ 422,831
Additions	693,179	6,026	-	22,885	1,217	1,783	2,583	727,673
Disposals	-	-	-	-	-	-	-	-
Reclassification	-	44,337	-	14,041	480	-	(46,920)	11,938
Balance at December 31, 2021	$ 948,660	$ 137,691	$ -	$ 60,338	$ 8,856	$ 6,897	$ -	$ 1,162,442
Accumulated depreciation and loss								
Balance at January 1, 2021	$ -	$ 13,383	$ -	$ 14,914	$ 2,805	$ 4,785	$ -	$ 35,887
Depreciation	-	5,187	-	4,893	1,545	707	-	12,332
Disposals	-	-	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-	-	-
Balance at December 31, 2021	$ -	$ 18,570	$ -	$ 19,807	$ 4,350	$ 5,492	$ -	$ 48,219
Net value at December 31, 2021	$ 948,660	$ 119,121	$ -	$ 40,531	$ 4,506	$ 1,405	$ -	$ 1,114,223

The impairment loss of $2,660 thousand for the year ended in 2022 was recognized under other gains or loss of comprehensive income since the recoverable amount of the fair value (Level 3) less disposal costs were lower than the carrying amount.

Depreciation costs of the property, plant and equipment are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Buildings	
Main buildings	25 to 51 years
Systems, fire system and power engineer	2 to 25 years
Machines	5 to 6 years
Office equipment	3 to 5 years
Other equipment	2 to 3 years

The amount of property, plant and equipment collateral for borrowings, please refer to Note 29.

15. Borrowings

(a) Short-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings		
Bank (Note 29)	$ 373,000	$ 373,000
Unsecured borrowings		
Credit loans	384,686	308,381
	$ 757,686	$ 681,381

Interest rate for borrowings from bank ranges from 1.865% to 6.410% and 0.941% to 1.800% as of December 31, 2022 and 2021, respectively.

(b) Short-term notes payables

	December 31, 2022	December 31, 2021
Commercial paper payables (Note 29)	$ -	$ 44,000

The interest rate as of December 31, 2022 was 0.780%.

Commercial paper payables with no stated interest rate may be measured at the original face amount if the effect of discounting is immaterial.

The Company provides stocks and inventories - construction as collateral for short-term notes payable, for more information, please refer to Note 29.

(c) Long-term borrowings

	December 31, 2022	December 31, 2021
Secured borrowings		
Long-term loan	$ 403,712	$ 398,378
Less: Current portion	(18,667)	(6,667)
	$ 385,045	$ 391,711

The borrowings were guaranteed by the Company's self-owned land and buildings, please refer to Note 29.

Details of long-term borrowings were as follows:

Counterparty	Original amount	December 31, 2022	December 31, 2021
SCBC	Total amount: $20,000 thousand Period: 2021.08.12~2024.08.12 Interest rate: 2.875% (floating rate) Payment: Monthly payments with interests at every 12th of each month, totaling 36 months	11,112	17,778
Taishin	Total amount: $380,600 thousand Period: 2021.09.29~2025.03.31 Interest rate: 2.630% (floating rate) Payment: Monthly payments with interests, totaling 42months	380,600	380,600
Chailease	Total amount: $45,000 thousand Period: 2022.02.25~2023.08.25 Interest rate: 2.000% Payment: Monthly payments with interests at every 25th, period 1~9 amounted to $3,500 thousand, period 10~18 amounted to $1,500 thousand, totaling 18 months.	12,000	-
	Total	$ 403,712	$ 398,378

16. Bonds payables

	December 31, 2022	December 31, 2021
Domestic unsecured bonds payable	$ 105,500	$ 105,500
Less: discounts on bonds payables	(4,628)	(6,110)
	$ 100,872	$ 99,390

Domestic unsecured bonds payable (Code: 36253)

The Company issued 4 thousand units of unsecured convertible bonds with par value of 100.75% and interest rate of 0%, totaling $403,000 thousand on January 12, 2021.

Each bonds holders can have the right to exercise the transfer to the Company's common shares at NTD18.4 per share. The convertible period started from January 12, 2021 to January 12, 2026. From March 31, 2022, the convertible price was adjusted from NTD 18.4 per share to NTD 18.2 per share.

From April 13, 2021 to December 3, 2025, the next day after the issuance date of the convertible bonds 3 months later, if the closing price of the common stock of the Company exceeds the convertible price of the convertible bonds by 30% for 30 consecutive business days, or if the outstanding balance of the convertible bonds is less than 10% of the total face value of the original issue, the Company may take back the bonds within the next 30 business days.

The base dates for the convertible bonds were January 12, 2024 and January 12, 2025 for the holders to sell back the convertible bonds in advance, and the holders may request the company to add interest on the face value of the bonds. The compensation is to redeem the convertible bonds held by the holders in cash with due in 3 years with 101.5075% of the face value of the bonds (0.5% of real income); due in 4 years with 102.0151% of the bond face value (0.5% of real income).

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was1.8151% per annum on initial recognition.

The derivatives of options were recognized in FVPL, the Company recognized gains (loss) on FVPL of $(2,406) thousand and $1,584 thousand.

	Amount
Proceeds from issuance (less transaction costs of $4,983 thousand)	$ 398,017
Equity component (less transaction costs allocated to the equity component of $320 thousand)	(25,241)
Liability component	(1,320)
Liability component at the date of issue (less transaction costs allocated to the liability component of $4,663 thousand)	$ 371,456

Liability component at January 12, 2021	$ 371,456
Interest charged at an effective interest rate of 1.4917%	3,370
Convertible bonds converted to ordinary shares	(275,436)
Liability component at December 31, 2021	$ 99,390

Liability component at January 1, 2022	$ 99,390
Interest charged at an effective interest rate of 1.4917%	1,482
Convertible bonds converted to ordinary shares	-
Liability component at December 31, 2022	$ 100,872

17. Accounts Payables

	December 31, 2022	December 31, 2021
Accounts payables		
Operating	$ 58,929	$ 319,638
Accounts payables from related parties		
Operating	$ 50,691	$ 49,703

18. Other liabilities

	December 31, 2022	December 31, 2021
Current		
Other payables		
Salary payables and compensation of employees	$ 19,985	$ 19,783
Equipment payables	3,583	8,354
Supplies payables	3,784	5,338
Service payables	1,035	720
Others	31,092	17,078
	$ 59,479	$ 51,273
Other accounts payables – related parties		
Processing payables	$ 133,426	$ 143,739
Other current liabilities		
Prepayments from disposal of securities (Note 28(10))	$ 110,000	$ -
Other	13,895	9,539
	$ 123,895	$ 9,539

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company 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.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributed at 2% of salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 10,624	$ 11,341
Fair value of plan assets	(5,599)	(5,156)
Net defined benefit liabilities	$ 5,025	$ 6,185

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	$ 11,905	($ 5,720)	$ 6,185
Interest expense (income)	52	(21)	31
Recognized in profit or loss	52	(21)	31
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(76)	(76)
Actuarial loss－Changes in demographic assumptions	320	-	320
Actuarial loss－Changes in financial assumptions	(134)	-	(134)
Actuarial loss－Changes in experience adjustments	(21)	-	(21)
Recognized in OCI	165	(76)	89
Contributions by employer	-	(120)	(120)
Plan assets	(781)	781	-
December 31, 2021	11,341	(5,156)	6,185
Interest expense (income)	70	(32)	38
Recognized in profit or loss	70	(32)	38
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(411)	(411)
Actuarial loss－Changes in demographic assumptions	46	-	46
Actuarial loss－Changes in financial assumptions	(804)	-	(804)
Actuarial loss－Changes in experience adjustments	(29)	-	(29)
Recognized in OCI	(787)	(411)	(1,198)
December 31, 2022	$ 10,624	($ 5,599)	$ 5,025

Due to the pension system under the "Labor Standards Act", the Company is exposed to the following risks:

1) Investment risk: The Bureau of Labor Funds, MOL, through the methods of voluntary use and commissioned management, invests labor retirement funds in domestic (foreign) equity securities and debt securities respectively, in addition to bank deposits; only in the case of the consolidated company's distributable amounts of plan assets can the income of which be calculated using an interest rate no lower than that of 2-year time deposits in local banks.
2) Interest risk: A decrease in the interest rate of government bonds will cause an increase in the present value of defined benefit obligations; unless the return on debt investments of plan assets also increases the impact of both items will have partially offsetting effects.
3) Payroll risk: The calculation of the present value of defined benefit obligations considers the future salaries of plan members. Therefore, increase in the salaries of plan members will cause an increase in the present value of defined benefit obligations.

The present value of defined benefit obligations of the Company actuarial valuation by a licensed actuary; below are the material assumptions of the measurement date:

	December 31, 2022	December 31, 2021
Discount rate	1.375%	0.625%
Expected rate of salary increase	2.250%	2.250%

If the material actuarial assumptions respectively incur reasonably possible changes, under the condition that all other assumptions stay the same, below are the increased (decreased) present value amounts of defined benefit obligations:

	December 31, 2022	December 31, 2021
Discount rate		
Increased by 0.25%	($ 252)	($ 268)
Decreased by 0.25%	$ 260	$ 277
Expected rate of salary increase		
Increased by 0.25%	$ 253	$ 266
Decreased by 0.25%	($ 247)	($ 259)

Because the actuarial assumptions may be related to each other, the possibility of a single assumption changing is not large; therefore, the sensitivity analysis described above may not be able to reflect actual changes in the present value of defined benefit obligations.

	December 31, 2022	December 31, 2021
Funds expected to be allocated within 1 year	$ -	$ -
Average maturity period of defined benefit obligations	9.6 years	9.5 years

20. Equities

(a) Share capital

Ordinary share

	December 31, 2022	December 31, 2021
Authorized shares (thousands)	200,000	200,000
Authorized capital	$ 2,000,000	$ 2,000,000
Number of shares issued and fully paid (thousands)	114,131	98,131
Capital issued	$ 1,141,314	$ 981,314

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and right to dividends.

The change in share capital was mainly due to unsecured convertible bonds were transferred to common stocks of $159,5190 thousand (15,951 thousand of shares) and the execution of employee share options of $300 thousand (30 thousand of shares), the base date was set to be November 10, 2021, which were approved by the board of directors and completed the registration on January 19, 2022. As for the other unsecured convertible bonds transferred to common shares of $544 thousand (54 thousand of shares), the base date was scheduled to be March 31, 2022, approved by the resolutions of board of directors and completed the registration on April 26, 2022.

The Company issued new common stocks of 16,000 thousand of shares in cash by the resolutions approved by the board of directors on December 22, 2021 with par value of NTD 10, totaling $160,000 thousand. The aforementioned transaction was approved by FSC on February 11, 2022. The base date was on March 31, 2022, the subscription price was NTD20 per share, totaling $320,000 thousand and had fully collected and completed the registration.

(b) Capital surplus

	December 31, 2022	December 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 312,736	$ 152,736
Premium on convertible bonds	158,666	158,666
Treasury share transactions (2)	15,828	15,828
Call convertible bonds (3)	29,216	29,216
Expired stock options (4)	22,168	18,208

	December 31, 2022	December 31, 2021
May be used to offset a deficit only		
Movements of associates and joint ventures accounted for using equity method (5)	$ 13,301	$ 13,301
May not be used for any purpose		
Employees' stock options	8,437	8,437
Convertible bonds – stock options	6,657	6,657
	$ 567,009	$ 403,049

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's paid-in capital and once a year).
2) Such capital surplus is the effect from the subsidiary disposed the ownerships of the parent company, and the parent company issued cash dividends to the subsidiary.
3) Such capital surplus is call convertible bonds and reclassified from capital surplus-convertible bonds, stock options.
4) Such capital surplus is capital increased by cash with no cash inflow and expired employees' stock options, reclassified from capital surplus – employees' stock options.
5) Such capital surplus is the effect from the transition of equity when the Company did not subscribe according to shareholding ratio.

(c) Retained earnings and dividend policy

According to the Company's articles of incorporation, revised by the resolutions of the board of the directors on June 15, 2022, 10% of annual net earnings (net of income taxes), after deducting accumulated deficits, must be set aside as legal reserve. The remaining portion is to be distributed upon a proposal by the board of directors and approval in an annual shareholders' meeting; a special reserve be made from the unappropriated earnings, equivalent to current income or loss and prior period undistributed earnings from the reduction of other equity.

When a special reserve is appropriated by the Company in accordance with the law, with respect to the insufficient surplus amount of the "cumulative net increases in fair value measurement of investment properties from prior period" and the "cumulative net debit balance reserves from prior period", an amount of special reserve equal to the amount appropriated from the prior unappropriated earnings shall be unappropriated first before the distribution of profits. If any insufficient remains, it shall be unappropriated from the amount of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period.

The Board of Directors is authorized to distribute dividends and bonuses or all/part of the statutory surplus reserve and capital surplus in cash by a resolution of at least two-thirds of the Directors present and a majority of the Directors present, and to report such distribution to the shareholders' meeting.

If there is any surplus in the Company's annual final accounts, the Company shall first pay taxes and make up for accumulated losses over the years, and then set aside 10% as the statutory surplus reserve; except when the statutory surplus reserve has reached the Company's total capital. The special surplus reserve shall be allocated or converted according to laws or regulations of the competent authority. Any remaining surplus will become the annual undistributed earnings. This remaining balance shall be added to the accumulated undistributed earnings of the previous years to form the cumulative distributable earnings of the shareholders. The Board of Directors may prepare a proposal for its distribution, and if new shares are to be issued as the form of distribution, the proposal shall be submitted to the shareholders meeting for resolution before the distribution, for more information, please refer to Note 22(7).

The Company is currently in its growth stage; thus, the policy for distribution of dividends should reflect factors such as the current and future investment environment, fund requirements, domestic competition and capital budget, as well as benefits to be given out, balance in the distribution of shares and cash bonuses. The Company's Articles of Incorporation stipulate that at least 20% of dividends to shareholders shall be distributed in cash.

Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The proposal on appropriation of deficits for the years ended December 31, 2021 and 2020 was approved by the resolution of the shareholders' meetings on June 15, 2022 and August 11, 2021, respectively.

The proposal on appropriation of deficits offset by legal reserve of $15,854 and capital surplus of $551,915 on March 30, 2023 planned by the board of directors, and to be approved by the shareholders' meetings on June 30, 2023.

(d) Other equity

1). Exchange differences on translating the financial statements of foreign operations

	2022	2021
Balance at January 1	($ 25,489)	($ 22,366)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	12,273	(3,863)
Tax	(2,455)	773
Associates accounted for using equity method	-	(33)
Balance at December 31	($ 15,671)	($ 25,489)

2. Unrealized gain and losses on financial assets at fair value through other comprehensive income

	2022	2021
Balance at January 1	($ 49,831)	($ 13,515)
Recognized for the year		
Unrealized gains and losses－Equity instruments	(13,294)	(20,078)
Associates accounted for using equity method	16,198	(16,238)
Balance at December 31	($ 46,927)	($ 49,831)

(e) Treasury shares

Shares held by its subsidiaries (in thousands of shares)	2022	2021
Number of shares at the beginning of the year	5,584	5,584
Additions (Decrease)	-	-
Number of shares at the end of the year	5,584	5,584

Related information regarding shares of the Company held by its subsidiaries on the balance sheet date was as follows:

Subsidiary	Number of shares held (in thousands of shares)	Carrying amount	Market Value
December 31, 2022			
Golden Capital International Corp.	5,584	$ 48,244	$ 68,125
December 31, 2021			
Golden Capital International Corp.	5,584	$ 48,244	$ 144,905

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, are bestowed shareholders' rights, except the rights to participate in any share issuance for cash and to vote

The Company reclassified 5,584 shares with carrying amount of $48,244 thousand of the Company held by Golden Capital International Corp. (GCI) as of December 31, 2022 and 2021, respectively, to treasury stocks.

21. Revenue

	2022	2021
Customers' contract revenue		
Sales revenue	$ 1,459,575	$ 2,171,774

Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivables (Note11)	$ 169,173	$ 273,789	$ 571,565
Contract liabilities - current	$ 20,513	$ 8,499	$ 3,604

22. Net income from continuing operations

(a) Interest income

	2022	2021
Bank Deposit	$ 380	$ 66
Interest from financing to the related parties (Note 28)	615	-
Other	15	9
	$ 1,010	$ 75

(b) Other revenue

	2022	2021
Lease revenue	$ 1,236	$ 1,236
Dividend revenue	1,105	1,420
Other	2,114	1,869
	$ 4,455	$ 4,525

(c) Other gains and loss

	2022	2021
Gains or losses on foreign currency exchange	($ 29,695)	$ 3,975
Gains (loss) on financial liabilities measured at FVPL	(967)	5,595
Gains (loss) on disposal or retirement of property, plant and equipment (Note 28)	30	-
Impairment loss accounted for using equity method (note 13)	(160,004)	-
Impairment loss – property, plant and equivalent	(2,660)	-
Impairment loss –intangible assets	(115)	-
Other	(3,822)	(8,220)
	($ 197,233)	$ 1,350

(d) Financial costs

	2022	2021
Borrowing interests from banks	$ 19,504	$ 13,159
Interest expenses from convertible bonds	1,482	3,370
Interest paid for lease liabilities	144	15
	$ 21,130	$ 16,544

(e) Depreciation and amortization

	2022	2021
Depreciation expenses by function		
Operating costs	$ 12,685	$ 5,930
Operating expenses	11,560	7,412
	$ 24,245	$ 13,342
Amortization expenses by function		
Operating expenses	$ 6,999	$ 4,322

(f) Employee benefit expenses

	2022	2021
Short-term employees' benefits	$ 180,778	$ 175,581
Post-retirement benefit		
Defined contribution plan	8,127	7,954
Defined benefit plan (Note 19)	38	31
Share-based payment	3,960	478
Total of employees' benefits	$ 192,903	$ 184,044
Summary by function		
Operating costs	$ 17,633	$ 9,623
Operating expenses	175,270	174,421
	$ 192,903	$ 184,044

(g) Employees' Compensation and Directors' Remuneration

As stipulated in the Company's Articles of Incorporation, 5% to 20% of the annual profit shall be allocated as remuneration to employees. The distribution of remuneration in shares or cash is resolved by the board of directors' meeting, and these employees must be employees of the controlling or subordinate companies who meet certain requirements. No more than 5% of the annual profit shall be allocated in cash as remuneration to directors by resolving the Board of Directors. The motion of distribution of remuneration to employees and directors shall be proposed to the shareholders' meeting. However, where there are accumulated losses, the Company shall first retain a certain amount before allocating remuneration to Employees and Directors as referred to in the preceding paragraph. The company has operating losses in 2022 and 2021, and there is no need to estimate the remuneration of employees and directors.

If there is a difference with the actual distribution amount in the next year, it will be treated according to the change in accounting estimates, and the difference will be recognized as the profit or loss of the next year.

Relevant information of employees' compensation and directors' remuneration can be found on MOPS.

23. Tax

(a) Income tax expense recognized in profit or loss:

The main components of tax expenses(gain) were as follows:

	2022	2021
In respect of the current period		
Adjustments for prior years	($ 714)	$ 3,209
Deferred tax		
In respect of the current year	(7,066)	134
Income tax expense recognized in profit or loss	($ 7,780)	$ 3,343

A reconciliation of accounting profit and income tax expenses are as follows:

	2022	2021
Loss from continuing operations before tax	($ 496,541)	($ 161,471)
Income tax expense on pretax net profit calculated at the statutory rate	($ 99,308)	($ 32,294)
Nondeductible expenses in determining taxable income	74,294	13,203
Tax-free income	(221)	(284)
Unrecognized deductible temporary difference and carry forwards	18,169	19,509
Prior period adjustment on income tax expenses	(714)	3,209
Income tax expense recognized in profit or loss	($ 7,780)	$ 3,343

(b) Income tax recognized in other comprehensive income

	2022	2021
Deferred tax		
In respect of the current year		
—Translation of foreign operations	($ 2,455)	$ 773
—Remeasurement of defined benefits plans	(239)	18
Income tax recognized in OCI	($ 2,694)	$ 791

(c) Current tax assets and liabilities

	December 31, 2022	December 31, 2021
In respect of the current year		
Tax refund receivables	$ 75	$ -

(d) Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the year ended December 31, 2022

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, end of year
Deferred tax assets (liabilities)				
Temporary differences				
Allowance for bad debts	$ 17	$ -	$ -	$ 17
Associates	(133)	83	-	(50)
Exchange difference	(964)	1,311	-	347
Inventory write-downs	4,162	5,498	-	9,660
Defined benefits plans	1,588	7	(239)	1,356
Paid-time off payables	668	167	-	835
	$ 11,702	$ 7,066	($ 2,694)	$ 16,074

For the year ended December 31, 2021

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, end of year
Deferred tax assets (liabilities)				
Temporary differences				
Allowance for bad debts	$ 17	$ -	$ -	$ 17
Associates	(137)	4	-	(133)
Exchange difference	(426)	(538)	-	(964)
Inventory write-downs	4,162	-	-	4,162
Exchange differences on translation of the financial statements of foreign operations	5,591	-	773	6,364
Defined benefits plans	1,588	(18)	18	1,588
Paid-time off payables	250	418	-	668
	$ 11,045	($ 134)	$ 791	$ 11,702

(e) Temporary differences associated with investments for which deferred tax liabilities were not recognize

	December 31, 2022	December 31, 2021
Loss on investments	$ 50,000	$ -
Loss Carryforwards		
Expired in 2031	17,549	17,549
Expired in 2032	19,225	19,225
Expired in 2033	17,948	-
	$ 104,722	$ 36,774

(f) Income tax assessments

The tax returns of the Company through 2020 have been assessed by the tax authorities.

24. Loss per share

Unit: NT$ per Share

	2022	2021
Basic loss per share		
From continuing operation	($ 3.90)	($ 1.47)
From discontinued departments	(0.78)	(0.45)
	($ 4.68)	($ 1.92)
Diluted loss per share		
From continuing operation	($ 3.90)	($ 1.47)
From discontinued departments	(0.78)	(0.45)
	($ 4.68)	($ 1.92)

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

Net Loss for the Year

	2022	2021
Net loss attributable to owners of the Company	($ 488,761)	($ 164,814)
Net loss from discontinued departments used in the computation of diluted loss per share	81,665	39,047
Net loss from continuing operation used in the computation of diluted loss per share	(407,096)	(125,767)
Dilutive effects		
Interests after tax from convertible bonds	-	-
Net loss used in the computation of diluted loss per share	($ 488,761)	($ 164,814)

Share

Unit: thousands of shares

	2022	2021
Weighted average number of ordinary shares (in thousands) used in the computation of basic loss per share	104,547	85,706
Effect of potentially dilutive ordinary shares (in thousands)		
Convertible bonds	-	-
Employees' stock options	-	-
Employees' compensation	-	-
Weighted average number of ordinary shares (in thousands) used in the computation of diluted loss per share		
Weighted average number of shares	104,547	85,706

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were 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 was 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.

If the outstanding convertible bonds issued by the Company are converted to ordinary shares, they are anti-dilutive and excluded from the computation of diluted earnings per share.

The exercisable price of stock options the Company issued was higher than the average market price for the years ended December 31, 2022 and 2021, they are anti-dilutive and excluded from the computation of diluted earnings per share.

25. SHARE-BASED PAYMENT ARRANGEMENTS

(a) Treasury shares transferred to employees

The board of directors made a resolution on January 18, 2017 to the first issuance of employee share option plans with totaling 2 thousand units in 2017. Each stock option eligible to subscribe for one thousand common shares of the Company when exercised. The stock options of all the plans are valid for six years and exercisable at certain percentages subsequent to the second anniversary of the grant date. Under the terms of the plans, the stock options are granted at an exercise price equal to the closing price of the Company's common shares quoted on the TWSE on the grant date. The Company recognized cost of remuneration of $0 and $478 thousand for the years ended December 31, 2022 and 2021, respectively.

Related information of share-based payment was as below:

	2022		2021	
Employees' share options	Number of Stock Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Stock Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance, beginning of the year	750	$ 26.7	1,030	$ 26.7
Stock options canceled	-	-	(250)	-
Stock options exercised	-	-	(30)	26.7
Balance, end of the year	750	26.5	750	26.7
Exercisable at the end of the year	750		750	

As of the balance sheet date, the information of outstanding of employees' share options were as follows:

	December 31, 2022	December 31, 2021
Weighted average remaining contractual life (years)	0.05	1.05

(b) Capital increased by cash – Employees' stock options

The Company increased capital by cash on the resolutions approved by the board of directors on December 22, 2021 and reserved 10% of the new shares for the employees in accordance with Company Act. The Company recognized the costs for employees' stock options and capital surplus – employees' stock options of $3,960 thousand and $0 thousand for the years ended December 31, 2022 and 2021, respectively.

26. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

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

The Company is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments not measured at fair value

The management of the Company believes the carrying amount of the Company's financial instruments not measured at fair value are close to the fair value.

(b) Fair value of financial instruments 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 FVOCI				
Investments in equity instruments				
—Emerging market shares	$ -	$ 21,513	$ -	$ 21,513
—Domestic and overseas unlisted shares	-	-	-	-
	$ -	$ 21,513	$ -	$ 21,513
Financial liabilities at FVTPL				
—Convertible bonds options	$ -	$ 2,142	$ -	$ 2,142

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
－Convertible bonds options	$ -	$ 264	$ -	$ 264
Financial assets at FVOCI				
Equity instrument				
－Stocks from emerging market	$ -	$ 28,074	$ -	$ 28,074
－Domestic unlisted stocks	-	-	6,733	6,733
	$ -	$ 28,074	$ 6,733	$ 34,807
Financial liabilities at FVTPL				
－Derivatives	$ -	$ 58	$ -	$ 58

2) There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.
3) Except for financial assets at FVTPL in Level 3 were recognized under exchange of fair value of other comprehensive income, there were no other adjustments.
4) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement.

Financial Instruments	Valuation Techniques and Inputs
Domestic stocks from emerging market	Fair value was assessed by the closing price as of balance sheet date.
Convertible bonds – employees' stock options	Binomial Option Pricing Model: Future cash flows are estimated at the end of the period, based on observable factors, such as duration, convertible prices, risk-free rates, and discounted rates on binomial option pricing model. at the end of the period.
Derivatives – foreign exchange forward contracts/foreign option contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

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

Financial Instruments	Valuation Techniques and Inputs
Domestic and overseas unlisted shares	Market approach: Based on the market fair value of the comparable companies and adjusted by PE ratio and market/net value of the investees.

(c) Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
FVTPL	$ -	$ 264
Financial assets at amortized cost (Note 1)	500,343	392,791
Financial assets at FVTOCI		
Equity instruments	21,513	34,807
Financial liabilities		
Financial liabilities measured at FVPL	2,142	58
Financial liabilities at amortized cost (Note 2)	1,564,795	1,787,502

Note1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, accounts receivables, other receivables, and refundable deposits.

Note2: The balances include financial liabilities at amortized cost, which comprise short-term and long-term borrowings, short-term bills payable, notes and accounts payables, other payables long-term borrowings due within one year, bonds payables and guarantee deposits.

(d) Financial Risk Management Objectives and Policies

The consolidated company’s major financial instruments include investments in equity and debt instruments, accounts receivable, accounts payable, bonds payables, borrowings and lease liabilities. The consolidated company’s financial management department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operation of the consolidated company through internal risk reports which analyze exposures by degree and magnitude of risk. These risks include market risk (including currency risks and interest risks), credit risk and liquidity risk.

The consolidated company operates the derivative financial instruments based on the transaction procedures of the derivative financial commodity resolved by the Board of Directors to avoid exchange rate risk. Internal auditors continue to review policy compliance and risk exposure limits. The consolidated company does not conduct financial instrument transactions (including derivative financial instruments) for speculative purposes.

1) Market Risk

The Company's operating activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see a) below) and interest rates (see b) below).

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. The Company believed that its foreign currency assets and liabilities were not significantly exposed to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 36.

Sensitivity analysis

The Company was mainly exposed to the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity analysis is for a 1% change in foreign currency rates and included only outstanding foreign currency denominated monetary items at the end of the reporting period. A positive number below indicates a decrease in pre-tax profit (loss) when New Taiwan dollars strengthen by 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit (loss) and the balances below would be negative.

	Impact of the US dollar	
	2022	2022
Profit or loss	$ 2,160 (i)	$ 3,640 (i)

(i) The above sensitivity analysis mainly referred to the outstanding USD deposits, receivables and payables which were not hedged at the end of the year.

b) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

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

	December 31, 2022	December 31, 2021
Fair value interest rate risk		
—Financial assets		
Cash on hand	$ 1,102	$ 1,026
Time deposits with original maturities exceeding 3 months	18,914	8,129
	$ 20,016	$ 9,155
—Financial liabilities		
Bonds payables	$ 100,872	$ 99,390
Cash flow interest rate risk		
—Financial assets		
Bank notes and demand deposits	$ 175,814	$ 70,550
Restricted bank deposits	94,075	34,002
	$ 269,889	$ 104,552
—Financial liabilities		
Short-term borrowings	$ 757,686	$ 681,381
Short-term notes payables	-	44,000
Long-term borrowings	403,712	398,378
	$1,161,398	$1,123,759

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 0.5% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $4,458 thousand and $5,096 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk approximates the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

In addition, the invents the recoverable amount of the overdue notes and accounts receivable on the balance sheet date to ensure that adequate allowances are made for the irrecoverable amounts. In this regard, the management believes that the credit risk of the consolidated company has been significantly reduced.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. The Company had available unutilized bank loan facilities set out in (b) below.

(a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The maturity dates of the Company's remaining contractual maturity for their non-derivative financial liabilities were based on the undiscounted cash flows (including principal and estimated interest) of financial liabilities from the earliest date on which the Company can be required to pay. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate at the end of the year.

December 31, 2022

	On Demand or Less than 1 Year	1 to 3 years	2 to 5 years	Over 5 years
Floating rate instruments				
Short-term borrowings	$ 757,686	$ -	$ -	$ -
Long-term borrowings	18,667	4,445	380,600	-
Non-interest-bearing liabilities				
Accounts payables	109,620	-	-	-
Other payables	8,402	-	-	-
Lease liabilities	3,462	2,908	1,500	-
Bonds payables	-	100,872	-	-
	$ 897,837	$ 108,225	$ 382,100	$ -

December 31, 2021

	On Demand or Less than 1 Year	1 to 3 years	2 to 5 years	Over 5 years
Floating rate instruments				
Short-term borrowings	$ 681,381	$ -	$ -	$ -
Long-term borrowings	44,000	-	-	-
Non-interest-bearing liabilities	6,667	6,667	385,044	-
Accounts payables				
Other payables	369,341	-	-	-
Lease liabilities	14,412	-	-	-
Bonds payables	3,462	3,462	4,408	-
Floating rate instruments	-	99,390	-	-
	$ 1,119,263	$ 109,519	$ 389,452	$ -

Bank loans with a repayment on demand clause were included in the “on demand or less than 1 month” time band in the above maturity analysis. As of December 31, 2022 and 2021, the aggregate undiscounted principal amounts of these bank loans were NT$1,161,398 thousand and NT$1,123,759 thousand, respectively. Considering the Company’s financial position, management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. Management believes that such bank loans will be repaid after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements.

The amounts included above for financial guaranteed contracts were the maximum amounts the Company could be required to settle under the arrangement with an option to demand the full guaranteed amount if that amount is claimed by the counterparty of the financial guarantee contract. Based on expectations at the end of the year, the Company considers that it is more likely than not that no amount will be payable under the arrangement.

(2) Financing facilities

	December 31, 2022	December 31, 2021
Unsecured bank borrowings and trade receivables factoring facility and payable on demand:		
Amount used	$ 396,686	$ 308,381
Amount unused	328,314	186,041
	$ 725,000	$ 494,422
Secured bank borrowings facility:		
Amount used	$ 764,712	$815,378
Amount unused	175,088	270,000
	$ 939,800	$1,085,378

4) Financial Performance

The accumulated losses of the Company as of December 31, 2022 exceeded 50% of the paid-in capital, the Company's plans on financial structures were as follows:

(1) Operating

A. Cost and expenses reduction: Decrease administrative, general affairs and engineering fees to reduce controllable indirect expenses.

B. Terminate the incompetent employees

(2) Financial performance

A. For the purpose of operating schemes, the Company plans on the disposal of the ownership percentage of MSM Development, the transactions amounted to $252,000 thousand, and had completed the transaction on February, 2023 and collected the payments, refer to explanations on Note 28(10).

B. For the purpose of operating schemes, the company disposed all of the ownerships of Chongqing Wusheng by resolutions approved by the board of directors on March 30, 2023, and scheduled to be completed in 2023Q2.

C. The accumulated losses of the Company as of December 31, 2022 exceeded 50% of the paid-in capital, legal reserve of $15,854 thousand and paid-in capital of $551,915 thousand may be used to offset deficit to strengthen the financial structures as a resolutions approved by the board of director on March 30, 2023.

D. For the purposes of utilization of the fund, strengthening financial performance, competence and operating efficiency, the meeting of board of directors on November 10, 2022 approved and effective on December 29, 2022 raising funds through private placement within 50,000 thousand of common shares or convertible bonds with three times in a year after the resolution date of shareholders meeting, related information refer to MOPS.

28. RELATED PARTY TRANSACTIONS

Details of transactions between the Company and other related parties are disclosed below.

(a) Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Chongqing C-Tech	Subsidiary
Chongqing Wusheng	Subsidiary
Golden Capital International Corp.	Subsidiary
Techone Trading Limited	Subsidiary
MSM Development	Subsidiary
OTTOBIKE Co., LTD	Associate
Huang, Chung-Wei	Substantive related party
Huang, Bo-Ching	Substantive related party
Mega Peak Investment Co. Ltd.	Substantive related party
Zhaoxiang International Co., Ltd.	Substantive related party

Name of the related parties	Nature of relationship of the related parties
Zhaosheng International Co., Ltd.	Substantive related party
Zhaojie International Co., Ltd.	Substantive related party
Wusheng Co., LTD.	Substantive related party
Cheng Mei Development Group	Substantive related party

(b) Operating revenue

Account	Nature of related party	2022	2021
Sales revenue	Associate	$ -	$ 74
Lease income	Subsidiary	$ 1,164	$ 1,164
	Associate	72	72
		$ 1,236	$ 1,236
Other revenue	Associate	$ 7	$ -

The abovementioned transactions with related parties were no significant different with normal trade terms with non-related parties. The lease agreements with substantive related parties were based on the market prices on a monthly basis, there is no significant different with the transactions with non-related parties.

(c) Purchase

Relationship/Name	2022	2021
Subsidiary		
Chongqing C-Tech	$ 173,049	$ 144,010
Chongqing Wusheng	15,674	39,024
	$ 188,723	$ 183,034

There is no significant different between the transactions with related parties and with normal non-related parties.

(d) Accounts receivables from related parties

Relationship/Name	December 31, 2022	December 31, 2021
Other receivables from related parties		
Subsidiary		
Chongqing C-Tech	$ 614	$ -

Other receivables from disposal of equipment and the outstanding accounts receivables from related parties were not secured. There is no impairment loss of accounts receivables from related parties for the year ended December 31, 2022.

(e) Accounts payables from related parties

Nature of related party/Name t	December 31, 2022	December 31, 2021
Accounts payables from related parties		
Subsidiary		
Techone Trading Limited	$ 41,975	$ 44,231
Chongqing C-Tech	6,661	-
Chongqing Wusheng	2,055	5,472
	$ 50,691	$ 49,703
Other payables from related parties		
Subsidiary		
Chongqing C-Tech	$ 132,357	$ 143,739
Chongqing Wusheng	1,069	-
	$ 133,426	$ 143,739

The balance of outstanding accounts payables from related parties were not secured.

(f) Other related party transactions

Account	Nature of related party/Name	December 31, 2022	December 31, 2021
Other prepayments	Subsidiary		
	Golden Capital International Corp.	$ 159	$ 159
Payment on behalf of others	Associate		
	OTTOBIKE	$ 536	$ -
Collection on behalf of others	Associate		
	OTTOBIKE	$ 1,428	$ 1,428

Account	Nature of related party/Name	2022	2021
Processing fees	Subsidiary		
	Chongqing C-Tech	$ 344,745	$ 545,650
Maintenance fees	Subsidiary		
	Chongqing Wusheng	$ -	$ 237
Other expenses	Subsidiary		
	Chongqing Wusheng	$ -	$ 1,165

The abovementioned processing fees were based on the prices as agreed by each other.

(g) Loans to the related parties

Nature of related party/Name	December 31, 2022	December 31, 2021
Subsidiary／MSM Development	$ 38,000	$ -

Interests receivables

Nature of related party/Name	December 31, 2022	December 31, 2021
Subsidiary／MSM Development	$ 18	$ -

Interest income

Nature of related party/Name	2022	2021
Subsidiary／MSM Development	$ 615	$ -

The lending fund to the subsidiary, MSM Development is unsecured loans, the interest rates are similar to the market interest rate. The collections were expected to be within one year and the Company assessed there were no expected credit loss.

(h) Endorsement guarantee

Endorsement provided to others

Nature of related party/Name	December 31, 2022	December 31, 2021
The Company／C-Tech United Corporation		
Amount endorsed	$ 409,233	$ 276,064
Outstanding Endorsement	-	-
	$ 409,233	$ 276,064
Subsidiary／MSM Development		
Amount endorsed	$ -	$160,000
Outstanding Endorsement	-	-
	$ -	$160,000

Guarantees

Nature of related party/Name	December 31, 2022	December 31, 2021
Subsidiary／MSM Development		
Guarantee amount	$ 409,233	$ 250,000
Outstanding guarantees	-	-
	$ 409,233	$ 250,000
Subsidiary／Chongqing Wusheng		
Guarantee amount	$ -	$ 26,064
Outstanding guarantees	-	-
	$ -	$ 26,064

Nature of related party/Name	December 31, 2022	December 31, 2021
The Company／C-Tech United Corporation		
Guarantee amount	$ -	$160,000
Outstanding guarantees	-	-
	$ -	$160,000

Some of the bank loans were guaranteed by the chairman Huang, Tsung-Wei for the years ended December 31, 2022 and 2021.

(i) Acquisition of assets

The Company purchased parts of Land No.388 in XinZhuang District for the purposes of establishing the Company's headquarters by the resolutions approved by the board of directors on January 14, 2021. With the valuation reports as of November 27, 2020 from CCIS Real Estate Joint Appraisers Firm, the appraisers assessed the price of the objects amounted to $692,067 thousand, comparing the estimated price of $693,564 thousand; the counter party was one of the related parties, Huang, Bo-Ching and one other natural person. The Company recognized as property, plant and equipment and completed the transfer on April 29, 2022.

The Company had a cooperative construction contract with MSM Development (MSM) and Cheng Mei Development Group (Cheng Mei) on April 29, 2021 to establish an operating headquarters by joint constructions, which amended on July 22, 2022 to add clauses that the Company shall provide the land of 374.08 Ping and Cheng Mei shall provide the land of 147.10 Ping, totaling 521.18 Ping, and invested by MSM. The three entities were agreed to be allocated 55.50% of land ownerships (the Company has 39.8% and Cheng Mei has 15.7%), and MSM owns 45.50% of the land ownerships. The aforementioned percentages were based on the reports of Zhan-Mao Real Estate Appraisers Firm.

(j) Sales of assets

1. Property, plant and equipment

	Price of disposal		Gain (loss) on disposal	
Relation/Name	2022	2021	2022	2021
Subsidiary/ChongqingC-Tech	$ 630	$ -	$ 30	$ -

2. Investments accounted for using equity method

The Company disposed some of the shares of MSM Development on the resolutions approved by the board of directors on November 15, 2022 and December 29, 2022. The prices per share were NTD 10.41 and NTD 9.18~NTD12.80 which were assessed by the valuation organization as of November 30, 2022 and December 16, 2022. The Company had agreement on the shares transfer on December 30, 2022 with 24,000 thousand of shares in par value of NTD 10.5, totaling $252,000 thousand; therefore, the ownerships were decreased from 74% to 26%. The counter party was one of the related parties which was Mega Peak Investment Co. Ltd. As of December 31, 2022, the Company had prepayments for the securities of $110,000 thousand (which recognized in other current liabilities), but the transfer has not been completed yet. The transfer was completed in February 2022 and had collected the payments.

(k) Key management personnel compensation

	2022	2021
Short-term employee benefits	$ 29,033	$ 31,780
Share-based payments	-	131
	$ 29,033	$ 31,911

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. PLEDGED ASSETS

The following assets were provided as collateral for the credit fund for pre-sale houses, derivatives, deposits for customs tariff, supply of raw materials and bank loans:

	December 31, 2022	December 31, 2021
Pledged CD (recognized as financial assets measured at amortized costs)	$ 4,914	$ 8,129
Reserve account (recognized as financial assets measured at amortized costs)	94,075	34,002
Financial assets at FVOCI	-	28,074
Self-owned land	948,660	948,660
Buildings	112,160	119,121
	$ 1,159,809	$ 1,137,986

30. SIGNIFICANT SUBSEQUENT EVENTS

For the purpose of entire operating plans of the Company, the Company decided to sell one of the subsidiary Chongqing Wusheng by the resolutions approved by the board of director on March 30, 2023, related information please refer to MOPS.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

Unit: foreign currency/NTD in thousands

December 31, 2022

	Currency	Currency rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 6,350	30.71 (USD: NTD)	$ 195,009
Non-monetary items			
Investment accounted for equity method			
USD	13,098	30.71 (USD: NTD)	$ 402,225
Foreign currency liabilities			
Monetary items			
USD	13,382	30.71 (USD: NTD)	$ 411,000

December 31, 2021

	Currency	Currency rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 8,816	27.68 (USD: NTD)	$ 244,017
Non-monetary items			
Investment accounted for equity method			
USD	17,678	27.68 (USD: NTD)	$ 489,340
Foreign currency liabilities			
Monetary items			
USD	21,964	27.68 (USD: NTD)	$ 607,970

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

	2022		2021	
Functional Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	29.805(USD: NTD)	($ 29,695)	28.009(USD: NTD)	$ 3,975

32. Notes on Disclosed Items

(i)Information on Significant Transactions and (ii) Information on Investments

1). Financing provided to others (Table 1)
2). Endorsement/guarantee provided to others. (Table 2)
3). Marketable securities held at the end of the reporting period. (Excluding investments in subsidiaries, affiliate, and joint venture) (Table 3)
4). Accumulated buying or selling the same securities for over 300 million New Taiwan dollars or more than 20% paid-in capital: None.
5). Accumulated buying or selling the same securities for over 300 million New Taiwan dollars or more than 20% paid-in capital: None.
6). Disposal of real estate at price of over 300 million New Taiwan dollars or more than 20% of paid-in capital: None
7). Total purchases form or sales to related parties amounting to over 100 million New Taiwan dollars or more than 20% of paid-in capital. (Table 4)
8). Receivables from related parties amounting to over 100 million New Taiwan dollars or more than 20% of paid-in capital. (Table 5)
9). Conduct trading in derivative products (Table 7 and 16)
10). Other: Business relation and significant transaction between the parent company and subsidiaries (Table 6)

(iii). Information on Investments in China

1). Name of the investee company in Mainland China, main businesses and products, amount of paid-in capital, investment method, investment flows, shareholding ratio, current profit or loss and recognized investment profit or loss, investment carrying value at the end of the reporting period, inward remittance of investment earnings, and limit in investment amount to Mainland China. (Table 4 and 8)
2). Significant transaction, including price, payment terms and unrealized profit or loss occur directly or indirectly via the 3rd regions with an investee company in China: See Table 4 and 9.
   (a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
   (b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
   (c) The amount of property transactions and the amount of the resultant gains or losses.
   (d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
   (e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
   (f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

(iv) Major shareholders Information: The name, shareholding amount and proportion of shareholders with a shareholding ratio of 5% or more: None

33. SEGMENT INFORMATION

The Company had disclosed the segment information in consolidated financial reports for the year ended December 31, 2022 in accordance with the standards.

34. Non-cash transactions

The Company entered into the following non-cash investing activities for the years ended December 31, 2022 and 2021:

	2022	2021
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	$ 13,645	$ 727,673
Add: Payable for purchase of equipment, balance at January 1	8,354	32,622
Less: Payable for purchase of equipment, balance at December31	(3,583)	(8,354)
Cash payment	$ 18,416	$ 751,941
Disposal of investment accounted for using equity method		
Disposal of investment accounted for using equity method	$ 630	$ -
Add: Prepayments of disposal of security	(614)	-
Cash received	$ 16	$ -
Disposal of investments accounted for using equity method		
Amount of investments accounted for using equity method	$ -	$ -
Add: prepayments of disposal of securities	110,000	-
Cash received	$ 110,000	$ -
Interest income	$ 1,010	$ 75
Less: interest receivables at the end of the year	(18)	-
Cash received	$ 992	$ 75

C-Tech United Corporation
FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 1

No. (Table1)	Financing Company	Counter Party	Financial Statement Account (Note 2)	Related party	Financing Limit for Each Borrowing Company (Note 3)	Ending balance (Note 8)	Actual used	Interest rate	Financing properties (Note 4)	Financing amount (Note 5)	Financing reasons (Note 6)	Allowance for bad debt	Collateral		Maximum Limit for Each Counterparty (Note 7)	Financing Company's Financing Amount Limits (Note 7)	Note
													Item	Value			
0	C-Tech United	MSM Development	Accounts receivables from related parties	Y	$ 300,000	$ 300,000	$ 38,000	1.600%~1.975%	2	$ -	Operating and construction engineering fund	$ -	None	$ -	$ 335,462	$ 335,462	

Note 1: Significant transaction between the parent company and its subsidiaries or among subsidiaries are numbered as follows:
(1) Enter 0 for the parent company.
(2) Subsidiaries are numbered sequentially from "1" according to company type.
Note 2: Total amount of the financing is disclosed herein if the financing related to business transactions.
Note 3: Maximum financing balance provided to others for the period.
Note 4: Reasons for financing are as follows:
a. Business relationship.
b. The need for short-term financing
Note 5: Total amount of the business transactions between financing company and counterparty should be disclosed herein if the financing occurred due to business transactions.
Note 6: The necessity and rationality of the loan application should be specifically illustrated herein if the financing occurred due to short-term financing.
Note 7: The limits and the calculation methods of financing amount for individual counterparty and total financing amount for financing company are disclosed in accordance with company's operating procedure of financing.
(1) The total amount for lending to a company shall not exceed 10 percent of the net worth of the Company.
(2) The total amount available for lending purpose shall not exceed 40 percent of the net worth of the Company.
Note 8: According to Paragraph 1, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, each financing should be approved by the board of directors. To fairly expose the company's risk, even if the fund doesn't be utilized, the financing amount approved by the board of directors still includes in the financing balance. To reflect the adjustment of the company's risk, while the counterparty repays the fund, it should disclose the balance after the repayment. Although the chairman is authorized to handle the financing in installment or revolver under the specific amount approved by the board of directors within one year, according to Paragraph 2, Article 14 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies, it still uses the financing amount approved by the board of directors as the reporting balance. While the counterparty repays the fund, considering the possibility of another utilization, it still uses the financing amount approved by the board of directors as the reporting balance.

C-Tech United Corporation
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Table 2

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement / Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement / Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	C-Tech United Corporation	MSM Development	(2)	$ 838,654	$ 409,233	$ 409,233	$ -	$ 40,000	48.80%	$ 838,654	Y	N	N	Note 4
0	C-Tech United Corporation	Chongqing Wusheng	(2)	838,654	26,634 RMB 6,000	- RMB -	-		-	838,654	Y	N	Y	Note 4
0	MSM Development	C-Tech United Corporation	(3)	402,734	160,000	-	-		-	402,734	N	Y	N	Note 5

Note 1: Significant transaction between the parent company and its subsidiaries or among subsidiaries are numbered as follows:
(1) Enter 0 for the parent company.
(2) Subsidiaries are numbered sequentially from "1" according to company type.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
(4) The endorser/guarantor company and endorsed/guaranteed company both are owned directly or indirectly more than 90% voting shares by the company.
(5) Mutual guarantee of the trade as required by the construction contract.
(6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
(7) Jointly guarantee of the pre-construction real estate sales contract in accordance with Consumer Protection Law.

Note 3: According to the Company's procedures for endorsement & guarantee, the total amount of endorsement/guarantee to the subsidiaries and third parties shall not exceed 100% of the Company's net worth.

Note 4: The Company withdrew the endorsements of RMB 6,000 thousand to Chongqing C-Tech and $250,000 thousand to MSM Development by the resolutions approved by the board of directors on Mary 28, 2022; approved the endorsement to MSM Development of $409,233 thousand by the resolutions approved by the board of directors on March 28, 2022.

Note5: MSM Development withdrew the endorsement of $160,000 thousand by the resolutions approved by the board of directors on March 28, 2022.

C-Tech United Corporation
MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 3

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Market price or net value	
C-Tech United Corporation	Emerging market							
	LUMINESCENCE TECHNOLOGY CORP.	N	Financial assets at FVTPL - non-current	1,420,000	$ 21,513	5.64%	$ 21,513	
	Unlisted stocks							
	LSC Ecosystem Corporation	N	Financial assets at FVTPL - non-current	3,333,333	-	2.63%	-	
					$ 21,513		$ 21,513	

Note1: Information of subsidiaries, associates, and joint ventures, please refer to Table 6 and Table 7.

C-Tech United Corporation
TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Table 4

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
C-Tech United Corporation	Chongqing C-Tech	Affiliated	Processing fees	$ 344,745	31	Normal trade terms	As agreement	-	($ 132,357)	69	
			Purchase	173,049	15	Normal trade terms	As agreement	-	(6,661)	6	
Chongqing C-Tech	C-Tech United Corporation	Affiliated	Processing revenue	344,745	66	Normal trade terms	As agreement	-	139,018	99	
			Sale	173,049	33	Normal trade terms	As agreement	-			

Note 1: All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

C-Tech United Corporation
RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Table 5

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Chongqing C-Tech	The Company	Parent	Accounts Receivables $ 139,018	3.67	$ -	—	$ 29,132	$ -

Note 1: All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

C-Tech United Corporation
NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEES ON WHICH EXERCISED SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Table 6

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance at the End of the Period			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership (%)	Carrying Amount			
C-Tech United Corporation	C-TECH CORP.	Mauritius	Investment	$ 549,571 (USD 18,100)	$ 549,571 (USD 18,100)	18,100,000	100.00	$ 399,315	($ 98,973)	($ 98,973)	
C-Tech United Corporation	Golden Capital International CORP.	Anguilla	Investment	55,131 (USD 1,728)	55,131 (USD 1,728)	1,727,955	100.00	2,910	(416)	(416)	
C-Tech United Corporation	MSM Development	Taiwan	Lease of buildings	367,374	367,375	37,000,000	74.00	298,023	(15,407)	(11,401)	Note 1
C-Tech United Corporation	OTTOBIKE Co., LTD.	Taiwan	Manufacturing of auto vehicles components and parts	250,000	250,000	9,433,962	20.15	-	(427,695)	(63,766)	Note 2
C-TECH CORP.	Techone Trading Limited	Samoa	International trade business	3,185 (USD 100)	3,185 (USD 100)	100,000	100.00	43,540	(5,551)	(5,551)	
C-TECH CORP.	C-TECH HOLDING CORP.	Samoa	Investment	364,371 (USD 12,000)	364,371 (USD 12,000)	12,000,100	100.00	325,452	(23,160)	(23,160)	
C-TECH CORP.	C-TECH INTERNATIONAL LTD.	Seychelles	Investment	181,948 (USD 6,000)	181,948 (USD 6,000)	6,000,000	100.00	30,302	(70,263)	(70,263)	

Note 1: The Company sold shares of MSM Development approved by the board of directors on December 29, 2022, please refer to Note 28(10) for explanations.
Note2: OTTOBIKE Co., LTD was dissolved by the shareholders' meetings on December 30, 2022.

C-Tech United Corporation
INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Table 8

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan at the Beginning of the Period	Investment Flows		Accumulated Outflow of Investment from Taiwan at the End of the Period	Net Income (Loss) of Investee	% Ownership through Direct or Indirect Investment	Investment Income (Loss) (Note 2(2)B)	Carrying Value at the End of the Period	Accumulated Inward Remittance of Earnings at the End of the Period	Note
					Outflow	Inflow							
Chongqing C-Tech	Production of battery modules of notebooks	$ 364,370	(2)	$ 364,370	$ -	$ -	$ 364,370	($ 23,161)	100	($ 23,161)	$ 325,444	$ -	
Chongqing WuSheng	Production and sales of plastics of battery modules	181,948	(2)	181,948	-	-	181,948	(70,264)	100	(70,264)	30,299	-	Note 5

Accumulated Investment in Mainland China at the End of the Period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 3)
$546,318	$546,318	$ -

Note 1: The investment types are as follows:
a. Direct investment in mainland China.
b. Indirect investments in mainland China through subsidiaries, invested by the Company, in third regions.
c. Others.

Note 2: Under the investment gain (loss) column:
a. Companies still in the preparatory stage and therefore have no gains or losses should be disclosed.
b. Investment gain (loss) recognized based on the following should be disclosed:
1) Financial statements are audited through the cooperation between international accounting from and ROC accounting firm.
2) Financial statements are audited by licensed CPA of the parent company
3) Others.

Note 3: According to the MOEA No.09704604680 amendment of "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" dated Aug 29, 2008, accumulated investment in Mainland China is limited to 60% of the net asset value or 60% of the consolidated net asset value, whichever is higher. However, the Company had obtained the certificate issued by the Industrial Bureau of the Ministry of Economic Affairs in accordance with the business scope of the operating headquarters; thus, the amount that can be invested in companies located in mainland China is unlimited from October 30, 2020 to October 29, 2023.

Note 4: The related numbers in the table were all presented in New Taiwan Dollars.

Note 5: The Company is expecting to sell out all the shares within twelve months.

C-Tech United Corporation

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD AREA, AND THEIR PRICES, PAYMENT TERMS, UNREALIZED GAINS OR LOSSES AND OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Table 8

Investee	Transaction Type	Amount	Price	Transaction Details		Accounts receivables(payables)		Unrealized gains(loss)	Note
				Payment term	Comparison with Normal Transactions	Amount	%		
Chongqing C-Tech	Processing fees	$ 344,745	Bid	As contracts	Normal trade term	Other payables ($ 132,357)	69	$ -	
	Purchase	173,049	Bid	As contracts	Normal trade term	Accounts payables (6,661)	6		
	Sales	72,049	Bid	As contracts	Normal trade term				

§Statements of Major Accounting items
For the year ended 2022§

C-TECH United Corporation
Statement of cash and cash equivalents
December 31, 2022(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Statement 1

Items	Description	Amount
Cash		$ 1,102
Bank Deposit		
Check Deposit		132,794
Foreign currency deposit	(USD 1,396 thousand @ 30.71、JPY 656 thousand @ 0.232 and RMB 672 元@ 4.392)	43,020
		175,814
		$ 176,916

C-TECH United Corporation
Statement of accounts receivables
December 31, 2022(Amounts in Thousands of New Taiwan Dollars)

Statement 2

Client name	Description	Amount
Net amount from non-related		
Company L	Loans	$ 118,653
Company SR	〃	22,017
Company PG	〃	9,871
Other (Note)	〃	18,632
Less: Impairment loss		-
		$ 169,173

Note: The amount of each item in others does not exceed 5% of the account balance.

C-TECH United Corporation
Statement of inventories
December 31, 2022(Amounts in Thousands of New Taiwan Dollars)

Statement 3

Item	Description	Cost	Market price (Note)
Raw material		$ 139,244	$ 142,557
Semi-finished goods		1,020	1,020
Finished goods		18,920	24,935
		$ 159,184	$ 168,512

Note: The market prices of the inventories were based on the net value on December 31, 2022

C-TECH United Corporation
Statement of Financial assets at fair value through other comprehensive income, noncurrent
For the year ended December 31, 2022(Amounts in Thousands of New Taiwan Dollars)

Statement 4

Name	Balance, January 1, 2022		Additions in Investment		Decrease in Investment		Balance, December 31, 2022			Pledged as collateral
	Shares	Amount	Shares	Amount	Pledged as collateral	Amount (Note 1)	Shares	Ownership%	Amount	
Financial assets at FVOCI – noncurrent										
Lumtech	1,420,000	$ 28,074	-	$ -	-	$ 6,561	1,420,000	5.64	$ 21,513	Nil
LSC	3,333,333	6,733	-	-	-	6,733	3,333,333	2.63	-	Nil
		$ 34,807		$ -		$ 13,294			$ 21,513	

Note1: The Company recognized unrealized loss on financial instruments of $13,294 thousand.

C-TECH United Corporation
Statement of Changes in Investment accounted for using equity method, noncurrent
For the year ended December 31, 2022(Amounts in Thousands of New Taiwan Dollars)

Statement 5

Name	Balance, January 1, 2022		Additions (Decrease) in investment		Reclassification		Gain (Loss) on investments	Accumulated exchange Adjustments	OCI Pledged as collateral	Balance, December 31, 2022			Market price or net value (Note 2)		Pledged as collateral
	Shares	Amount	Shares	Amount	Shares	Amount				Shares	Ownership%	Amount	Unit price	Total	
Unlisted stocks															
C-TECH CORP.	18,100,000	$ 486,332	-	$ -	-	$ -	($ 98,973)	$ 11,956	$ -	18,100,000	100.00	$ 399,315	22.06	$ 399,315	Nil
MSM Development (Note 4)	37,000,000	309,424	-	-	(37,000,000)	(298,023)	(11,401)	-	-	-	-	-	-	-	Nil
GCI	1,727,955	3,009	-	-	-	-	(416)	317	-	1,727,955	100.00	2,910	1.68	2,910	Nil
OTTOKE Co., LTD (Note 3)	9,433,962	207,572	-	(160,004)	-	-	(63,766)	-	16,198	9,433,962	20.15	-	-	-	Nil
		1,006,337		(160,004)		(298,023)	(174,556)	12,273	16,198			402,225		402,225	
Less: noncurrent assets held for sales	-	-	-	-	37,000,000	298,023	-	-	-	37,000,000	74.00	298,023	8.05	298,023	
		$ 1,006,337		($ 160,004)		$ -	($ 174,556)	$ 12,273	$ 16,198			$ 700,248		$ 700,248	

Note 1: Except for the financial statements of OTTOBIKE Co., LTD accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements which have been audited.
Note 2: Net assets value of other unlisted shares was calculated based on the financial statements of investees and share percentage held by the Company.
Note 3: OTTOBIKE was dissolved by the resolution approved by the shareholders' meeting on December 30, 2022, the Company recognized loss on investments of $160,004 thousand.
Note 4: Disposal of shares of MSM Development was approved by the board of directors on December 29, 2022, the Company reclassified as noncurrent assets held for sales.
Note 5: Gain (loss) on continuing operations and discontinued units amounted to $(92,891) thousand and (81,665), respectively.

C-TECH United Corporation
Statements of short-term loans
December 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Statement 6

Name	Type	Balance at the end of year	Period	Interest rate(%)	Credit amount	Collateral
Chang Hwa Commercial Bank	Secured loan	$ 223,000	2022.03.22~2023.03.22	1.8650%	$ 223,000	Real Estate No.669 5th floor
Taishin Bank	Secured loan	50,000	2022.12.21~2023.01.18	2.6300%	50,000	Real Estate No.388
Taichung Bank	Secured loan	100,000	2022.12.06~2023.06.06	2.0800%	100,000	Reserve account
Hwa Nan Bank	Credit loan	60,000	2022.10.26~2023.04.19	2.7588%	60,000	None
Land Bank	Credit loan	60,000	2022.04.01~2023.06.30	1.8800%	60,000	None
Mega Bank	Credit loan	38,000	2022.12.21~2023.05.19	2.3138%	40,000	None
Mega Bank	Credit loan	18,255	2022.12.15~2023.06.13	2.3138%	20,000	None
Mega Bank	Credit loan	5,509	2023.08.05~2023.02.01	2.3138%	20,000	None
First Bank	Credit loan	30,000	2022.12.13~2023.03.13	2.1000%	30,000	None
First Bank	Credit loan	24,775	2022.12.12~2023.03.12	2.2050%	200,000	None
First Bank	Credit loan	19,300	2022.12.12~202303.18	2.5000%	20,000	None
Chang Hwa Commercial Bank	Credit loan	12,500	2022.11.14~2023.03.14	1.9500%	30,000	None
Chang Hwa Commercial Bank	Credit loan	6,000	202212.08~2023.04.07	1.9500%	30,000	None
Taishin Bank	Credit loan	44,874	2022.10.17~2023.01.16	6.0300%	60,000	None
Taishin Bank	Credit loan	8,496	2022.12.26~2023.02.24	6.4100%	30,000	None
Taishin Bank	Credit loan	6,977	2022.12.07~2023.01.06	6.0400%	30,000	None
Taichung Bank	Credit loan	50,000	2022.12.06~2023.06.06	2.2800%	50,000	None
		$ 757,686			$ 1,053,000	

C-TECH United Corporation
Statements of Accounts payables
December 31, 2022
(In Thousands of New Taiwan Dollars)

Statement 7

Vendor name	Description	Amount
Nonrelated party		
Zhuhai CosMX Battery Co Ltd	Purchase	$ 7,721
JTH-Tech	〃	6,269
EXPRESS ELECTRONICS	〃	5,863
Bo Ren Electronics	〃	4,944
Fanglin Technology	〃	4,408
ChienWei Tech	〃	3,847
Gin Tai	〃	3,624
Other (Note)	〃	22,253
		58,929
Related party		
Techone	Purchase	41,975
Chongqing C-Tech	〃	6,661
Chongqing Wusheng	〃	2,055
		50,691
		$ 109,620

Note: The amount of each item in others does not exceed 5% of the account balance.

C-TECH United Corporation
Statements of Accounts payables
December 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Statement 8

Item	Quantity	Amount
Customer contract revenue		
Sales revenue	10,270,632 pcs	$ 1,460,287
Less: Sales returns		(695)
Sales discounts		(17)
		$ 1,459,575

C-TECH United Corporation
Statements of Accounts payables
For the year ended December 31,
(In Thousands of New Taiwan Dollars)

Statement 9

Item	Amount
Inventory at January 1	$ 180,710
Add: Purchases	954,310
Gain on physical inventory of raw materials	136
Less: Materials write off	(11,120)
Sales of raw materials	(104,065)
Reclassified as operating expenses	(2,698)
Inventory at December 31	(139,244)
Material consumption	878,029
Direct labor	1,805
Manufacturing expenses	149,801
Manufacturing costs	1,029,635
Add: Work in process at January 1	4,675
Less: Work in process at December 31	-
Cost of finished goods	1,034,310
Add: Semi-finished goods at January 1	51
Finished goods at January 1	8
Purchase of semi-finished goods	116
Less: Reclassified as operating expenses	(1,085)
Loss on physical inventory of finished goods	(8)
Semi-finished goods at December 31	(1,020)
Finished goods at December 31	-
Cost of goods sold and manufacturing	1,032,372
Goods at January 1	21,554
Add: Purchases of goods	172,933
Less: Reclassified as operating expenses	(4,108)
Goods at December 31	(18,920)
Cost of goods sold	1,203,831
Sold of materials	104,065
Loss on write-off inventory	11,120
Loss on physical inventory	(128)
Operating costs	$ 1,318,888

C-TECH United Corporation
Statements of Operating expenses
For the year ended December 31,
(In Thousands of New Taiwan Dollars)

Statement 10

	Selling	Administrative	Research and Development	Gain on reversal of Expected credits	Total
Salary expenses	$ 24,181	$ 74,378	$ 51,595	$ -	$ 150,154
Insurance expenses	2,510	6,265	4,377	-	13,152
Depreciation	97	6,111	5,352	-	11,560
Service fees	300	11,854	-	-	12,154
Customs	7,772	-	-	-	7,772
Material consumption	-	-	5,766	-	5,766
Others (Note)	5,126	25,441	19,783	(1,134)	49,216
	$ 39,986	$ 124,049	$ 86,873	($ 1,134)	$ 249,774

Note: The amount of each item in others does not exceed 5% of the account balance.

C-TECH United Corporation

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION

FOR THE YEARS ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Statement 11

	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employees' benefits						
Salary	$ 14,450	$ 145,162	$ 159,612	$ 8,054	$ 145,565	$ 153,619
Labor and health insurance	1,696	12,741	14,437	840	13,215	14,055
Pension	839	7,326	8,165	465	7,520	7,985
Directors' remuneration	-	1,032	1,032	-	1,387	1,387
Other employees' benefits	648	9,009	9,657	264	6,734	6,998
	$ 17,633	$ 175,270	$ 192,903	$ 9,623	$ 174,421	$ 184,044
Depreciation	$ 12,685	$ 11,560	$ 24,245	$ 5,930	$ 7,412	$ 13,342
Amortization	$ -	$ 6,999	$ 6,999	$ -	$ 4,322	$ 4,322

1. As of December 31, 2022 and 2021, the Company had 150 and 197 employees, respectively, of which 7 directors were not concurrently serving as employees for both years.
2. The average employee benefits expenses were $1,342 thousand and $961 thousand in 2022 and 2021, respectively.
3. The average employees' salary expenses were $1,116 thousand and $809 thousand in 2022 and 2021, respectively
4. The change in the average employees' salary expenses was 38%.
5. The Company's compensation policies: The Company's employees are entitled to a comprehensive compensation and benefits program above the industry average. The compensation program includes a monthly salary, business performance bonuses based on quarterly business results and a profit-sharing bonus based on annual profits. The Company determines the amount of the business performance bonus and profit sharing based on operating results and industry practice in the R.O.C. The amount and distribution of the bonus and profit sharing are recommended by the Compensation Committee to the Board of Directors for approval. Individual rewards are based on each employee's job responsibility, contribution and performance.
6. The total compensation paid to the executive officers is decided based on their job responsibility, contribution, company performance and projected future risks the Company will face. It is reviewed by the Compensation Committee then submitted to the Board of Directors for approval.
7. According to the Company's Articles of Incorporation, the Board of Directors is authorized to determine the salary for the Chairman, Vice Chairman and Directors, taking into account the extent and value of the services provided for the management of the Company and the standards of the industry within the R.O.C. and overseas. The Articles of Incorporation also provide that the compensation to directors shall be no more than 5% of annual profits and directors who also serve as executive officers of the Company are not entitled to receive compensation to directors. The distribution of compensation to directors shall be made in accordance with the Company's "Rules for Distribution of Compensation to Directors" based on the following principles: (1) directors who also serve as executive officers of the Company are not entitled to receive compensation; (2) the compensation for independent directors may be higher than the other directors, as all independent directors also serve as members of the Audit Committee (Note 9) and the Compensation Committee and thus participate in the discussions as well as resolutions of related committee meetings in accordance with the charter of each committee