

Stock Code :
2033

CHIA TA WORLD CO., LTD.

2022 Annual Report

Notice to readers

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

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I. Letter to Shareholders

I. Business Report for 2023

(1).Result for Business reportfor 2022

Unit: Thousands of Dollars, Metric Ton

Year Account Names	2021	2022	Difference	
			Amount	%
Sales Revenue	844,784	810,803	-33,981	-4.02
Cost of Sales	758,856	759,243	387	0.05
Gross Profits	85,928	51,560	-34,368	-40.00
Gross Margin	10.17	6.36	-3.81	-37.48
Operating Expense	71,591	66,637	-4,954	-6.92
Operating Income	14,337	-15,077	-29,414	-205.16
Total Non-Operating Income and Expense	3,933	587	-3,346	-85.08
Income before Tax	18,270	-14,490	-32,760	-179.31
Net income	14,725	-12,698	-27,423	-186.23
Other Comprehensive Income of the period	29,229	-2,843	-32,072	-109.73
Earnings per share	0.18	-0.16	-0.34	-188.89
Annual Sales	26,112	22,901	-3,211	-12.30
Annual Yield	20,673	14,980	-5,693	-27.54

Reasons for differences are listed below:

1. In the second quarter of 2022, the supply of steel wire exceeded its demand. Though the unit price has increased by 3,054 per unit, the demand quatity decreased by 3,211 comparing to last year. The cost of sales increased by 4,093 per unit, because the Company prepared more raw materials for fear of shortage and New Taiwan Dollars have depreciated fast. The gross profit decreased by 34,368 thousand because the cost of goods sold cannot reflected immediately.
2. In 2022, because the quantity of sales decreased by 1,499 tones because of shortage of cabinets and rise of shipment fees which led to the reduction of variable cost. The administrative expenses decreased because retirement of employees and the reduction of profit. In 2022, operating expense decreased by 4,954 thousand.
3. The net amount of non-operating expense has decreased because the foreign exchange net gain or loss increased by 1,958 thousand and the interest rate increased which led to the increase of interest expense amounted 2,004 thousand.
4. In the first half year of 2022, the price of product rose faster than its cost and in the latter second half year of 2022, the demand of product decreased which led to the decrease of gross profit. The overall profit has decreased 32,760 thousand comparing to 2021.

(2) Cash inflows and outflows:

The comparison of cash inflows and outflows of the Company in 2022 and 2021 are listed below:

Items	2021	2022	Difference	
			Amount	%
Net Cash Inflows(Outflows)from operating activities	-65,557	12,742	78,299	
Net Cash Inflows(Outflows)from investing activities	-21,455	-13,674	7,781	
Net Cash Inflows(Outflows)from financing activities	85,140	22,858	-62,282	

1. The difference between net cash inflows(outflows) from operating activities in 2022 and 2021 was 78,299 thousand because the account receivables decrease by 50,064 thousand in 2022 and the account receivables increased by 43,389 thousand in 2021.
2. The difference of net cash inflows(outflows) from investing activities decreased by 7,781 thousand because the Company purchased property, plant and equipment in 2022.
3. The difference of net cash inflows(outflows) from financing activities 362,282 thousand because the Company repaid its short-term notes amounted 35,000 thousand and borrowed money amounted 25,000 thousand.

(3) Analysis of profitability:

Item	2021	2022	Rate in difference
Returns on assets	1.28	-0.74	-2.02
Returns on equity	1.41	-1.22	-2.63
Profit rate	1.74	-1.57	-3.31

The gross profit in 2022 decreased, so the profit in 2022 was lower than that in 2021.

(4) The research performance in 2022:

1. The Company continuously gather data, analysis, examination in process of production in order to remove the factors leads to the defect and spoilage of the

product and therefore rise the quality and yield of the products.

2. With the improvement of pickling racks, relieve pulling and extrusion force, the raw material can reach 100% availability of cleaning rate and therefore improve the quality and yield of products.

II. Business plan for 2023

Under the ease of Covid-19 in 2022, the impact of inflation and the economic impact of Russo-Ukrainian War, the price of steel and energy has become volatile. The demand of steel has decreased and therefore impact the steel market. Excepted for the reduction in demand of steel, the steel market has influenced by the economic and political environment in the second-half year. The price of energy has surged and led to the reduction of yield and annual maintenance to regulated the demand and supply in the market. Besides, the demand has decreased which customers will first consider to use its inventories. The new offices, new factories or the public construction were postponed due to the inflation and relief expenditure.

In foreign market, no favorable General Agreement on Tariffs and Trade has caused significant stress on the cost of export. In domestic market, cheap imports always won the bid of public construction. The Company can only make profit continuously by making efforts in many aspects under the severe scenario. The Company's business plan of 2023 are listed below:

1. Actively and continuously find resources of material. Purchase raw materials with comparative advantages in order to reduce the cost in order to reduce the cost.
2. Create grading system for products in order to satisfy the demand of customers.
3. Purchase new model of drawing machine in order to improve the quality and production capacity of the wire extension product.
4. Improve the equipment and production process to improve the yield and quality.
5. Reinforce the communication and services to its customers in order to bring in more orders.
6. Execute ISO 9001:2015 for improve the quality and effectiveness of operation.
7. Strengthen the relationship of suppliers and customers for securing the supply of raw materials, robusting the selling channels and creating win-win scenario.
8. Strengthen the sensitivity of reaction to markets in order to face the fast-changing market.
9. Strictly control the capital expenditure and reduce the portion of liabilities.

3. Future development strategies, the influence of external environment and competition and the influence of regulations and macro-economic environment

(1) Future development strategies

1. The wire market's demand is diverse. The company will supply a variety of products to satisfy different group of customers' needs. To satisfy the demand, the Company will purchase material from different resources and tweak the production process and situation to satisfy the customer in many aspect and rise the satisfaction of the customers.
2. The Company decided to adopted strategy of purchasing from multiple suppliers in order to decrease the risk of shortage of material. In this way, the Company can control the resource of material, diversify the market risk and acquire advantageous price of materials and stable source of supply
3. For fear of over-concentration of sales market, the Company has decided to expand market in Japan, USA, China and South-east Asia in order to rise the overall sales.
4. Improve the quality and yield of product in response to the changes in the market by purchasing new model of drawing machine and upgrading the existed equipment. Reduce the production cost of renewing the control system of electricity which can expand the service life of production equipment.
5. Purchase solar power equipment for generating 154KW for personal use. The Company has acquired Renewable Energy Certificates with the power generated by the

equipment. The move can response to the carbon tax in foreign and domestic market and can served a further movement for dedication to governance of ESG.

(2) The influence of external environment and competition

The globe is fighting with inflation actively. Though the price of energy, iron ore and coking coal is volatile, the volatility has decreased. With the reopen of China and boosting policies of the large economy, the future market of steel is still promising. The Company will stay tuned to eh international market price and the movement of economic. Once the environment changed, the Company can alter its selling and purchasing strategies and effectively decrease the impact of the external environment of the Company. In response to change to the future price of stee, the Company will adopt flexible policies for purchasing materials and managing stock, effectively alter the stock of materials and create advantageous purchasing price and create higher operating performance and profits.

(3) The influence of regulations and macro-economic environment

The regulation environment has become increasingly stringent. Financial Supervisory Commission also ask listed companies to disclose their examined information on greenhouse gas. The Company will abide by the law for fulfilling its social responsibilities and increasing connection among employees. Though the increase of fuel, utility fee and operating cost, disposal of waste and environment issue have made operating environment tougher, the Company still face the situation with caution to ease the fluence of alternation of environment.

Since the Company has suffered from historic economic slump in 2022, the sales volume has decreased which leads to the cost cannot be transferred to its customers. The aforementioned reason and the poor exchange rate led to the unexpected profit performance of the Company. The Company sincerely apologized for it and believed with the supervision of shareholders and investors, the employees can attain the goal with all the efforts under the dynamic operating environment.

Chairman: WU,TA-HO

Manager: CHEN,ZHENG-PING

Accounting Supervisor: WANG,QIU-YUE

Company Profile

2.1 Introduction:

(1)Date of establishment: April 23, 1973.

(2)Contact Information:

Plant	Location	Telephone
Head Office	No. 16, Lane 317, Zhongzheng N. Rd., Yongkang Dist., Tainan City	(06)2533-117
Yongkang Plant 1	No. 16, Lane 317, Zhongzheng N. Rd., Yongkang Dist., Tainan City	(06)2533-117
Linyuan Plant	No. 85, Lane 223, Xizhou 1st Rd., Linyuan Dist., Kaohsiung City	(07)641-2388
Yongkang Plant 2	No. 965, Zhongzheng N. Rd., Yongkang Dist., Tainan City	(06)254-7825

(3)Company History:

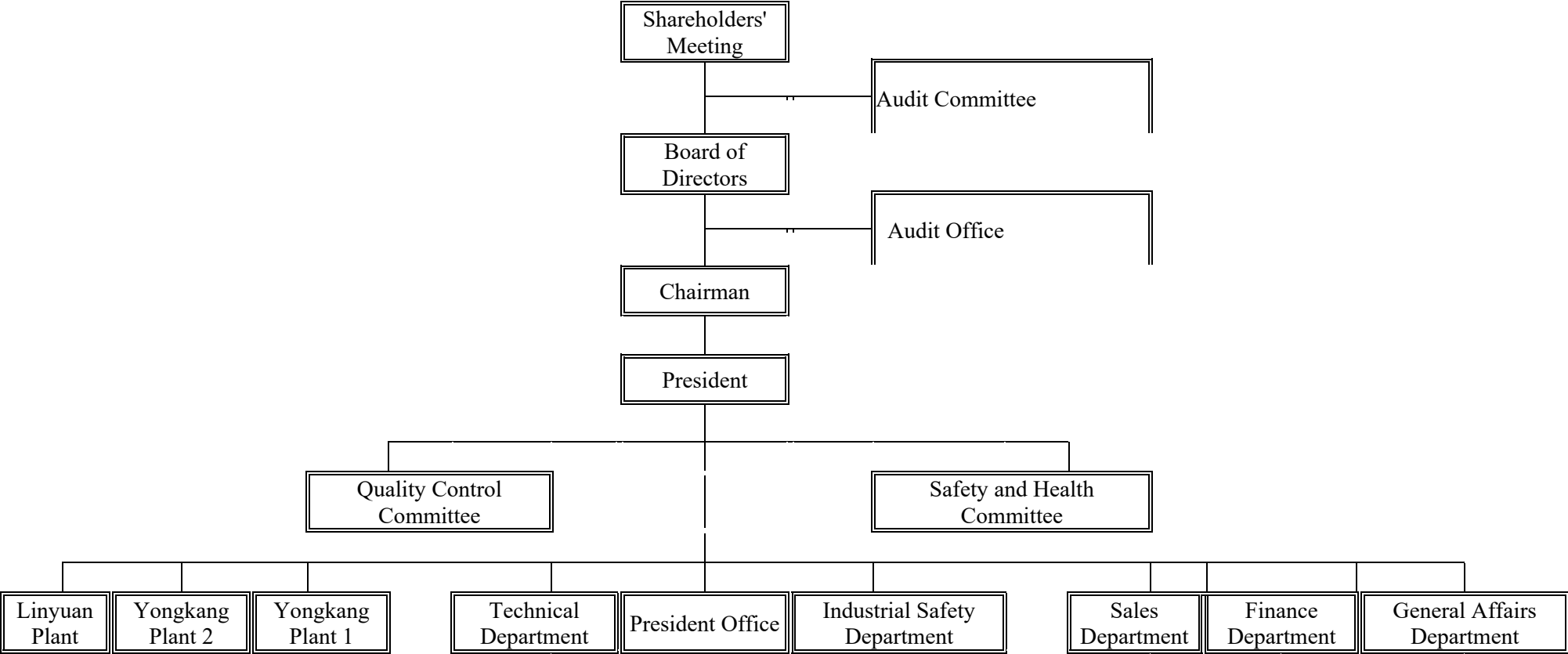
1. The Company was established on April 23, 1973, and located at No. 16, Lane 317, Zhongzheng N. Road, Yongkang District, Tainan City. The Company mainly engages in the manufacturing, processing, and sales of steel wires, galvanized steel wires, galvanized iron wires, prestressed steel wires, prestressed steel strands, shaped prestressed steel bars, steel strands, steel ropes, springs, steel wire products, and machinery hardware parts.
2. On October 1999, the Company changed its name to "Chia Ta World Co., Ltd." as approved by the competent authority.
3. The Company's stock has been traded over-the-counter in the Taipei Exchange since May 1997 and listed on the Taiwan Stock Exchange since September 2000.
4. The Company engages in the following business activities:
 1. CA01060 Steel Wires and Cables Manufacturing
 2. CA01020 Iron and Steel Rolling and Extruding
 3. CA01050 Steel Secondary processing
 4. CA02040 Spring Manufacturing
 5. CB01990 Other machinery manufacturing
 6. CD01030 Motor Vehicles and Parts Manufacturing
 7. CD01040 Motorcycles and Parts Manufacturing
 8. CD01050 Bicycles and Parts Manufacturing
 9. CN01010 Furniture and Decorations Manufacturing
 10. F113050 Wholesale of Computers and Clerical Machinery Equipment
 11. F118010 Wholesale of Computer Software
 12. I301010 Information Software Services
 13. F113030 Wholesale of Precision Instruments
 14. E605010 Computer Equipment Installation
 15. CC01110 Computer and Peripheral Equipment Manufacturing
 16. CC01040 Lighting Equipment Manufacturing
 17. F119010 Wholesale of Electronic Materials
 18. F113020 Wholesale of Electrical Appliances
 19. CC01080 Electronics Components Manufacturing
 20. CB01020 Affairs Machine Manufacturing
 21. CE01010 General Instrument Manufacturing

- 22. CE01030 Optical Instruments Manufacturing
- 23. I301020 Data Processing Services
- 24. I301030 Electronic Information Supply Services
- 25. F401010 International Trade
- 26. F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures
- 27. F106010 Wholesale of Hardware
- 28. F113010 Wholesale of Machinery
- 29. F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories
- 30. F114040 Wholesale of Bicycle and Component Parts Thereof
- 31. H703090 Real Estate Business
- 32. H701010 Housing and Building Development and Rental
- 33. J901020 Regular Hotel
- 34. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Business of Each Major Department:

Department	Primary Responsibilities
Audit Department	Conducts audits, abnormal response, and improvements regarding internal control and accounting systems in each department.
General Manager Office	In charge of quality management, information management, production management, and education and training.
Industrial Safety Office	Plans occupational safety and health management systems and the implementation.
Safety and Health Management Committee	Establishes and enforces safety and health work guidelines.
Quality Management Committee	Approves and implements quality policies and objectives.
General Affairs Department	Responsible for personnel management, general affairs, procurement of raw materials and supplies, and warehousing of materials and finished products.
Finance Department	Responsible for cost accounting, general accounting, cash management, and processing of import and export affairs.
Sales Department	Responsible for company production and sales management, sales and material planning, customer management, and collection of payments.
Technical Department	Responsible for maintenance and upkeep of company equipment such as machinery and electronics.
Yongkang Plant 1	Responsible for production, control of production volume, quality and machinery performance, and product management of general steel wire and prestressed steel wire.
Yongkang Plant 2	Responsible for production, control of production volume, quality and machinery performance, and product management of prestressed steel strand and special-shaped prestressed steel bar.
Linyuan Plant	Responsible for production of steel cable, quality control, and machinery maintenance of the plant.

3.2 Information on Directors, Supervisor, General Managers and Major Shareholders of Corporation Shareholders

3.2.1 Information on directors and supervisors

(1) Directors and Supervisors:

May 13, 2023

Title (Note 1)	Nationality or registered	Name	Gender & Age (Note 2)	Date of Election	Term	Date First Elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education & Experience (Note 4)	Concurrent Positions	Spouse or relative holding a position as Key Manager, Director or Supervisor			Footnote (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	ROC	Wu, Ta-He	Male	July 26, 2021	3	April 8, 1973	6,859,931	8.50%	6,859,931	8.50%	1,729,931	2.14%	0	0.00%	Feng Chia University President of Chia Ta	Director of Advanced Electronic Materials	Director	Tseng, Wen-Chun	Spouse's brother	None
Deputy Chairman	ROC	Hao Fu Investment Co., Ltd.	-	July 26, 2021	3	June 24, 2015	1,049,946	1.30%	1,049,946	1.30%	-	0.00%	0	0.00%	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	None
	ROC	Representative: Chuang, Hui-Chen	Female	July 26, 2021	3	August 7, 2017	1,550,600	1.92%	1,550,600	1.92%	2,108,714	2.61%	0	0.00%	High School Chairman of Yuan Ying Construction	Chairman of Yuan Ying Construction	None	None	None	None
Director	ROC	Tseng, Wen-Chun	Male	July 26, 2021	3	July 26, 2021	3,285,730	4.07%	3,285,730	4.07%	279,106	0.35%	0	0.00%	Chia Nan University of Pharmacy and Science Vice President of Chia Ta	Chairman of Wan Ying Investment	Chairman	Wu, Ta-He	Brother-in-law	None
Director	ROC	Li, Shih-Min	Male	July 26, 2021	3	June 24, 2010	338,000	0.42%	338,000	0.42%	0	0.00%	0	0.00%	Junior High School Assistant Manager of General Affairs of Chia Ta World	Assistant Manager of General Affairs of Chia Ta World	None	None	None	None
Independent Director	ROC	Yang, Pi-Tsun	Male	July 26, 2021	3	June 24, 2015	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Central Police University Head of Detective A Team at National Police Agency	Executive Director of Bade Development	None	None	None	None
Independent Director	ROC	Huang, Min-Shan	Male	July 26, 2021	3	July 26, 2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Taiwan University Manager of ChipMOS Technologies	Assistant Manager of Solar Applied Materials	None	None	None	None
Independent Director	ROC	Hu, Chin-Lien	Female	July 26, 2021	3	July 26, 2021	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Ling Tung University CPA of Candor Taiwan	CPA of Candor Taiwan	None	None	None	None

Note 1: For corporate shareholders, the name of the corporate shareholder and the representative should be listed separately (if the representative is also a corporate shareholder, the name of the corporate shareholder should be indicated), and Table 1 below should be filled out.

Note 2: The time when first assuming the position of a director or supervisor of the Company should be filled out, and if there is any interruption, an explanation should be attached.

Note 3: Relevant experiences related to the current position, such as having worked at a CPA firm or related companies during the above-mentioned period, should be described with the title and responsibilities held.

Note 4: If the Company's chairman and the general manager or equivalent position (highest executive officer) are the same person, spouses, or first-degree relatives, the reason, rationality, necessity, and relevant information on measures taken in response (such as increasing the number of independent director seats, and having more than half of the directors not concurrently serving as employees or managers, etc.) should be explained.

(2) Major shareholders of the corporation shareholders

Name of Corporation Shareholders (Note 1)	Major Shareholders (Note 2)			
Hao Fu Investment Co., Ltd.	Shareholder Name:	Li, Chen-Ting	Li, Chen-Kuan	Li, Chen-Chieh
	Ownership:	25%	25%	25%
			Li, Chen-Hao	25%

Note: Source - Ministry of Economic Affairs, Department of Commerce

Note 1: If directors or supervisors are representatives of corporation shareholders, please provide the name of the corporation shareholder.

Note 2: Fill in the names of the major shareholders of the corporate shareholder (the top ten shareholders) and their shareholding ratios.

Note 3: If the corporate shareholder is not an organizational entity of the company, please disclose the names and shareholding ratios of the shareholders, which are the names and contribution/donation ratios of the contributors or donors.

(3) Professional qualifications and independence analysis of directors and supervisors

Criteria Name	Professional Qualification and Experience (Note 1)	Independence Status(Note 2)				Number of other public companies in which the individual is concurrently serving as an independent director
		Does natural person, spouse, or relatives within the second degree serve as directors, supervisors or employees of this company or its affiliates	Number and ratio of company shares held by natural person, spouse, and relatives within the second degree (or held by the person under others' name)	Does a natural person serve as a director, supervisor, or employee of a company with a specific relationship with the Company (as Item 1 stipulated in Clauses 5-8 of Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)	Remuneration obtained from providing business, legal, financial, accounting and other services to the company or its affiliates in the past two years	
Director: Wu, Ta-He	1.Chairman of Advanced Electronic Materials & Chia Ta World. 2.Not been a person of any conditions defined in Article 30 of the Company Act.	No such circumstance	Spouse: 1,729,931 shares with shareholding of 2.61 %	No such circumstance	No such circumstance	Not concurrently serving as an independent director in other companies
Hao Fu Investment Representative: Chuang, Hui-Chen	1.Chairman of Yuan Ying Construction 2.Not been a person of any conditions defined in Article 30 of the Company Act.	No such circumstance	Spouse: 2,108,714 shares with shareholding of 2.61%	No such circumstance	No such circumstance	Not concurrently serving as an independent director in other companies
Director: Tseng, Wen-Chun	1.Chairman of Wan Ying Investment 2.Not been a person of any conditions defined in Article 30 of the Company Act.	No such circumstance	Spouse: 279,106 shares with shareholding of 0.35% 0.35%	No such circumstance	No such circumstance	Not concurrently serving as an independent director in other companies
Director: Li, Shih-Min	1.Senior Manager of General Affairs of Chia Ta World 2.Not been a person of any conditions defined in Article 30 of the Company Act.	No such circumstance	No such circumstance	No such circumstance	No such circumstance	Not concurrently serving as an independent director in other companies
Independent Director: Yang, Pi-Tsun	1.Head of Detective A Team at National Police Agency 2.Executive Director of Bade Development 3.Not been a person of any conditions defined in Article 30 of the Company Act.	No such circumstance	No such circumstance	No such circumstance	No such circumstance	Not concurrently serving as an independent director in other companies
Independent Director: Huang, Ming-Shan	1.Senior Manager of ChipMOS Technologies 2.Concurrent Senior Manager of SOLARtech 2.Not been a person of any conditions defined in Article 30 of the Company Act.	No such circumstance	No such circumstance	No such circumstance	No such circumstance	Not concurrently serving as an independent director in other companies
Independent Director: Hu, Chin-Lien	1.Accountant of HLB Candor Taiwan CPAs 2.Not been a person of any conditions defined in Article 30 of the Company Act.	No such circumstance	No such circumstance	No such circumstance	No such circumstance	Not concurrently serving as an independent director in other companies

Note 1: Professional Qualifications and Experience: Describe the individual qualifications and experience of each director and supervisor. If they are members of the Audit Committee and possess accounting or financial expertise, describe their accounting or financial background and work experience. Also, indicate whether there are any circumstances prohibited by Article 30 of the Company Act.

Note 2: Independent Directors should state their independence status, including but not limited to the natural person who serve as directors, supervisors, or employees of the company or its affiliates together with the spouses, or relatives within second degree of kinship; the company shares and ratio holds by the natural person together with their spouses or relatives within second degree of kinship(or held under the name of third parties); and whether they are serve in specified company or institution that have relationship with the company (refer to regulations for independent directors in publicly traded companies).

(4) Diversity Status of the composition of Directors

The Company's board diversity policy is not limited to selection criteria. Directors are only required to possess certain professional qualifications and experience, with no restrictions on gender, age, or nationality. Currently, the board consists of seven members, including three independent directors specializing in legal affairs, metallurgical technology, and accounting. The gender ratio is 5:2. The directors' ages range from 46 to 77, and each brings their own expertise. The independence of the Company has been disclosed in the previous table.

3.2.2 Information on management Team

May 12, 2023

Title (Note 1)	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Education & Work Experience (Note 2)	Concurrent positions at other Companies	Spouses or Relative Within Two Degrees of Kinship Holding a Position as Manager			Note (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
General Manager	ROC	Chen, Zheng-Ping	male	February 3, 2015	0	0.00%	0	0.00%	0	0.00%	Tamkang University Senior Manager of Sales	None	None	None	None	None
Senior Manager of General Affairs	ROC	Huang, Jin- De	male	February 1, 2011	0	0.00%	0	0.00%	0	0.00%	Senior High School Chief of Yongkang Plant 1	None	None	None	None	None
Manager of Technical Dept.	ROC	Wang, Diao-Gui	male	July 26, 2021	0	0.00%	0	0.00%	0	0.00%	Master of NCKU Chief of Yongkang Plant 2	None	None	None	None	None
Supervisor of Audit Dept.	ROC	Huang, Jia- Li	male	May 10, 2021	0	0.00%	0	0.00%	0	0.00%	Feng Chia University Chia Ta Audit Coordinator	None	None	None	None	None
Assistant Manager of Finance Dept.	ROC	Wang, Qiu- Yue	female	August 1, 2021	316	0.00%	0	0.00%	0	0.00%	Vocational High School Chia Ta Finance Supervisor	None	None	None	None	None
Chief of Yongkang Plant 1	ROC	Chen, Qing-Hong	male	August 1, 2021	0	0.00%	0	0.00%	0	0.00%	Far East University Chia Ta Quality Control Supervisor	None	None	None	None	None
Chief of Linyuan Plant	ROC	Liu, Ya-Xin	male	February 1, 2011	0	0.00%	99	0.00%	0	0.00%	Junior High School Linyuan Technical Supervisor	None	None	None	None	None
Chief of Yongkang Plant 2	ROC	Wang, Yong-Zhou	male	July 1, 2015	0	0.00%	0	0.00%	0	0.00%	University Chia Ta Assistant Manager of General Affairs	None	None	None	None	None

Note 1: The information should include general managers and other major shareholders of corporation shareholders. Any position equivalent to general manager, vice general manager, or senior manager, regardless of job title, should be disclosed.

Note 2: Relevant work experience should be provided, including positions held at auditing and signing accountant firms or related companies during the mentioned period. The job title and responsibilities held should be stated.

Note 3: If the general manager or equivalent position (the highest executive) is the same person as the Chairman, spouses, or is the relative within one degree of kinship, the reasons, reasonableness, necessity, and corresponding measures should be disclosed (e.g., increasing the number of independent director seats and ensuring that more than half of the directors are not employees or executives).

3.3 Remuneration of Directors, Supervisors, President and Vice Presidents: The Company has no related companies or subsidiaries

(1) Remuneration of directors and independent directors

Unit: NT\$ thousand

Title	Name	Remuneration								Amount and ratio of Total Compensation (A+B+C+D) to Net Income (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Amount and ratio of Total remuneration(A+B+C+D+E+F+G)to Net Income (Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or parent Company (Note 11)
		Base Remuneration(A) (Note 2)		Severance Pay (B)		Directors Remuneration (C)(Note 3)		Allowances (D)(Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay(F)		Employee Remuneration(G) (Note 6)						
		The company	All companies in the financial statements (Note 7)	The company	All companies in the financial statements (Note 7)	The company	All companies in the financial statements (Note 7)	The company	All companies in the financial statements (Note 7)	The company	All companies in the financial statements	The company	All companies in the financial statements (Note 7)	The company	All companies in the financial statements (Note 7)	The company		All companies in the financial statements (Note 7)	The company	All companies in the financial statements		
Chairman	Wu, Ta-He	0	0	0	0	0	0	60	60	0.47	0.47	4,340	4,340	0	0	0	0	0	0	34.65	34.65	0
Deputy Chairman	Hao Fu Investment Representative : Chuang, Hui-Chen	0	0	0	0	0	0	60	60	0.47	0.47	4,290	4,290	0	0	0	0	0	0	34.26	34.26	0
Director	Tseng, Wen-Chun	0	0	0	0	0	0	60	60	0.47	0.47	0	0	0	0	0	0	0	0	0.47	0.47	0
Director	Li, Shih-Min	0	0	0	0	0	0	60	60	0.47	0.47	1,092	1,092	0	0	0	0	0	0	9.07	9.07	0
Independent Director	Yang, Pi-Tsun	0	0	0	0	0	0	120	120	0.95	0.95	0	0	0	0	0	0	0	0	0.95	0.95	0
Independent Director	Huang, Min-Shan	0	0	0	0	0	0	120	120	0.95	0.95	0	0	0	0	0	0	0	0	0.95	0.95	0
Independent Director	Hu, Chin-Lien	0	0	0	0	0	0	120	120	0.95	0.95	0	0	0	0	0	0	0	0	0.95	0.95	0

1. Besides a monthly stipend of NT\$ 5000 for transportation and the annual director's and supervisor's remuneration at the end of the year, the directors and independent directors do not receive any other remuneration.

2. In addition to the disclosure in the table above, the remuneration received by the company's directors for providing services (such as serving as consultants who are not employees) to all companies in the financial report in the most recent year: Independent directors Yang Pi-Tsun and Huang Ming-Shan, who also serve on the company's remuneration committee, each receive an annual remuneration of NT\$ 60,000.

(2) Directors' remuneration range table

Ranges of remuneration paid to the Company's directors	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company(Note 8)	All companies included in the financial statements(Note 9) H	The Company(Note 8)	All companies included in the financial statements(Note 9) I
Under NT\$ 1,000,000	Wu, Ta-He, Chuang, Hui-Chen, Tseng, Wen-Chun, Li, Shih-Min, Yang, Pi-Tsun, Huang, Ming-Shan, Hu, Chin-Lien	Wu, Ta-He, Chuang, Hui-Chen, Tseng, Wen-Chun, Li, Shih-Min, Yang, Pi-Tsun, Huang, Ming-Shan, Hu, Chin-Lien	Tseng, Wen-Chun, Yang, Pi-Tsun, Huang, Ming-Shan, Hu, Chin-Lien	Tseng, Wen-Chun, Yang, Pi-Tsun, Huang, Ming-Shan, Hu, Chin-Lien
NT\$1,000,000 ~ NT\$1,999,999	None	None	Li, Shih-Min	Li, Shih-Min
NT\$2,000,000 ~ NT\$3,499,999	None	None	None	None
NT\$3,500,000 ~ NT\$4,999,999	None	None	Wu, Ta-He, Chuang, Hui-Chen	Wu, Ta-He, Chuang, Hui-Chen
NT\$5,000,000 ~ NT\$9,999,999	None	None	None	None
NT\$10,000,000 ~ NT\$14,999,999	None	None	None	None
NT\$15,000,000 ~ NT\$29,999,999	None	None	None	None
NT\$30,000,000 ~ NT\$49,999,999	None	None	None	None
NT\$50,000,000 ~ NT\$99,999,999	None	None	None	None
Over NT\$100,000,000	None	None	None	None
Total	7	7	7	7

Note 1: Directors' names are presented separately (for corporate shareholders, the name of the corporate shareholder and its representative are presented separately) and distinguished between independent and non-independent directors, while the amounts of benefits are presented in aggregate sums. For directors who are also presidents or executive vice presidents at the Company or the subsidiaries, both this table and tables 3-1 or 3-2 should be completed.

Note 2: Refers to the remuneration of directors during the most recent fiscal year (including director's salary, allowances, severance pay, various bonuses, incentives, etc.)

Note 3: Refers to the amount of director's remuneration allocated by the board of directors during the most recent fiscal year.

Note 4: Payments to the directors to cover business expenses (including travel expenditures, allowances, reimbursements, accommodation, company cars, in-kind supplies, etc.) If residences, cars (or other transportations) or personal expenses are provided, information about the assets (including classification, cost, actual or fair market values of the rent, gasoline expenses, other perks) must be disclosed but not included in the remuneration.

Note 5: Payments to the director, who is also a president, executive vice president, manager, or employee, to cover business expenses (including travel expenditures, allowances, reimbursements, accommodation, company cars, in-kind supplies, etc.) If residences, cars (or other transportations) or personal expenses are provided, information about the assets (including classification, cost, actual or fair market values of the rent, gasoline expenses, other perks) must be disclosed but not included in the remuneration. Compensation paid to personal drivers must be noted, when applicable, but not accumulated under the remuneration received. Salary expenses recognized in accordance with IFRS 2 "Share-based Payment" include acquisition of employee stock warrants, new restricted employee shares, and participation in capital increases by cash subscription, which shall all be calculated as remuneration.

Note 6: A person receiving employee remuneration (stock and cash bonus) to the director, (including concurrently serving as a president, executive vice president, other manager, or employee) shall disclose the rewarding amount proposed and resolved by the Board (If cannot be estimated, the distribution amount of this year shall be determined by the actual distribution ratio of last year). Table 1-3 shall be filled in.

Note 7: Total remuneration paid by the Group companies (including the Company) in the consolidated report to the director shall be disclosed.

Note 8: Disclose remuneration paid by the Company to the director under the suitable range. Name of the receiver must be shown under the suitable range.

Note 9: Disclose remuneration paid by the Group companies (including the Company) in the consolidated report to the director under the suitable range. Name of the receiver must be shown under the suitable range.

Note 10: "Net income" refers to the after-tax net income of the most recent fiscal year. For those which have adopted IFRS, "net income" refers to the after-tax net income of the individual or separate financial statements for the most recent fiscal year.

Note 11: a. This field represents all forms of remuneration that the director received from the invested businesses other than subsidiaries.

b. For directors who received remuneration from invested businesses other than subsidiaries, amounts received from these invested businesses have been added to column I of the remuneration ranges table. In which case, column I will be renamed "all invested businesses".

c. Remuneration refers to any return, compensation (including compensations received as an employee, director and supervisor) and professional service fee that the Company's director received for serving as director, supervisor, or manager in invested businesses other than subsidiaries.

* The content of remuneration disclosed in this table differs from the concept of income under the Income Tax Act Therefore, the purpose of this table is for informational disclosure and not for taxation purposes.

(3) Remuneration of the President and Vice Presidents

Unit: NT\$ thousand

Title	Name	Base Remuneration(A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Remuneration(D) (Note 4)				Total compensation (A+B+C+D)and the ratio of it to net income(Note 8)		Remuneration Paid to the President and Vice Presidents from an Invested Company other than the Company's Subsidiary or from Parent Company(Note 9)
		The company	Companies in the financial statement (Note 5)	The company	Companies in the financial statement (Note 5)	The company	Companies in the financial statement (Note 5)	The company		Companies in the financial statement (Note 5)		The company	Companies in the financial statement (Note 5)	
								Cash	Stock	Cash	Stock			
President	Chen, Zheng-Ping	1,736	1,736	0	0	28	28	0	0	0	0	13.88	13.88	0

*Regardless of job title, any positions equivalent to president or vice president (e.g., president, CEO, and general director) should be disclosed.

(4) The President and Vice Presidents remuneration range table

Range of Remuneration	Names of President and Vice Presidents	
	The Company (Note 6)	Parent company and all invested companies E (Note 7)
Under NT\$ 1,000,000	None	None
NT\$1,000,000 ~ NT\$1,999,999	Chen, Zheng-Ping	Chen, Zheng-Ping
NT\$2,000,000 ~ NT\$3,499,999	None	None
NT\$3,500,000 ~ NT\$4,999,999	None	None
NT\$5,000,000 ~ NT\$9,999,999	None	None
NT\$10,000,000 ~ NT\$14,999,999	None	None
NT\$15,000,000 ~ NT\$29,999,999	None	None
NT\$30,000,000 ~ NT\$49,999,999	None	None
NT\$50,000,000 ~ NT\$99,999,999	None	None
Over NT\$100,000,000	None	None
Total	1	1

Note 1: Names of the presidents and vice presidents must be shown separately. Any directors who co-headed the president or vice president positions are disclosed in this table and in Table (1-1) or (1-2).

Note 2: This includes salary, compensation for professional services, severance pay, and all bonus and bounties paid to the director during the year.

Note 3: Payments to presidents or executive vice presidents to reward or cover business expenses (including travel expenditures, allowances, reimbursements, accommodation, company cars, in-kind supplies, etc.) If residences, cars (or other transportations) or personal expenses are provided, information about the assets (including classification, cost, actual or fair market values of the rent, gasoline expenses, other perks) must be disclosed but not included in the remuneration. Compensation paid to personal drivers must be noted, when applicable, but not accumulated under the remuneration received. Salary expenses recognized in accordance with IFRS 2 "Sharebased Payment" include acquisition of employee stock warrants, new restricted employee shares, and participation in capital increases by cash subscription, which shall all be calculated as remuneration.

Note 4: Employee remuneration amount (stock and cash; if cannot be estimated, the distribution amount of this year shall be determined by the actual distribution ratio of last year) to the president or vice president. The rewarding amount is proposed and resolved by the Board of the fiscal years. Table 1-3 shall be filled in.

Note 5: Aggregated amount of individual compensation paid by the Group companies (including the Company) in the consolidated statement to the president or vice president shall be disclosed.

Note 6: Aggregated amount of individual compensation paid by the Company to the president or vice president. Names of the receivers must be shown under the suitable range.

Note 7: Aggregated amount of individual compensation paid by the Group companies (including the Company) in the consolidated statement to the president or vice president. Names of the receivers must be shown under the suitable range.

Note 8: Net income refers to the after-tax net income of the most recent fiscal year. For those which have adopted IFRS, net income refers to the after-tax net income of the individual or separate financial statements for the most recent fiscal year.

Note 9:

a. This field represents all forms of remuneration that the president and vice presidents received from the invested businesses other than subsidiaries.

b. For president and vice presidents who received remuneration from invested businesses other than subsidiaries, amounts received from these invested businesses have been added to column E of the remuneration brackets table. In which case, column E will be renamed "all invested businesses".

c. Remuneration refers to any return, remuneration (including remunerations received as an employee, director and supervisor) and professional service fee that the Company's president and vice presidents received for serving as director, supervisor, or manager in invested businesses other than subsidiaries.

* The content of remuneration disclosed in this table differs from the concept of income under the Income Tax Act Therefore, the purpose of this table is for informational disclosure and not for taxation purposes.

(5) Individual disclosure of the top 5 highest paid managers

Unit: NT\$ thousand

Title	Name	Base Remuneration(A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Remuneration(D) (Note 4)				Total compensation (A+B+C+D)and the ratio of it to net income(Note 6)		Remuneration Paid to the managers from an Invested Company other than the Company's Subsidiary or from Parent Company(Note 7)
		The company	Companies in the financial statement (Note 5)	The company	Companies in the financial statement (Note 5)	The company	Companies in the financial statement (Note 5)	The company		Companies in the financial statement (Note 5)		The company	Companies in the financial statement (Note 5)	
								Cash	Stock	Cash	Stock			
Chairman	Wu, Ta-He	3,983	3,983	0	0	357	357	-	0	0	0	34.18	34.18	0
Deputy Chairman	Chuang, Hui- Chen	4,100	4,100	0	0	190	190	7	0	7	0	33.84	33.84	0
President	Chen, Zheng- Ping	1,736	1,736	0	0	166	166	9	0	9	0	15.05	15.05	0
Senior Manager	Li, Shih-Min	968	968	0	0	124	124	-	0	0	0	8.60	8.60	0
Senior Manager	Li, Shih-Min	- 124	- 124	0	0	124	124	-	0	0	0	-	-	0

Note 1: The term "top five highest-paid executives" refers to company executives. The criteria for identifying these executives should follow the guidelines set forth in the letter issued by the Ministry of Finance and the Securities and Futures Bureau on March 27, 2003, with reference number "Tai Cai Zheng San Zi No. 0920001301." As for the calculation principle for determining the "top five highest-paid" individuals, it should be based on the total amount of salaries, retirement benefits, bonuses, and special allowances received by the company executives from all consolidated financial statements (i.e., A+B+C+D), with the individuals ranked based on this total amount. If directors also hold executive positions, they should be included in both this form and the table (1-1) above.

Note 2: Report the salaries, job allowances, and severance payments of the top five highest-paid executives for the most recent fiscal year.

Note 3: Report the various bonuses, incentives, transportation expenses, special allowances, subsidies, housing, car, and other benefits provided to the top five highest-paid executives for the most recent fiscal year. If assets such as real estates, cars, and other means of transportation are provided, disclose the nature and cost of the assets, the actual or fair market value-based rental expenses, fuel costs, and other payments. If the executives are provided with drivers, provide a note explaining the related compensation paid by the company to the drivers, but do not include it in the remuneration. Additionally, the salary expense recognized under IFRS 2 for share-based payments, including employee stock options, restricted stock, and participation in cash capital increases, should also be included in the remuneration.

Note 4: Employee remuneration amount (stock and cash; if cannot be estimated, the distribution amount of this year shall be determined by the actual distribution ratio of last year) to the top five highest-paid executives. The rewarding amount is proposed and resolved by the Board of the fiscal years. Table 1-3 shall be filled in.

Note 5: Aggregated amount of individual compensation paid by the Group companies (including the Company) in the consolidated statement to the top five highest-paid executives shall be disclosed.

Note 6: Net income refers to the after-tax net income of the individual or separate financial statements for the most recent fiscal year.

Note 7: This field represents all forms of remuneration that the top five highest-paid executives received from the Company's parent company or invested businesses other than subsidiaries (specify "None" if absent).

(6) Names of managers entitled to employee Remuneration

Unit: NT\$ thousand

Title (Note 1)	Name (Note 1)	Employee Remuneration - in Stock (Fair Market Value)	Employee Remuneration - in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	President	Chen, Zheng-Ping	0	0	0.000
	Senior Manager	Li, Shih-Min	0	0	0.000
	Senior Manager	Huang, Jin-De	0	0	0.000
	Factory Chief	Chen, Qing-Hong	0	0	0.000
	Factory Chief	Wang, Yong-Zhou	0	0	0.000
	Factory Chief	Liu, Ya-Xin	0	0	0.000
	Manager	Wang, Diao-Gui	0	0	0.000
	Assistant Manager	Wang, Qiu-Yue	0	0	0.000
	Assistant Manager	Tseng, Ke-Cheng	0	0	0.000

Note 1: Individual names and titles shall be disclosed, whereas profit distributions may be disclosed in aggregate amount.

Note 2: This represents the amount of employee compensation (including stock and cash) approved by the board of directors for the most recent year. In case of unpredictable distribution, the proposed distribution for this year is calculated in proportion to the actual distribution last year. The net income after tax refers to the net income after tax of the most recent year; the net income after tax refers to the net income after tax of individual or separate financial reports of the most recent year where the IFRSs have been adopted.

Note 3: Managers subject to the rewarding (according to per March 27, 2003 Letter No. Securities and Futures Bureaus-III0920001301 of the Financial Supervisory Commission, Executive Yuan of the Taiwan Stock Exchange Corporation) are:

- (1) General Manager and persons in equivalent level
- (2) Deputy General Manager and persons in equivalent level
- (3) Assistant Manager and persons in equivalent level
- (4) Chief of finance department
- (5) Chief of accounting department
- (6) Any other personnel who are entitled to manage and sign for the Company

Note 4: If directors, president and vice president receive employee compensation (including stock and cash), a statement should be made in addition to table 1-2 and this table.

(9) Top Ten Employees Receiving Dividends and Distribution Details

Unit: NT\$ thousand

Title (Note 1)	Name (Note 1)	Employee Remuneration - in Stock (Fair Market Value)	Employee Remuneration - in Cash	Total	Ratio of Total Amount to Net Income (%)
Top Ten Employees Receiving Dividends	Chairman	Wu, Ta-He	0	0	0
	Vice Chairman	Chuang, Hui-Chen	0	0	0
	President	Chen, Zheng-Ping	0	0	0
	Senior Manager	Li, Shih-Min	0	0	0
	Senior Manager	Huang, Jin-De	0	0	0
	Factory Chief	Chen, Qing-Hong	0	0	0
	Factory Chief	Wang, Yong-Zhou	0	0	0
	Manager	Wang, Diao-Gui	0	0	0
	Assistant Manager	Wang, Qiu-Yue	0	0	0
	Assistant Manager	Tseng, Ke-Cheng	0	0	0

3.3.4 Analysis of the ratio of the total amount of remuneration paid to the Company's directors, supervisors, president, and vice president in relation to the net income after tax for the past two years for all companies included in the financial statements, and explanation of the policy, standards and composition, procedures, and association with business performance and future risks of remuneration payment:

1. In 2021, the remuneration paid to the Company's directors, supervisors, president, and vice president accounted for 131.23% of the net income after tax, while in 2022, the ratio decreased to 95.17%.

2. The remuneration of directors and supervisors for profit distribution is in accordance with the Company's articles of incorporation (Article 30).
3. The remuneration of the chairman, directors, and supervisors is determined by the board of directors in accordance with their level of involvement and contribution to the Company, taking into account industry standards (Article 25-1 of the articles of incorporation).
4. The remuneration of the president and vice president is paid according to the salary standards approved by the board of directors.
5. Future risk disclosure: None.

3.4 Status of Corporate Governance

3.4.1 Board meeting attendance

1. The Board meetings held 5 times (A) in the most recent fiscal year.

Title	Name (Note 1)	Attendance in Person 【 B 】	Attendance by proxy	Rate of attendance in person (%) 【 B / A 】 (Note 2)	Note
Chairman	Wu, Ta-He	5	0	100.00%	re-elected
Deputy Chairman	Hao Fu Investment Representative: Chuang, Hui-Chen	0	5	0.00%	re-elected
Director	Tseng, Wen-Chun	5	0	100.00%	Newly appointed on July 26, 2021
Director	Li, Shih-Min	4	1	80.00%	re-elected
Independent Director	Yang, Pi-Tsun	5	0	100.00%	re-elected
Independent Director	Huang, Ming-Shan	5	0	100.00%	Newly appointed on July 26, 2021
Independent Director	Hu, Chin-Lien	5	0	100.00%	Newly appointed on July 26, 2021

1. Other noteworthy items:

- a. If any of the following circumstances occur, the dates of the board meetings, sessions, contents of motions, opinions of all independent directors and the Company's response to the board meeting's opinion should be stated.
 - (1) The matter listed in Article 14-3 of the Securities and Exchange Act: In the discussions and resolutions proposed to the board of directors in 2022, there were no matters listed under Article 14-3 of the Securities and Exchange Act.
 - (2) Apart from the aforementioned item, other board meeting resolutions where independent directors have expressed dissenting or reserved opinions and have records or written statements: None.
- b. Recusals of directors due to conflicts of interests, the names of directors, contents of motion, reasons for the recusals of conflicts of interests, and the participation in the vote shall be stated:
In 2022, there were no board meetings held that involved discussions on matters where directors had conflicts of interest that could potentially harm the company's interests.
- c. A TWSE/TPEX listed company should disclose information such as the evaluation cycle and period, evaluation scope, methodology, and content of the board's self (or peer) evaluation, and complete Table 2 for the implementation of the board's evaluation: In compliance with the regulations of the Taiwan Stock Exchange Corporation and the Taiwan OTC Exchange, the company will conduct an annual board evaluation starting from 2022. The information regarding the board evaluation will be disclosed in the annual report for 2023.
- d. Enhancements to the functionality of the board of directors in the current and the most recent year (e.g. establishment of an Audit Committee, improvement of information transparency etc.), and the progress of such enhancements: In 2021, the Company elected three independent directors during the board election. The board of directors appointed these three independent directors to serve as members of the Audit Committee and the Remuneration Committee. This appointment aims to enhance the Company's supervisory function and improve information transparency. The committees will timely present their decisions and recommendations to the board of directors for discussion. If any decisions meet the criteria of significant information, they will be announced in accordance with the regulations.

Note 1: Directors and supervisors who are legal entities should disclose the names of the shareholders of the legal entity and their representatives.

Note 2:

- (1) If there are directors or supervisors who have left their positions before the end of the fiscal year, the date of departure should be indicated in the Note column. The actual attendance rate (%) should be calculated based on the number of board meetings held during their tenure and their actual attendance.
- (2) If there are directors or supervisors who have been newly elected before the end of the fiscal year, both the new and former directors or supervisors should be listed, and it should be noted in the remarks column whether they are former, new, reelected, or the date of the election. The actual attendance rate (%) should be calculated based on the number of board meetings held during their tenure and their actual attendance.

Note 1: Represents the frequency of board performance evaluation, e.g.: once a year.

Note 2: Represents the duration covered by performance evaluation, e.g.: performance of the board of directors between January 1 and December 31, 2020, was assessed.

Note 3: The scope of assessment covers performance of the board as a whole, the individual directors and functional committees.

Note 4: Assessment methods include: board internal self-assessment, director self-assessment, peer assessment, assessment by external institution or expert, and other methods as deemed appropriate.

Note 5: Assessment details, by scope of assessment, include at least the following:

- (1) Board performance assessment: board's participation in the Company's operations, the quality of board's decisions, the board's composition, election and ongoing education of board members, and enforcement of internal control

- (2) Director individual performance assessment: director's awareness toward the Company's goals and missions, awareness to duties, level of participation in the Company's operations, maintenance of internal relations and communication, professionalism and ongoing education, and enforcement of internal control.
- (3) Performance assessment for functional committees: participation in the Company's operations, awareness to duties, quality of committee's decisions, composition and member selection, and enforcement of internal control.

2. Implementation Status of Board Performance Evaluation

Evaluation Cycle (Note 1)	Evaluation Period (Note 2)	Evaluation Scope (Note 3)	Evaluation Methodology (Note 4)	Evaluation Content (Note 5)
Once a year	January 1, 2022 ~ December 31, 2022	Cover the evaluation of the board as a whole together with individual directors, audit committee and remuneration committee	Include self-evaluation by individual board members and the internal evaluation of the board	<p>1. Evaluation of the board of directors: This includes the level of participation in company operations, the quality of decision-making by the board of directors, the composition and structure of the board of directors, the selection and continuous education of directors, and internal control, among other factors.</p> <p>2. Evaluation of Individual director: This includes the grasp of company goals and tasks, understanding of director responsibilities, level of participation in company operations, internal relationship management and communication, professional expertise and continuous education of directors, and internal control, among other factors.</p> <p>3. Evaluation of the audit and remuneration committees: This includes the level of participation in company operations, understanding of the responsibilities of functional committees, decision-making quality of functional committees, composition and member selection of functional committees, and internal control, among other factors.</p>

Evaluation Results

Evaluation Item	Result	Note
A. Participation in Company Operations		
01. Average actual attendance of directors at board meetings (excluding delegated attendance): Good (e.g., those with an attendance rate of 80% are rated as 3, moderate)	123④5	In 2022, there were 5 board meetings with attendance rates of 0.%1 person, 80.00%1 person, and 100%4 people, resulting in a total attendance rate of 82.86%.
02. Directors' attendance at shareholders' meetings : Good (e.g., those with an attendance rate of at least 50% are rated as 3, moderate)	12③45	In 2022, due to the pandemic, 3 directors attended the shareholders' meeting (including one newly appointed director), resulting in an attendance rate of 42.86%.
03. Directors have read and understood the meeting materials before board meetings	123④5	Relevant meeting materials are sent along with the meeting notices.
04. Interaction status between the board of directors and the management team	1234⑤	The management team submits self-generated reports every month to keep the board members informed of the company's operations.
05. The board of directors effectively supervises the company's compliance with laws and regulations	1234⑤	The board of directors ensures compliance with regulations, and there were no violations of laws in 2022.
06. All directors of the company make effective contributions during board meetings	1234⑤	Directors provide professional opinions during board meetings when their expertise is required.
07. The board of directors continues to promote the establishment of governance-related policies, supports the company's participation in corporate assessments, and safeguards shareholder rights to enhance corporate governance.	1234⑤	The company has established the "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles and so on.
08. Board members have sufficient understanding of the company, the management team, and the industry to which the company belongs	1234⑤	Except for independent directors, all board members or their family members are employed by the company, thus they have a thorough understanding of the industry and the management team.
09. Directors can effectively evaluate and supervise various risks faced by the company, and discuss the implementation and monitoring status of internal control systems	1234⑤	The directors of the Company conduct effective evaluations and supervision of various risks faced by the company, and discuss the implementation and monitoring status of internal control systems.
10. Directors have sufficient communication and interaction with the CPAs (e.g., holding meetings for discussions when there are significant adjustments to accounting bulletins or major changes in financial statements. At least two board meetings are held each year inviting the accountants to attend, focusing on discussions regarding annual and semi-annual reports to fully understand the company's financial status)	1234⑤	In 2022, there were no significant adjustments to accounting bulletins, so there were only full communication and interaction with the CPAs regarding the annual report.
11. The board of directors regularly and thoroughly reviews the management performance of the management team and provides timely rewards and penalties	1234⑤	During board meetings, the company reviews the operational management performance and provides rewards and penalties accordingly.
12. The board of directors can fully and promptly obtain performance reports on corporate operations and quickly grasp any adverse trends	1234⑤	The company provides relevant self-generated reports to board members every month, and the performance reports on corporate operations are discussed to ensure that the directors quickly grasp various trends.
B. Enhancing the Quality of Board Decisions		
13. The board of directors has established the company's core values (discipline, mission, honor, vision, etc.), and can clearly set all strategic goals of the company.	1234⑤	Each year, the management team proposes an operational plan and sets operational goals for the company, which is presented to the board of directors for confirmation.
14. The company engages in appropriate discussions and sets strategic plans and annual budget processes.	1234⑤	Each department is required to establish an annual budget and strategic plan.
15. The frequency of board meetings: Appropriate. (e.g., those holding at least six meetings per year are rated as 3, moderate)	12③45	In 2022, a total of 5 board meetings were held.
16. The Company provides complete, timely, and quality information to the board of directors, enabling the board (including independent directors) to fulfill its responsibilities.	1234⑤	The Company provides relevant information to the board and supervisory members prior to board meetings in accordance with the statutory format.
17. The minutes of the board meetings appropriately record the discussion content, as well as individual or collective reservations or concerns.	1234⑤	The minutes of the board meetings comprehensively document the discussion content, as well as individual or collective reservations or concerns.
18. The agenda arranged by the board of directors allocates appropriate discussion time for each agenda item to ensure sufficient time for board members to discuss.	1234⑤	The agenda set by the board of directors allocates adequate discussion time for each agenda item to allow board members sufficient time for discussion.
19. The motion of discussion presented to the board for resolution are appropriate.	1234⑤	All proposals submitted to the board are in compliance with legal requirements.
20. The items required by law to be discussed by the board of directors have been attended by all independent directors.	1234⑤	The attendance rate of independent directors in the company is 100.%, and except for important reasons, they have been present for almost all agenda items.

Evaluation Item	Result	Note
21. The board of directors provides effective communication channels and interacts appropriately with independent directors.	1234⑤	Financial statements and internal audit reports are reported quarterly at board meetings, and relevant executives attend the meetings. The attendance rate of independent directors is 100.00%. In case of any questions, communication can also be conducted through telephone or email after the meeting.
22. The decisions made in board meetings are appropriately followed up.	1234⑤	The implementation status of the previous meeting is included in the report for each board meeting.
23. If there are any conflicts of interest that require directors to recuse themselves, the directors have voluntarily recused themselves or the chairman has duly requested their recusal, and it has been recorded in the minutes of the meeting.	1234⑤	There were no conflicts of interest requiring directors to recuse themselves in 2022.
24. The board of directors, board members, and functional committees undergo regular and efficient performance evaluations.	1234⑤	Starting from 2020, the Company has been conducting regular performance evaluations of the board of directors, board members, and functional committees, and will submit the evaluation report to the board of directors for review by the end of March of the following year. This report will be submitted on March 7, 112.
C. Composition and Structure of the Board of Directors		
25. The board of directors has established a sufficient number of independent director positions, in compliance with relevant regulations.	1234⑤	The Company currently has 3 independent directors, which complies with relevant legal requirements.
26. The independent directors of the Company possess the necessary professional knowledge and maintain their independence during their tenure.	1234⑤	The current independent directors of the Company possess the necessary professional knowledge and have maintained their independence during their tenure (in accordance with legal requirements).
27. The board of directors has established appropriate and sufficient functional committee.	1234⑤	The Company currently has an audit committee and a remuneration committee, both of which are comprised of 3 independent directors.
28. The existing functional committees have the ability to fulfill the responsibilities assigned by the board of directors.	1234⑤	The members of the functional committee are all independent directors of the Company and have the ability to fulfill the responsibilities assigned by the board of directors. The Company has always respected professionalism.
29. The Company has formulated and implemented a policy for board member diversification based on the Company's development needs.	1234⑤	The Company's board appointment procedure includes a policy that promotes board member diversification, and currently there are 2 female directors.
30. There are no more than two directors in the Company who are spouses or within the second degree of kinship, ensuring the objective independence of the board members.	1234⑤	In the current term, there are no instances of familial relationships among the Company's directors as mentioned in this item.
31. The composition of the board members is appropriate and they possess the necessary expertise for the decision-making process.	1234⑤	In the current term, all board members possess the required expertise for the decision-making process.
Directors' appointment and continuing education		
32. The Company has established a rigorous and transparent procedure for the appointment of directors and a succession plan.	1234⑤	The Company has established a rigorous and transparent procedure for the appointment of directors in accordance with legal requirements and follows the prescribed process.
33. The selection process for board members is based on the Company's policy for board member diversity.	1234⑤	The selection process for board members is based on the Company's policy for board member diversity, which serves as the benchmark.
34. The selection process for board members takes individual performance evaluations into account.	1234⑤	The selection process for board members considers not only the diversity policy but also individual performance evaluations.
35. The selection process for board members considers the Company's actual needs and fully considers the skills, knowledge, and experience of the board members. For independent directors who have served three consecutive terms, their independence is evaluated.	1234⑤	The selection process for board members considers the company's actual needs and takes into account the skills, knowledge, and experience of the board members. For independent directors who have served three consecutive terms, their independence is also evaluated.
36. The board provides appropriate onboarding instructions to newly appointed directors to help them understand their responsibilities and familiarize themselves with the company's operations and environment.	1234⑤	The Company provides relevant documents and ensures that relevant departments provide briefings to newly appointed directors to help them understand their responsibilities and become familiar with the company's operations and environment.
37. Directors receive training in diverse courses beyond their professional expertise and participate in appropriate training hours each year.	1234⑤	The Company covers the expenses for directors to participate in diverse courses beyond their professional expertise.
38. The Company maintains records of formal director training hours and implements a continuous professional development plan to enhance directors' knowledge and skills.	1234⑤	If directors have a need to enhance their knowledge and skills, the Company will fully cooperate, and the

Evaluation Item	Result	Note
		training hours are recorded by the relevant departments.
D. Internal Control		
39. The board of directors effectively incorporates risk assessment and control by management into the Company's decision-making process.	1234⑤	Significant decisions are reported to the board of directors as required, and the reports from management include risk assessment and control.
40. The board of directors can effectively assess and supervise the effectiveness of internal control systems and risk management.	1234⑤	During regular quarterly board meetings, the audit department includes audit reports on the agenda. The board of directors effectively assesses and supervises the effectiveness of internal control systems and risk management through these meetings.
41. The internal control systems approved by the board of directors include the five fundamental elements/principles and cover all operational activities and transaction cycles.	1234⑤	On November 8, 2022, the board of directors approved the internal control system for the fiscal year 2023, which includes the five fundamental elements and controls for all operational activities and transaction cycles.
42. The Company's officer of internal audit/auditor attends board meetings and presents internal audit reports. Audit reports (including follow-up reports) are delivered or notified to the supervisors (or audit committee) and independent directors as required.	1234⑤	During regular quarterly board meetings, the audit department includes audit reports on the agenda, and the officer of internal audit also attends the board meetings. After the meetings, a meeting record is sent via email to all participants.
43. The appointment, evaluation, and compensation of internal auditors should be reported to the board of directors or approved by the chairman upon the recommendation of the officer of internal audit.	1234⑤	The appointment, evaluation, and compensation of internal auditors in the Company are recommended by the officer of internal audit and approved by the chairman.
44. When the auditors provide non-audit services, appropriate arrangements are made to ensure the objectivity and independence of the auditors.	1234⑤	In 2022, the Company did not receive any other non-audit services from the auditors.
45. Directors on the board have a clear understanding and oversight of the company's accounting system, financial condition, financial reports, audit reports, and their follow-up.	1234⑤	During regular quarterly board meetings, the board of directors receives reports on the financial condition and financial reports, as well as audit reports, as required. This enables the directors to have a clear understanding and oversight of the situation.
E. Other Items (Please evaluate and determine)		
Additional Explanation (For example, suggestions for improving the operation of the board of directors)	No additional explanation	
Overall Comment	<p>The total score is approximately 4.55.</p> <p>In 2022, the average attendance rate of the board of directors was 82.86%, and the attendance rate at shareholders' meetings was 42.85%. Except for independent directors, other directors are currently employed or retired employees of the company, which gives them a good understanding of the industry in which the company operates. This contributes to the board of directors' evaluation, supervision, and tracking of the company's operations. There is good interaction between the company's management team and the members of the board of directors, and the board members provide suggestions to the company in their respective areas of expertise.</p>	

3.4.2 Implementation Status of Audit Committee and the Participation of Supervisors in the Operation of the Board

(1) Audit committee meeting attendance

The audit meetings held 3 times (A) in the most recent fiscal year.

Title	Name(Note 1)	Attendance in Person 【 B 】	Attendance by proxy	Rate of attendance in person (%) 【 B / A 】 (Note 2)	Footnote
Independent Director	Yang, Pi-Tsun	4	0	100.00%	Re-elected
Independent Director	Huang, Ming-Shan	4	0	100.00%	Newly appointed on July 26, 2021
Independent Director	Hu, Chin-Lien	4	0	100.00%	Newly appointed on July 26, 2021

Other noteworthy items:

- If the operation of the audit committee involves any of the following situations, the date of the audit committee meeting, the session, the contents of the motion, independent director's dissenting opinion, reserved opinion, or major suggestion, the result of the audit committee resolution, and the company's response to the audit committee's opinions should be described:
 - The matters listed in Article 14-3 of the Securities Exchange Act: There were no matters listed in Article 14-3 of the Securities Exchange Act in the proposals submitted to the Audit Committee in 2022.
 - Other than the above matters, resolutions that have not been approved by the audit committee, but have been agreed upon by more than two-thirds of all directors: There were no such situations in 2022 Board of Directors.
- The implementation of the independent directors' avoidance of conflict of interest motions should state the name of the independent director, the content of the motion, the reason for the interest avoidance, and the voting situation: There were no motion requiring independent directors to avoid conflicts of interest in the 2022.
- Communication between the independent director and the internal audit supervisor and accountant (including significant matters, methods, and results of communication regarding the company's financial and business status): The company's supervisors regularly provide internal audit records and discuss topics at the audit committee meetings; communication with the accountant occurs during the accountant's audit.

(2) Important Resolutions of the Audit Committee:

Meeting Date	Important Resolutions
The 3rd meeting of 1st session March 7, 2022	<ol style="list-style-type: none"> Approved the 2021 financial statements of the Company. Approved the 2021 business report and the 2022 operation plan. Approved the 2021 distribution of earnings of the Company. Approved the amendment of the "Procedures for Acquisition or Disposal of Assets" of the Company. Approved the assessment of the effectiveness of the Company's 2021 internal control system and the internal control system statement. Approved the increase in financing limit for Mega Bank. Approved the change of auditors in accordance with the internal staffing adjustment of the accounting firm.
The 4th meeting of 1st session May 12, 2022	<ol style="list-style-type: none"> Approved the 2022 financial statements for the first quarter. Approved the purchase of director and key officer liability insurance.
The 5th meeting of 1st session August 8, 2022	<ol style="list-style-type: none"> Approved the 2022 financial statements for the second quarter.
The 6th meeting of 1st session November 8, 2022	<ol style="list-style-type: none"> Approved the 2022 financial statements for the third quarter. Approved the suitability and independence assessment of the auditors for the Company. Approved the "Operation Procedures for Internal Significant Information" of the Company. Approved the draft of the internal audit work plan for 2023. Approved the scheduled meeting dates of the 2023 Audit Committee.
The 7th meeting of 1st session March 7, 2023	<ol style="list-style-type: none"> Approved the 2022 financial statements of the Company. Approved the 2022 business report and the 2023 operation plan. Approved the 2022 allocation of losses for the Company. Approved the assessment of the effectiveness of the Company's 2022 internal control system and the internal control system statement. Approved the renewal of the derivative financial instrument limit for Mega Bank, including forward foreign exchange contracts.
The 8th meeting of 1st session May 9, 2023	<ol style="list-style-type: none"> Approved the 2023 financial statements for the first quarter. Approved the purchase of director and key officer liability insurance.

3.4.3 Corporate Governance Status and Deviations from “the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Items of Evaluation	Implementation Status (Note 1)			Deviations from“ the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summaries	
1.Deviations from“ the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons		V	The Company has not yet established the "Corporate Governance Best-Practice Principles," but it is covered by the existing internal control system and regulations.	Has not established yet
2.Shareholding Structure & Shareholders’ Rights (1) Does Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, has these procedure been implemented accordingly? (2) Does Company possess a list of major shareholders and beneficial owners of these major shareholders? (3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates? (4) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	V V V V		The Company has a spokesperson, stock transfer agency (Yuanta Securities) and dedicated personnel responsible for handling shareholder suggestions, concerns, disputes, and litigation matters. The company has a designated person to maintain a list of major shareholders and their ultimate decision-makers. The Company has established operational management procedures for its subsidiaries in accordance with the law and has implemented them accordingly. However, the Company currently has no subsidiaries. The Company has established "Prevention of Insider Trading Management" and " Procedures for Handling Internal Significant Information" to prohibit internal personnel from trading securities using undisclosed information in the market.	No discrepancy
3. Composition and Responsibilities of the Board of Directors (1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly? (2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees? (3) Has the Company established a methodology for evaluating the performance of its Board of Directors, performed evaluations on an annual basis, submitted the results of the performance evaluation to the board, and uses it as a reference for individual directors’ remuneration and renomination? (4) Does the Company regularly evaluate its external auditors’ independence?	V V	V V V	The Company has not yet established a diversification policy for the composition of its Board of Directors. However, anyone who possesses the necessary knowledge, skills, and qualities required to perform their duties and who can benefit the Company's management can be a candidate, regardless of basic criteria, values, professional knowledge, and skill standards. The Company has not established any other functional committees yet. The Company has not established the “Rules for Performance Evaluation of Board of Directors” and the evaluation method. The auditors appointed by the Company are all independent and comply with the regulations of the TWSE, which require periodic rotation and joint signing by different auditors. (Note 2)	No diversification policy for the board of directors has been established yet. Under discussion Has not established a evaluation rules and methodology No discrepancy

4. Has a TWSE/TPEX listed company appointed an appropriate number of suitable corporate governance personnel, and designated a corporate governance officer to be in charge of corporate governance affairs (including, but not limited to, providing directors and supervisors with the information necessary to execute business, assisting directors and supervisors in complying with laws, handling matters related to board meetings and shareholders meetings in accordance with the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders meetings)?	V		The finance department of our company is responsible for corporate governance related matters (including but not limited to providing information needed by directors and supervisors for their duties, handling matters related to board of directors and shareholders meetings in accordance with laws and regulations, registering and updating company information, preparing minutes of board of directors and shareholders meetings, etc.).	No discrepancy
5. Whether the company has established channels of communication with Stakeholders (including but not limited to shareholders, employees, customers and suppliers), and open the Stakeholders section on the company's website, and respond appropriately to Stakeholders' interests/concerns regarding corporate social responsibility.	V		The Company has a spokesperson and can communication with stakeholders through the Company's website, phone and fax.	No discrepancy
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	V		The Company has entrusted all Shareholders' Meeting-related matters to Yuanta Securities Agency.	No discrepancy
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	V		The Company discloses relevant information about finance, business, and corporate governance on its website. http://www.ctworld.com.tw/ The Company has dedicated personnel responsible for the collection of company information, and the spokesperson system is in place. The company's financial reports and monthly operations have been reported within the deadline.	No discrepancy
(2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V			No discrepancy
(3) Does the Company announce and report the annual financial report within two months of the fiscal year end, and announce and report the financial reports for the first, second and third quarter and each month's operating performance ahead of the required deadline?	V			No discrepancy
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?	V		(1) The Company takes into consideration the rights of customers, shareholders, and employees. Management adopts a systematized and humanized approach. When the Company makes a profit, employees can participate in dividends, which increases employee cohesion and is committed to labor harmony. Transactions with banks, suppliers, and customers are based on the principle of reciprocity and equality, with the aim of creating a win-win situation. (2) The supervisor attends board meetings to understand the Company's operations and major decisions and provide valuable opinions. (3) Directors abstain from voting on matters of interest. (4) In terms of training for directors and supervisors in 110, apart from routine advocacy and discussions, there are no other training courses.	No discrepancy No discrepancy No discrepancy No discrepancy
9. Please indicate the improvement of the results of the corporate governance evaluation issued by the Company's Center for Corporate Governance in the last year of the TWSE and provide priority measures and measures for those who have not yet improved.	V		The Company places significant importance on governance evaluation results and conducts reviews and improvements for those items that did not achieve the standards.	No discrepancy

Note 1: Whether the implementation status is checked as "Yes" or "No", it should be described in the summary field.

Note 2: The auditor's independence assessment form was evaluated on October 28, 2022, and was approved by the Board of Directors and the Audit Committee on November 8, 2022.

Evaluation form of CPA's independence and competence for 2022

1. Unit: Board of Directors
2. Evaluation Year: 2023
3. Evaluation Date: October 28, 2021
4. Appointed Audit Firm and Auditors:
Nan Tai CPAs & Co./ Ding Ze-Xiang, CPA and Tsai Yu-Qin, CPA
5. Evaluation Content: Referring to Article 47 of the Accountants Act and Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, "Integrity, Fairness, Objectivity, and Independence," the following evaluation items are assessed:

Evaluation Item	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
1. The auditor has no direct or significant indirect financial interests with the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
2. The auditor has no significant close business relationship with the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
3. The auditor does not have a potential employment relationship while auditing the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
4. The auditor has no financial borrowing or lending arrangements with the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
5. The auditor has not received significant gifts or favors of value from the Company, its directors, supervisors, or executives (exceeding general social etiquette standards).	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
6. The auditor has not provided auditing services to the Company continuously for seven years.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
7. The auditor does not hold any shares of the Company.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
8. The auditor him/herself, their spouse, dependents, or audit team members have not held positions as directors, supervisors, executives of the Company or had significant influence on audit matters during the audit period or within the past two years. It is also confirmed that they will not hold such positions in the future audit period.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
9. Whether the auditor meets the requirements of Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountant regarding independence and has obtained the auditor's "Independence Statement."	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

6. Evaluation Result:

For the financial statements of the Company for 2022, which were audited and certified by Ding Ze-Xiang and Tsai Yu-Qin, CPAs from Nan Tai CPAs & Co., both auditors were evaluated and found to have no issues in relation to the evaluation items. They demonstrate independence and qualification, and the financial reports issued by them are accurate and reliable.

Evaluation Unit: Finance Department

Evaluation Date: October 28, 2023

3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

(1) Compensation Committee

Criteria Name Identity			Professional Qualification and Experience(Note 1)	Independence Status(Note 2)				Number of other public companies in which the individual is concurrently serving as an independent director
				Does natural person, spouse, or relatives within the second degree serve as directors, supervisors or employees of this company or its affiliates	Number and ratio of company shares held by natural person, spouse, and relatives within the second degree (or held by the person under others' name)	Does a natural person serve as a director, supervisor, or employee of a company with a specific relationship with the Company (as Item 1 stipulated in Clauses 5-8 of Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)	Remuneration obtained from providing business, legal, financial, accounting and other services to the company or its affiliates in the past two years	
Independent Director	Yang, Pi-Tsun	1.Head of Detective A Team at National Police Agency 2.Executive Director of Bade Development 3.Not been a person of any conditions defined in Article 30 of the Company Act.	No such circumstance	No such circumstance	No such circumstance	No such circumstance	Not concurrently serving as an independent director in other companies	
Independent Director	Huang, Ming-Shan	1.Senior Manager of ChipMOS Technologies 2.Concurrent Senior Manager of SOLARtech 3.Not been a person of any conditions defined in Article 30 of the Company Act.	No such circumstance	No such circumstance	No such circumstance	No such circumstance	Not concurrently serving as an independent director in other companies	
Independent Director	Hu, Chin-Lien	1.Accountant of HLB Candor Taiwan CPAs 2.Not been a person of any conditions defined in Article 30 of the Company Act.	No such circumstance	No such circumstance	No such circumstance	No such circumstance	Not concurrently serving as an independent director in other companies	

Note 1: Please specify in the table the relevant work experience, professional qualifications and experience, and independence status of each member of the Remuneration Committee. If they are independent directors, please note that the relevant information can be found in Appendix One, page OO, Director and Supervisor Information (1). Please indicate whether they are independent directors or other (if they are the convener, please indicate).

Note 2: **Professional Qualifications and Experience:** Describe the professional qualifications and experience of each remuneration committee member.

Note 3: **Independence Status:** Describe the remuneration committee members' independence status, including but not limited to whether the individual, their spouse, and relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliated enterprises; the number and proportion of company shares held by the individual, their spouse, and relatives within the second degree of kinship (or held in the name of others); whether they serve as directors, supervisors or employees of companies with specific relationships with the company (refer to Article 6, Paragraph 1, Clauses 5~8 of the Measures for the Establishment and Exercise of Authority of the Remuneration Committee for companies listed or traded at securities firm); the amount of remuneration received for providing business, legal, financial, accounting and other services to the company or its affiliated enterprises in the past 2 years.

(2) Attendance of Members at Remuneration Committee Meetings

1. The Remuneration Committee consists three members.
2. Term of Committee Member: July 26, 2021 to July 25, 2024. The committee convened 2 times (A) in 2022.
3. Qualifications and Attendance Status of Committee Members are as follows:

Title	Name	Attendance in Person 【B】	Attendance by proxy	Rate of attendance in person (%) 【B/A】 (Note 2)	Footnote
Convener	Yang, Pi-Tsun	2	0	100.00%	Re-elected
Committee	Huang, Ming-Shan	2	0	100.00%	Newly appointed on July 26, 2021
Committee	Hu, Chin-Lien	2	0	100.00%	Newly appointed on July 26, 2021
Other noteworthy items: 1. If the Board of Directors does not adopt or amend the suggestions of the Remuneration Committee, the date of the Board meeting, term, motion, resolution of the Board, and the company's response to the Remuneration Committee's opinions should be detailed (If the remuneration approved by the Board exceeds the suggestions of the Remuneration Committee, the discrepancies and reasons should be explained): There were no such instances in the 2022 Board of Directors. 2. For resolutions of the Remuneration Committee, if members have dissenting or reserved opinions and there are records or written declarations, the date of meeting, term, motion, all members' opinions, and the company's response to the members' opinions should be stated: There were no dissenting or reserved opinions among members of the Compensation Committee in 2021.					

Note 1: If there are committee members who have left their positions before the end of the fiscal year, please indicate the departure date in the note column. The actual attendance rate (%) should be calculated based on the number of Remuneration Committee meetings held during their tenure and their actual attendance.

Note 2: If there are changes in the Remuneration Committee members before the end of the fiscal year, both the resigned and newly-elected committee members should be listed, and the note column should indicate whether they are resigned, newly-elected, reelected, or the date of the change. The actual attendance rate (%) should be calculated based on the number of Compensation Committee meetings held during their tenure and their actual attendance.

(3) Important resolutions of the Remuneration Committee

Meeting date	Resolution
The 2nd meeting of the 5th Remuneration Committee March 7, 2022	1. Approved the distribution plan for employee remuneration and director and supervisor remuneration for the 10th fiscal year. 2. Approved the reasonableness of the remuneration and related benefits for the Company's management in 2022. 3. Approved the establishment of the "Procedures of Remuneration to Directors and Managers" for the Company. 4. Approved the amendment of certain articles in the "Year-end Performance Bonus Distribution Management Policy" of the Company.
The 3rd meeting of the 5th Remuneration Committee November 8, 2022	1. Approved the amendment of the "Year-end Performance Bonus Distribution Management Policy". 2. Approved the amendment of the "Procedures of Remuneration to Directors and Managers". 3. Approved the distribution of year-end performance bonuses for 2022. 4. Approved the provision and distribution of remuneration for directors and managers for 2023. 5. Approved the monthly provision amount for year-end performance bonuses for 2023. 6. Approved the 2023 salary adjustment rate for employees.
The 4th meeting of the 5th Remuneration Committee March 7, 2023	1. Approved the amendment of the "Procedures of Remuneration to Directors and Managers" for the Company.

3.4.5 Implementation of sustainable development and Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons

1. Implementation status of the sustainable development:

Item of Execution	Implementation status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summaries (Note 2)	
1. Does the company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to boost sustainable development, which top management team is authorized by the board of directors to handle, and supervised by the board of directors?			The Company has not established a dedicated ESG project organization for promoting sustainable development. However, there are individuals responsible for relevant issues and driving sustainable development.	No discrepancy
2. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the company's operations and formulate relevant risk management policies or strategies in accordance with the materiality principle? (Note 3)	V		The Company has not established the "Sustainable Development Best Practice Principles" separately but incorporates them into various regulations. The Company conducts annual risk assessments of environmental, social, and corporate governance issues related to its operations and formulates relevant risk management policies or strategies.	No discrepancy
3. Environmental Issues				
(1) Has the Company set an Environmental management system designed to industry characteristics?	V		The Company has established an environmental management system in accordance with industry characteristics for many years. It has consistently adhered to the pollution prevention concept and continuously improved based on environmental considerations.	No discrepancy
(2) Is the company committed to improving energy efficiency and to the use of renewable materials with low environmental impact?	V		The Company is committed to improving resource utilization efficiency and promoting the use of low environmental impact materials (e.g., replacing fuel oil with gas).	No discrepancy
(3) Does the company assess the current and future potential risks and opportunities of climate change for the company and take measures in reaction to related issues?	V		The Company has established an environmental management system based on industry characteristics for many years and continuously monitors and reviews climate-related issues.	No discrepancy
(4) Has the company counted greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulated policies for greenhouse gas reduction, water consumption or other waste management?	V		The Company complies with regulations by calculating greenhouse gas emissions, water consumption, and total weight of waste and reporting them as required. The responsible departments propose policies for energy conservation, carbon reduction, water reduction, or other waste management in management meetings.	No discrepancy
4. Social Issues				
(1) Does the company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	V		The Company establishes management policies in the employee handbook based on internationally recognized principles of basic labor rights, detailing labor regulations and employee rights.	No discrepancy
(2) Has the company established and implemented a reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.) where operating performance or results are appropriately reflected in employee compensation?	V		The Company specifies employee welfare measures (including remuneration, vacation, and other benefits) in the employee handbook, and the employee compensation ratio is defined in the articles of incorporation.	No discrepancy
(3) Does the company provide employees with a safe and healthy working environment, with regular safety and health training?	V		The Company attaches great importance to the safety and health of the employees' working environment. Therefore, regular safety and health education and training are conducted, such as promoting the 5S system, conducting air raid drills, and fire drills.	No discrepancy

Item of Execution	Implementation status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summaries (Note 2)	
(4) Has the Company established effective career development training plans?	V		The Company regularly organizes internal education and training programs and provides relevant external courses on a monthly basis to enhance employees' professional and technical capabilities.	No discrepancy
(5) Does the company comply with relevant laws, regulations and international standards on issues such as customer health and safety, customer privacy, and marketing and labeling of products and services, and develop relevant consumer or customer protection policies and complaint procedures?	V		The company requires suppliers to comply with the regulations specified in the supplier management policy and has well-established customer management procedures and smooth customer complaint channels to ensure consumers' rights.	No discrepancy
(6) Has the company formulated a supplier management policy that requires suppliers to follow relevant guidelines on issues such as environmental protection, occupational safety and health or labor rights, and their implementation?	V		In accordance with the "Safety and Health Management Manual" and "Supplier Management Policy," the Company requires suppliers to comply with the regulations and not violate occupational safety and health or labor rights. Relevant clauses are included in the contract when signing agreements.	No discrepancy
5. Does the company refer to internationally accepted reporting standards or guidelines for compiling reports on corporate non-financial information such as corporate social responsibility reports? Has the aforementioned report obtained an assurance opinion of a third-party verification organization?		V	The Company has not yet adopted internationally recognized regulations governing the preparation of report or guidelines for compiling reports on corporate non-financial information, such as corporate social responsibility reports.	The matter is still under discussion.
6. If the company has established its sustainable development code of practice according to "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe the operational status and differences: None.				
7. Other important information to facilitate better understanding of the company's implementation of sustainable development: The company has not established related policy.				

Note 1: Whether the implementation status is checked as "Yes" or "No", it should be described in the summary field.

Note 2: If the Company has prepared a CSR report, the summary field may indicate how to access the report and its corresponding page numbers as an alternative.

Note 3: Materiality principle refers to issues related to the environment, society, and corporate governance that have a significant impact on the company's investors and other stakeholders.

3.4.6 Ethics Management Performance and Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summaries (Note 2)	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				
(1) Has the Company formulated a policy of ethical management approved by the board of directors, and clearly state, in the bylaw and external documents, the policies and practices of ethical management and the commitment of the board and senior management to actively implement the operating policy?	V		The Company has established the "Ethical Corporate Management Best Practice Principles" and "Work Rules" for all directors, managers, and employees to follow.	No discrepancy
(2) Has the Company established a mechanism for evaluating the risk of unethical behavior, regularly analyzed and evaluated business activities with a higher risk of unethical behavior in the business scope, and formulated a plan, which covers at least the precautionary measures in the second paragraph of Article 7 of “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, to prevent unethical behavior?	V		1. According to Article 12 of the Company's work rules, employees are prohibited from accepting kickbacks or other illegal benefits related to their job duties. 2. Employees are provided with a copy of the "Work Rules" to familiarize themselves with disciplinary actions for violations and the complaint handling process.	No discrepancy
(3) Has the Company clearly defined the operating procedures, behavior guidelines, punishment and appeal systems for violations in the unethical conduct prevention plan, and does it implement and regularly review and revise the aforementioned plan?	V		According to Articles 10 to 13 of the Company's "Ethical Corporate Management Best Practice Principles," various forms of unethical behavior are strictly prohibited. The authorization and supervision of the implementation of these rules are delegated from the Board of Directors to various levels of management in accordance with company regulations.	No discrepancy
2. Ethic Management Practice				
(1) Does the Company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	V		1. According to the Company's measures of procurement management, procurement decisions are based on the principle of integrity to obtain products of good quality, timely delivery, and reasonable prices. Relevant information is recorded based on transaction records. 2. According to Article 12 of the Company's work rules, employees are prohibited from accepting kickbacks or other illegal benefits related to their job duties.	No discrepancy
(2) Has the Company established a unit affiliated with the board to promote corporate ethical management, and regularly (at least once a year) report to the board its ethical management policies and plans to prevent unethical conduct and monitor implementation?	V		1. The Company has an internal audit unit that regularly assesses various departments and prepares audit reports submitted to the Board of Directors. 2. The Board of Directors fulfills its fiduciary duty to oversee the prevention of unethical conduct, continually reviewing the effectiveness of its implementation and seeking continuous improvement to ensure the implementation of ethical management policies.	No discrepancy
(3) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	V		According to Article 16 of the Company's "Ethical Corporate Management Best Practice Principles," directors, supervisors, and managers are required to be aware of and actively avoid conflicts of interest. They may present opinions and respond during Board of Directors meetings, but are not allowed to participate in discussions or voting.	No discrepancy

Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summaries (Note 2)	
(4) Has the Company established an effective accounting system and internal control system for the implementation of ethical management, where the internal audit unit prepared relevant audit plans based on the result of risk assessment of unethical conducts, and checked the compliance with the plan to prevent unethical conducts, or delegated an accountant to perform the verification?	V		1. According to Article 17 of the Company's "Ethical Corporate Management Best Practice Principles," the Company has established an effective accounting system and internal control system for business activities with a higher risk of unethical behavior, without external or undisclosed accounts. The system is continuously reviewed to ensure its effectiveness. 2. The internal audit personnel regularly assess the adherence to the aforementioned system and prepare audit reports submitted to the Board of Directors.	No discrepancy
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?	V		The Company provides education and training to employees, including new recruits, to familiarize them with relevant company regulations.	No discrepancy
3. Implementation of Complaint Procedures				
(1) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	V		According to Article 20 of the Company's "Ethical Corporate Management Best Practice Principles," the General Manager's Office and the email: ct100@ms33.hinet.net has been announced as the channels for reporting and complaints.	No discrepancy
(2) Has the Company established standard operating procedures for investigating the complaints received, take corresponding measures after investigation, and ensuring such complaints are handled in a confidential manner?	V		According to Article 20 of the Company's "Ethical Corporate Management Best Practice Principles," the relevant department heads, as well as the General Manager's Office and the email ct100@ms33.hinet.net , have been announced as the channels for reporting and complaints to avoid confidentiality breaches.	No discrepancy
(3) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	V		When dealing with dereliction of duty, the Company publicly discloses information on the violator's position, name, date of violation, violation content, and handling outcome on the company bulletin board. This protects the complainant from undue measures due to reporting.	No discrepancy
4. Information Disclosure Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System (“MOPS”)?	V		The Company discloses relevant information on its website, specifically in the "Investor Relations" section under "Corporate Governance Information," which can be accessed at http://www.ctworld.com.tw .	No discrepancy
5. If the Company has established corporate governance policies based on TSE Corporate Conduct and Ethics Best Practice Principles, please describe any discrepancy between the policies and their implementation: None.				
6. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., review the company's corporate conduct and ethics policy). 1. The Company adheres to the Company Act, the Business Entity Accounting Act, the Securities and Exchange Act, relevant regulations for listed and over-the-counter companies, and other applicable laws and regulations related to commercial activities as the basis for practicing ethical business conduct. 2. The Company has established a "Board Meeting Rules" that clearly defines the system for directors to avoid conflicts of interest. This system is strictly implemented to prevent any harm to the company's interests and shareholders' rights.				

The Company has always upheld "integrity" as the highest standard in our business philosophy. In addition to ensuring transparency in corporate operations, the Company has been gradually strengthening the responsibilities and functions of the board of directors and supervisors in corporate governance. The Company has implemented various management systems to ensure that board members and employees can follow them in carrying out their respective duties.

- 3.4.7 Inquiry on corporate governance principles and related regulations of this Company: None.
- 3.4.8 Other information material to the understanding of corporate governance within the Company:
In the most recent fiscal year and up to the date of the annual report printing, a total of 6 executives from our company participated in governance-related training and development, accumulating a total of 6 hours.
- 3.4.9 Internal Control System Execution Status
(1) Internal Control System Statement

Chia-Ta World Co., Ltd.
Internal Control System Statement

March 7, 2023

In accordance with the results of self-assessment, Chia Ta World Co., Ltd. hereby declares the following regarding internal control system for the fiscal year 2019:

1. The establishment, implementation, and maintenance of the internal control system are the responsibilities of the Board of Directors and management. The Company have established such a system to achieve the goals of operational effectiveness and efficiency (including profitability, performance, and asset security), reliable financial reporting, and compliance with relevant laws and regulations.
2. The effectiveness of the internal control system is subject to inherent limitations. Regardless of how well-designed, an effective internal control system can only provide reasonable assurance for the aforementioned goals. Additionally, the effectiveness of the internal control system may change due to changes in the environment and circumstances. However, the Company's internal control system includes self-monitoring mechanisms, and any deficiencies identified will be promptly addressed.
3. The Company evaluates the effectiveness of the internal control system based on the criteria outlined in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (referred to as the "Regulations"). These criteria divide the internal control system into five components: control environment, risk assessment, control activities, information and communication, and monitoring. Each component consists of several elements. Please refer to the provisions of the "Regulations" for details.
4. The Company has applied the aforementioned criteria to assess the design and effectiveness of our internal control system.
5. Based on the results of the assessment, the Company believe that the internal control system (including the supervision of subsidiaries) as of December 31, 2020, regarding the design and implementation related to achieving goals such as operational effectiveness and efficiency, reliable financial reporting, and compliance with relevant laws and regulations, is effective and can reasonably ensure the achievement of these goals.
6. This statement will be included as a major content in the Company's annual report and public disclosure documents. If any false or concealed information is found in the disclosed content, it may incur legal liabilities under the Securities and Exchange Act, including Articles 20, 32, 171, and 174.
7. This statement was approved by the Board of Directors on March 7, 2023. Out of the seven attending directors (including one delegated director), none opposed, and all others agreed with the content of this statement.

Chia Ta World Co., Ltd.

Chairman: Wu, Ta-He



President: Chen, Zheng-Ping



- (2) If CPA was retained to conduct a special audit of the internal control system, disclose the audit report: None.

- 3.4.10 Legal penalties by competent authority to the Company or its employees, and the Company's punishment on its employees for violation of internal control system, major deficiencies and improvement measures in the most recent year and as of the publishment of this annual report: None.

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings

(1) Major Resolutions and Implementation of Shareholders' Meeting

Meeting Date: June 21, 2022

Location: No. 16, Lane 317, Zhongzheng North Road, Yongkang District, Tainan City (First Conference Room, Yongkang Plant of the Company)

The resolutions and implementation status are listed below:

Resolution of shareholder's meeting	Implementation Status
1. Approval of the Company's 2021 Business Report and Financial Statements	1. The Company's net operating revenue for 2021 was NT\$844,784 thousand, and the net profit for the period was NT\$14,725 thousand, with earnings per share of NT\$0.18. 2. The resolution received votes in favor exceeding the required majority, and it will be implemented according to the resolution of the shareholders' meeting.
2. Approval of the Company's 2021 Profit Distribution	1. The after-tax net profit for 2021 was NT\$14,725 thousand. 2. The resolution of the shareholders' meeting was approved, and a cash dividend of NT\$0.2 per share will be distributed. 3. The resolution received votes in favor exceeding the required majority, and it will be implemented by August 19, 2022.
3. Amendment of certain articles in the Company's Articles of Incorporation	1. The amendment is made to comply with legal revisions and the operational needs of the Company. 2. The resolution received votes in favor exceeding the required majority, and it will be implemented according to the resolution of the shareholders' meeting.
4. Amendment of certain articles in the Company's Rules of Shareholders' Meetings	1. The amendment is made to comply with legal revisions and the operational needs of the Company. 2. The resolution received votes in favor exceeding the required majority, and it will be implemented according to the resolution of the shareholders' meeting.
5. Amendment of certain articles in the Company's Procedures for Acquiring or Disposing of Assets	1. The amendment is made to comply with legal revisions and the operational needs of the Company. 2. The resolution received votes in favor exceeding the required majority, and it will be implemented according to the resolution of the shareholders' meeting.

(2) Major Resolutions of Board Meetings

Session	Important resolution
The 17th session of 4th meeting Mar 7, 2022	1. Approval of the 2021 annual financial statement. 2. Approval of the 2021 annual business report and 2022 business plan. 3. Approval of the 2021 profit distribution plan. 4. Approval of the 2021 employee and director remuneration plan. 5. Approval of the convening of the 2022 annual general meeting. 6. Approval of the acceptance of shareholder proposals for the annual general meeting. 7. Amendment to the company's Articles of Incorporation for a more flexible shareholder meeting process. 8. Approval of the amendment to the company's "Rules of Procedure for Shareholders Meetings". 9. Approval of the amendment to the company's "Procedures for Handling Acquisition or Disposal of Assets". 10. Approval of the effectiveness assessment of the company's 2021 internal control system and the internal control system statement. 11. Approval of the performance evaluation results of the 2021 board of directors. 12. Approval of the increase in the credit limit of Mega Bank. 13. Approval of the establishment of the company's "Director and Manager Remuneration Method". 14. Approval of the amendment to some articles of the company's "Annual Bonus Distribution Management Method".

	15. Approval of the replacement of the accounting firm due to internal position adjustment.
The 17th session of 5th meeting May 12, 2022	1. Approval of the review of the company's Q1 2022 financial statement. 2. Approval of the review of the purchase of liability insurance for directors and key personnel. 3. Approval of the amendment to some articles of the company's "Rules of Procedure for Shareholders Meetings".
The 17th session of 6th meeting July 5, 2022	1. Approval of the setting of the ex-dividend date for the distribution of cash dividends.
The 17th session of 7th meeting August 8, 2022	1. Approval of the company's Q2 2022 financial statement. 2. Approval of the company's greenhouse gas inventory and verification schedule plan.
The 17th session of 8th meeting November 8, 2022	1. Approval of the company's Q3 2022 financial statement. 2. Approval of the company's "Procedures for Handling Material Inside Information". 3. Approval of amendments to the company's "Year End Performance Bonus Distribution Methods". 4. Approval of amendments to the company's directors and managers' remuneration plan. 5. Approval of the assessment of the suitability and independence of the company's CPA. 6. Approval of the proposed 2023 internal audit work plan. 7. Approval of the application for renewal as the company's line of bank financing contracts for 2023 gradually expire. 8. Approval of the proposed 2023 board meeting dates.
The 17th session of 9th meeting Mar 7, 2023	1. Approval of the company's 2022 annual financial statement. 2. Approval of the 2022 business report and 2023 operation plan report. 3. Approval of the company's 2022 loss compensation plan. 4. Approval of the convening of the 2023 annual general meeting. 5. Approval of the acceptance of shareholder proposals for the annual general meeting. 6. Approval of the amendment to some articles of the company's "Rules of Procedure for Shareholders Meetings". 7. Approval of the effectiveness assessment of the company's 2022 internal control system and the internal control system statement. 8. Approval of the performance evaluation results of the 2021 board of directors. 9. Approval of Mega Bank's application to engage in forward foreign exchange and other derivative financial products. 10. Approval of the establishment of a governance supervisor in accordance with laws.
The 17th session of 10th meeting May 9, 2023	1. Approval of the company's Q1 2023 financial statement. 2. Approval of the directors and officers liability insurance plan.

Note: From January 2022 to the date of the annual report in 2023, except for items 1-9 of the resolutions of the board of directors on March 7, 2023, which need to be executed according to the resolutions after being approved by the shareholders' meeting on June 20, 2023, the rest have been completed according to the resolutions of the board of directors.

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

3.4.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate governance officer and R&D: None.

3.5 Information Regarding the Company's Audit Fee

1. Information on service fees of CPAs

Unit: NT\$ thousand

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Note
Nan Tai CPAs & Co.	Tsai, Yu-Chin Chang, Tai-Yuan	2022/01~2022/12	1,740	20	1,760	None

2. Accountant Audit Fee Scale table

Unit: NT\$ thousand

Audit Fee Items		Audit Fee	Non-Audit Fee (Note 1)	Total
Amount Range				
1	Below 2,000	V	V	V
2	2,000~3,999	0	0	0
3	4,000~5,999	0	0	0
4	6,000~7,999	0	0	0
5	8,000~9,999	0	0	0
6	Over 10,000	0	0	0

Non-audit fees are full-time employee salary verification fees.

Note:

1. The ratio of non-audit fees to audit fees of the accounting firm and its related enterprises is not more than one quarter, and the non-audit fees do not exceed NT\$500,000: None.
2. If a change of accounting firm has taken place during the year, please divide the audit period and disclose audit and non-audit fee in chronological order: None.
3. If audit fee is reduced by 15% or more from the previous year: None.

3.6 Replacement of CPA: Not applicable.

3.7 Where the company's chairperson, president, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

3.8 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Title(Note 1)	Name	2022		As of May 12, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Wu, Ta-He	0	0	0	0
Director	Hao Fu Investment Co., Ltd.	0	0	0	0
Director	Hao Fu Investment Representative: Chuang, Hui-Chen	0	0	0	0
Director	Tseng, Wen-Chun	0	0	0	0
Director	Li, Shih-Min	0	0	0	0
Independent Director	Yang, Pi-Tsun	0	0	0	0
Independent Director	Huang, Ming-Shan	0	0	0	0
Independent Director	Hu, Chin-Lien	0	0	0	0

Note 1: Information on the counterparty and related parties in the transfer of equity: None.

3.9 Relationship among the Top Ten Shareholders

Name (Note 1)	Current Shareholding		Spouse's/ minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3)		Notes
	Shares	Shareholding (%)	Shares	Shareholding (%)	Shares	Shareholding (%)	Name	Relationship	
Li Pei International Investment Co., Ltd.	7,388,000	9.16%	0	0.00%	0	0.00%	None	None	None
Representative of Li Pei International Investment: Chuang, Hui-Chen	1,550,600	1.92%	2,108,600	2.61%	0	0.00%	Representative of TienPin United: Li, Chen-Kuan	Mother-Son	None
Wu, Ta-He	6,859,931	8.50%	1,729,931	2.14%	0	0.00%	Wu, Tseng, Li-Yueh, Tseng, Wen-Chun, Tseng, Wen-Yen, Tseng, Wen-Chi	Spouse, Brother-in-law	None
TienPin United Enterprise Co., Ltd.	5,107,020	6.33%	0	0.00%	0	0.00%	None	None	None
Representative of TienPin United: Li, Chen-Kuan	0	0.00%	0	0.00%	0	0.00%	Representative of Li Pei International Investment: Li, Chao-Mao	Father-Son	None
Fu Ying Investment Co., Ltd.	3,793,422	4.70%	0	0.00%	0	0.00%	Fu He Investment	Same person as the Chairman	None
Representative of Fu Ying Investment: Wu, Tseng, Li-Yueh	1,729,931	2.14%	6,859,931	8.50%	0	0.00%	Fu He Investment, Wu, Ta-He, Tseng, Wen-Chun, Tseng, Wen-Yen, Tseng, Wen-Chi	Chairman, Spouse, Siblings	None
Tseng, Wen-Chun	3,285,730	4.07%	279,106	0.35%	0	0.00%	Wu, Ta-He, Tseng, Wen-Chi, Tseng, Wen-Yen, Wu, Tseng, Li-Yueh	Brothers, Siblings, Brother-in-law	None
Tseng, Wen-Yen	3,275,658	4.06%	279,106	0.35%	0	0.00%	Wu, Ta-He, Tseng, Wen-Chun, Tseng, Wen-Chi, Wu, Tseng, Li-Yueh	Brothers, Siblings, Brother-in-law	None
Tseng, Wen-Chi	3,218,711	3.99%	279,106	0.35%	0	0.00%	Wu, Ta-He, Tseng, Wen-Chun, Tseng, Wen-Yen, Wu, Tseng, Li-Yueh	Brothers, Siblings, Brother-in-law	None
Fu He Investment Co., Ltd.	3,162,689	3.92%	0	0.00%	0	0.00%	Fu Ying Investment	Same person as the Chairman	None
Representative of Fu He Investment: Wu, Tseng, Li-Yueh	1,729,931	2.14%	6,859,931	8.50%	0	0.00%	Fu Ying Investment, Wu, Ta-He, Tseng, Wen-Chun, Tseng, Wen-Yen, Tseng, Wen-Chi	Chairman, Spouse, Siblings	None
Li, Chao-Mao	2,108,714	2.61%	353,600	0.44%	0	0.00%	Representative of Li Pei International Investment, Representative of TienPin United	Natural Person, Father-Son	None

3.10 Ownership of Shares in Affiliated Enterprises Comprehensive Ownership Ratio

Unit: thousand shares ; %

Information on investees	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	Shareholding (%)	Shares	Shareholding (%)	Shares	Shareholding (%)
TienPin United Enterprise Co., Ltd.	557	0.98%	0	0%	557	0.98%
The Great Tainan Gas Corporation	3,172	2.88%	0	0%	3,172	2.88%
Shing Ecoblue Co., Ltd. (Note)	1,000	20.00%	0	0%	1,000	20.00%

Note: It refers to investments accounted for using the equity method.

Company Shares and Fund Raising

4.1 Capital and Shares

Changes in share capital

Month/Year	Per Value (NT\$)	Authorized Capital		Capital Stock		Notes		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Others
1975.04	1,000	3,000	3,000,000	3,000	3,000,000	Cash capital of NT\$ 3,000 thousand during establishment	None	None
1976.04	1,000	7,000	7,000,000	7,000	7,000,000	New issuance of shares of NT\$ 4,000 thousand	None	None
1977.04	1,000	20,000	20,000,000	20,000	20,000,000	New issuance of shares of NT\$ 13,000 thousand	None	None
1979.04	1,000	34,000	34,000,000	34,000	34,000,000	New issuance of shares of NT\$ 14,000 thousand	None	None
1982.11	100	510,000	51,000,000	510,000	51,000,000	New issuance of shares of NT\$ 17,000 thousand	None	None
1985.06	10	8,500,000	85,000,000	8,500,000	85,000,000	New issuance of shares of NT\$ 20,000 thousand	Capital increase of NT\$14,000,000 through merger with Jia Gu	None
1988.09	10	11,500,000	115,000,000	11,500,000	115,000,000	Surplus transferred to increase capital by 8,500 thousand ; New issuance of shares of NT\$ 21,500 thousand	None	None
1993.05	10	19,000,000	190,000,000	19,000,000	190,000,000	Surplus transferred to increase capital by 24,500 thousand ; Capital reserve increased by NT\$10,000 thousand ; New issuance of shares of NT\$ 40,500 thousand	None	None
1994.12	10	50,000,000	500,000,000	31,000,000	310,000,000	Surplus transferred to increase capital by 76,000 thousand(Note 1) ; New issuance of shares of NT\$ 44,000 thousand	None	None
1995.09	10	50,000,000	500,000,000	34,100,000	341,000,000	Surplus transferred to increase capital by 31,000 thousand (Note 2)	None	None
1997.02	10	50,000,000	500,000,000	37,510,000	375,100,000	Surplus transferred to increase capital by 34,100 thousand (Note 3)	None	None
1997.12	10	50,000,000	500,000,000	41,261,000	412,610,000	Surplus transferred to increase capital by 37,510 thousand (Note 4)	None	None
1999.03	10	80,000,000	800,000,000	59,261,000	592,610,000	Surplus transferred to increase capital by 180,000 thousand (Note 5)	None	None
2000.10	10	80,000,000	800,000,000	65,187,100	651,871,000	Surplus transferred to increase capital by 47,408.8 thousand ; Capital reserve increased by NT\$11,852.2 thousand (Note 6)	None	None
2002.07	10	80,000,000	800,000,000	68,446,455	684,464,550	Surplus transferred to increase capital by 26,074.84 thousand ; Capital reserve increased by NT\$6,518.74 thousand.(Note 7)	None	None
2003.08	10	80,000,000	800,000,000	71,184,313	711,843,130	Surplus transferred to increase capital by 23,378.58 thousand (Note 8)	None	None
2005.09	10	80,000,000	800,000,000	74,031,685	740,316,850	Surplus transferred to increase capital by 28,473.72 thousand (Note 9)	None	None
2009.07	10	120,000,000	1,200,000,000	80,694,536	806,945,360	Surplus transferred to increase capital by 66,628.51 thousand (Note 10)	None	None

Note 1: Approved by Letter No. 32648 from Taiwan Finance Securities (1) on October 13, 1994.

Note 2: Approved by Letter No. 39159 from Taiwan Finance Securities (1) on July 5, 1995.

Note 3: Approved by Letter No. 67780 from Taiwan Finance Securities (1) on November 21, 1996.

Note 4: Approved by Letter No. 785 from Taiwan Finance Securities (1) on October 1, 1997.

Note 5: Approved by Letter No. 85904 from Taiwan Finance Securities (1) on October 13, 1998.

Note 6: Approved by Letter No. 59511 from Taiwan Finance Securities (1) on July 12, 2000.

Note 7: Approved by Letter No. 0910134651 from Taiwan Finance Securities (1) on June 25, 2002.

Note 8: Approved by Letter No. 0920135273 from Taiwan Finance Securities (1) on August 5, 2003.

Note 9: Approved by Letter No. 0940127821 from Financial Supervisory Commission on July 11, 2005.

Note 10: Approved by Letter No. 0980034113 from Financial Supervisory Commission on July 9, 2009.

Type of Stock

Shares Category	Authorized capital			Notes
	Issued shares (note)	Non-issued	Total	
Common shares	80,694,536	39,305,464	120,000,000	Listed stocks

Note: The Company is listed on the stock exchange.

4.2 Shareholding Structure

Shareholding Structure

Category	Government Institution	Financial Institution	Other Institution	Individual	FINI	Total
Number of Shareholders	0	0	21	8,363	12	8,396
Shareholding (Shares)	0	0	26,078,963	53,807,473	808,100	80,694,536
Percentage (%)	0.00%	0.00%	32.32%	66.68%	1.00%	100.00%

4.3 The Distribution of Shareholdings

The Distribution of Shareholdings

Category by shareholdings			No. of Shareholders	Number of Shares	Shareholding (%)
1	~	999	2,781	319,044	0.40%
1,000	~	5,000	4,618	9,258,324	11.47%
5,001	~	10,000	581	4,842,079	6.00%
10,001	~	15,000	116	1,498,834	1.86%
15,001	~	20,000	100	1,907,595	2.36%
20,001	~	30,000	70	1,891,710	2.34%
30,001	~	40,000	27	973,400	1.21%
40,001	~	50,000	22	1,007,130	1.25%
50,001	~	100,000	30	2,156,754	2.67%
100,001	~	200,000	14	2,032,791	2.52%
200,001	~	400,000	16	4,591,526	5.69%
400,001	~	600,000	3	1,433,000	1.78%
600,001	~	800,000	0	0	0.00%
800,001	~	1,000,000	4	3,473,290	4.30%
1,000,001	~	9,999,999,999	14	45,309,059	56.15%
Total			8,396	80,694,536	100.00%

4.4 The List of Major Shareholders: The names of shareholders with ownership exceeding 5% or ranked among the top ten shareholders, their shareholdings, and respective percentages are as follows:

List of Major Shareholders

Shares Name	Number of Shares	Shareholding (%)
Li Pei International Investment Co., Ltd.	7,388,000	9.67%
Wu, Ta-He	6,859,931	8.50%
TienPin Investment Holding Co., Ltd.	5,107,020	6.33%
Fu Ying Investment Co., Ltd.	3,793,422	4.70%
Tseng, Wen-Chun	3,285,730	4.07%
Tseng, Wen-Yen	3,275,658	4.06%
Tseng, Wen-Chi	3,218,711	3.99%
Fu He Investment Co., Ltd.	3,162,689	3.92%
Li, Chao-Mao	2,108,714	2.61%
Wu, Tseng, Li-Yueh	1,729,931	2.14%

4.5 Market Price per Share, Net Value, Earnings & Dividends for Latest Two Years

Unit:NT\$ thousand

Period Item		2021	2022	2023 (As of March 31)
Market Price Per Share (Note 1)	Highest	31.4	26.15	16.45
	Lowest	10.7	11.35	14.60
	Average	17.74	16.70	15.71
Net Value Per Share (Note 2)	Before Distribution	12.97	12.74	12.67
	After Distribution (Note 1)	12.97	Undistributed	Undistributed
Earnings Per Share	Weighted Average Share Numbers	80,694,536	80,694,536	80,694,536
	Earnings Per Share (Note 3)	0.25	0.25	0.01
Dividend Per Share	Cash Dividend	0.20	0.20	0
	Stock Dividend	Retained Earning (Note 1)	0	0
		Capital Surplus	0	0
	Accumulated unpaid dividends (Note 4)		0.00	0.00
Return on Investment Analysis	P/E Ratio (Note 5)	70.96	66.80	1571.291282
	P/D Ratio (Note 6)	64.85	63.70	0.00
	Cash Dividend Yield (Note 7)	0.01	0.01	0.00

Note 1: The distribution is recorded based on the resolution of the subsequent year's shareholders' meeting.

Note 2: Earnings per share are calculated based on the weighted average number of outstanding ordinary shares; earnings or capital surplus from capital increases are retrospectively adjusted.

4.6 Dividend Policy and Implementation Status

1. Dividend Policy

After each fiscal year, if the Company has retained earnings, it shall allocate 10% of the statutory retained earnings, excluding the payment of corporate income tax and the offsetting of previous years' losses. However, if the statutory retained earnings have reached the total capital amount, this requirement does not apply. Additionally, the remaining balance shall be allocated in accordance with legal requirements or the reversal of special retained earnings, along with the allocation of 50% to 95% of the accumulated undistributed earnings from the previous year, subject to adjustment based on the actual profits and financial situation of the current year as determined by the shareholders' meeting.

In consideration of the Company's future funding needs and long-term operational planning, if there are retained earnings in the annual financial statements, the annual cash dividends shall not be less than 10% of the total dividends for the year; however, cash dividends below NT\$0.1 per share will not be distributed. In the event of accumulated or current year's deductions from shareholder's equity that exceed the current year's after-tax profits, an equivalent amount shall be allocated from the accumulated undistributed earnings of the previous year to the special retained earnings. These deductions shall be deducted prior to the allocation for distribution. Subsequently, when there is a reversal of the deductions from shareholder's equity, the corresponding portion of the profits may be distributed.

2. Proposed Distribution of Dividend

For the fiscal year 2023, due to the after-tax loss, it is proposed in accordance with the board of directors' resolution on March 7, 2023 not to distribute dividends.

4.7 Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: Not applicable.

4.8 Remuneration to Employees and to Directors

1. According to Article 30 of the company's articles of incorporation, if the company makes a profit in a given year, the distribution of remuneration for directors and employees should be as follows:

- (1) 1% to 5% of the profit should be allocated as employee remuneration.
- (2) Director remuneration should not exceed 5% of the profit.

However, if the company still has accumulated losses, it should reserve enough funds to cover these losses.

The employee remuneration mentioned above can be distributed in the form of stock or cash, and the recipients can include employees of subsidiary companies who meet conditions set by the board of directors. Director remuneration can only be in cash.

These distributions should be decided by the board of directors and reported at the shareholders' meeting.

2. Basis for estimating the amount of employee remuneration and remuneration for directors and supervisors in the current period, the basis for calculating the number of stocks for employee remuneration, and accounting treatment if the actual distributed amount differs from the estimate:

- (1) Basis for estimating the amount of employee remuneration and remuneration for directors and supervisors: This is based on the pre-tax net profit up to the end of the period, and a certain percentage within the range specified in the articles of incorporation is used for the estimation.
- (2) Basis for calculating the number of stocks for employee remuneration: Not applicable
- (3) Accounting treatment if there is a difference from the estimate: Please refer to the explanation on page 87 of this annual report.

3. Information on employee remuneration approved by the board of directors:

- (1) The amount of director, supervisor, and employee remuneration distributed in cash or stock: The after-tax loss for 2022 was NT\$ 12,398,234. On March 7, 2023, it was approved not to distribute director and employee remuneration.
- (2) Difference between the recognized expenses and the estimated amount for the year, reasons, and handling: Not applicable.
- (3) The amount of employee remuneration distributed in stock and the ratio of the total amount of net profit after tax and total employee remuneration in the current individual or separate financial report: Not applicable.

4. The actual distribution of director and employee remuneration in the previous year (including the number of shares distributed, the amount, and the stock price), and if there are differences with the recognized employee bonus and director remuneration, the difference, reason, and handling should be stated:

- (1) The amount of cash bonus for employees, stock bonus, and director remuneration: The company actually distributed NT\$ 583,087 in cash as director and employee remuneration in 2022, which was completed on March 24, 2022.

(2) Difference, reason, and handling situation with the recognized employee bonus and director remuneration:
Not applicable.

(3) For related accounting treatment principles, please refer to page 93 of this annual report.

4.9 Issuance of Corporate Bonds: None.

4.10 Issuance of Preferred Stock: None.

4.11 Issuance of Global Depositary Shares: None.

4.12 Employee Stock Options: None.

4.13 Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.

4.14 Implementation of the Company's Fund Raising and Utilization

(1) Planned content:

Analysis of the yet to be completed issuances or private placements of securities and the projected benefits of the fund utilization plan for the last three fiscal years that have not yet materialized:
None.

(2) Implementation status:

For each of the plans mentioned above, an item-by-item analysis is made until the quarter before the annual report's printing date, comparing its implementation with the original projected benefits:
None.

Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

1. Main areas of business operations:

- (1) Trading of motorcycle, automobile, and bicycle parts.
- (2) Manufacturing, processing, and trading of steel wire, galvanized steel wire, galvanized iron wire, prestressed steel wire, prestressed steel stranded wire, special-shaped prestressed steel bars, steel stranded wire, steel cables, springs, steel wire products, mechanical hardware parts.
- (3) Wholesale of Computers and Clerical Machinery Equipment
- (4) Wholesale of Computer Software
- (5) Information Software Services
- (6) Wholesale of Precision Instruments
- (7) Computer Equipment Installation
- (8) Computer and Peripheral Equipment Manufacturing
- (9) Lighting Equipment Manufacturing
- (10) Wholesale of Electronic Materials.
- (11) Wholesale of Electrical Appliances.
- (12) Electronics Components Manufacturing
- (13) Affairs Machine Manufacturing
- (14) General Instrument Manufacturing
- (15) Optical Instruments Manufacturing
- (16) Data Processing Services
- (17) Electronic Information Supply Services
- (18) International Trade
- (19) All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Revenue distribution

Unit: NT\$ thousand

Revenue distribution	Total Sales	(%) of Total Sales
General steel wire	643,398	79.35%
Galvanized steel wire	47,557	5.87%
Steel cables	119,519	14.74%
Others	329	0.04%
Total	810,803	100.00%

3. New products and Services development

The Company is currently committed to improving the quality of existing products and gradually increasing the completeness of product sizes to meet market demand.

5.1.2 Industry Overview

1. Progress and Development of the Industry

The international steel market is closely linked to the Chinese market. In the second half of 2022, although China lifted its lockdown measures, the consumption and production of downstream steel used in industries such as real estate and manufacturing did not meet expectations. However, in 2023, with the release of relevant policies related to China's real estate market and economy, coupled with reduced production by international steel mills, steel inventory has gradually eased, leading to an increase in steel demand. The current domestic situation and shipping performance are also influenced by international political and economic conditions, with most customers in the upstream, midstream, and downstream prioritizing destocking. New construction projects in the domestic market or government public works have been postponed due to high prices or the diversion of relief funds. However, as inflation cools down, adjustments are being made in the supply and demand dynamics of the international steel market, and customers' destocking efforts are gradually being realized. Market demand is expected to stabilize and recover.

2. Correlation of the industry supply chain

(1) Steel Wire Department:

Upstream Industry	Steelmaking, Large Billets, Small Billets, Wire Rods, or Importing Small Billets for further wire drawing.
Midstream Industry	Processing of wire rods into various specifications of steel wires, galvanized steel wires, steel ropes, prestressed steel wires, prestressed steel strands.
Downstream Industry	Mattress industry, steel wire hardware, foundation piles, utility poles, bridges, hardware springs, sports equipment, electrical wires and cables.

3. Product Trends and Competition

Steel wire and cable products from mainland China and Southeast Asian countries have lower raw material costs and larger economies of scale, making their products relatively cheaper than those from Taiwan. Although the product quality may not be as high as Taiwan's, they have gained advantages in markets with lower quality requirements. Furthermore, they have benefited from mutually beneficial trade agreements with multiple countries, which gives them a strong position in the export market. This has put significant pressure on Taiwanese exporters. Faced with fierce competition, cost reduction is essential, leaving little choice. Therefore, besides actively seeking cheaper raw materials, the company aims to improve its production technology and enhance the quality of its products to differentiate itself from Chinese products. This direction and trend are crucial for the company's development.

5.1.3 Research and Development

1. Research and Development Expenses in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

As the Company carries out new product development and quality improvement through the efforts of personnel in the original production department, without a dedicated department, there are no research and development expenses incurred.

2. Research and Development Achievements for the current year and up to the date of publication of annual report: Please refer to [page 2](#).

5.1.4 Long-Term and Short-Term Business Development Plans

1. Steel Wire Department:

(1) Short-term:

The steel wires and cables produced by the Company meet the relevant inspection standards and are highly recognized by domestic and foreign manufacturers for their quality. By increasing production capacity and procuring superior raw materials, the company can compete with domestic and international manufacturers. However, there are challenges in importing raw materials from China, as they require approval from the Bureau of Foreign Trade under the Ministry of Economic Affairs, leading to delays and missed opportunities for ordering raw materials at lower prices. Therefore, in the short term, besides actively developing customers, the company's top priority is to actively seek lower-priced raw materials and prioritize the procurement of materials at lower costs to effectively reduce production costs.

(2) Long-term:

With over 40 years of experience in the wire industry, the Company has weathered multiple changes in the industry's landscape and has found a way to survive and thrive. Recognizing the importance of promptly responding to market changes and reducing costs, the company not only focuses on continuously improving the quality of existing products but also pursues a policy of developing more advanced and specialized products that meet market demands. Different grades of raw materials are selected based on the selling price, ensuring that the product quality meets customer requirements, and after-sales service remains consistent. Therefore, the company's long-term efforts are focused on developing new products, industry automation, increasing production capacity, and reducing costs.

5.2 Market, Production and Sales

5.2.1 Market Analysis

1. Sales (Service) Region

District	Taiwan	Asia	America	Total
Steel Wire Department	94.75%	5.25%	0.00%	100.00%

2. Market Status:

(1) Wire Department:

The wire industry is an important part of the basic industry, with relatively stable market demand. Various countries around the world have signed trade agreements, large or small, in pursuit of equal and mutually beneficial trade, aiming to create win-win situations. However, Taiwan is restricted by political factors in signing trade agreements, which puts the company at a disadvantage in the export market. Additionally, the domestic market is affected by imports and numerous domestic competitors, leading to limited profit margins. However, through quality improvement, collaboration with customers to develop new products, and differentiation from competitors, the company can create business opportunities by stabilizing the domestic market, developing new customers, and diversifying export markets.

3. Development Prospects and Favorable and Unfavorable Factors:

(1) Future Growth:

a. Wire Department:

The international wire market fluctuates depending on the major policies of different countries, and steel prices are also affected by the production policies of major steel mills. The company's wire products mainly serve customers in public works, transportation equipment, and household furniture industries, which have a certain level of demand. As long as the quality is stable, prices are reasonable, and continuous development of new products that meet customer needs is pursued, stable profitability can be achieved.

(2) Favorable Factors:

- ①. Standardized production operations and obtaining ISO 9001 certification and various domestic and international product certifications ensure stable quality.
- ②. Products are graded according to customer needs and quality conditions to meet customer demands.
- ③. Long-term commitment and expertise in the wire and cable industry, high market sensitivity, and the ability to adjust marketing and procurement strategies promptly.
- ④. Diversified operations, continuous improvement in product quality, and prompt provision of appropriate product services.
- ⑤. Stable human resources with low turnover rate, clear division of labor, high job proficiency, and a certain level of professionalism and high execution efficiency.
- ⑥. The Company has long been committed to improving quality, resulting in better quality compared to imported or general wire and cable products, giving it a certain market share.

(3) Unfavorable Factors:

- ①. Increasing environmental awareness leads to strict requirements for the treatment of emissions, wastewater, and waste, increasing processing costs and production costs.
- ②. Low-priced imported wire and cable products circulating in the market affect sales.
- ③. The government continues to raise the minimum wage, and there are increases in fuel and electricity prices, as well as greenhouse gas inspections. In the future, there will be requirements related to carbon rights and carbon taxes, which will relatively increase operational costs.
- ④. Intense market competition, with raw material costs not easily reflected in selling prices.

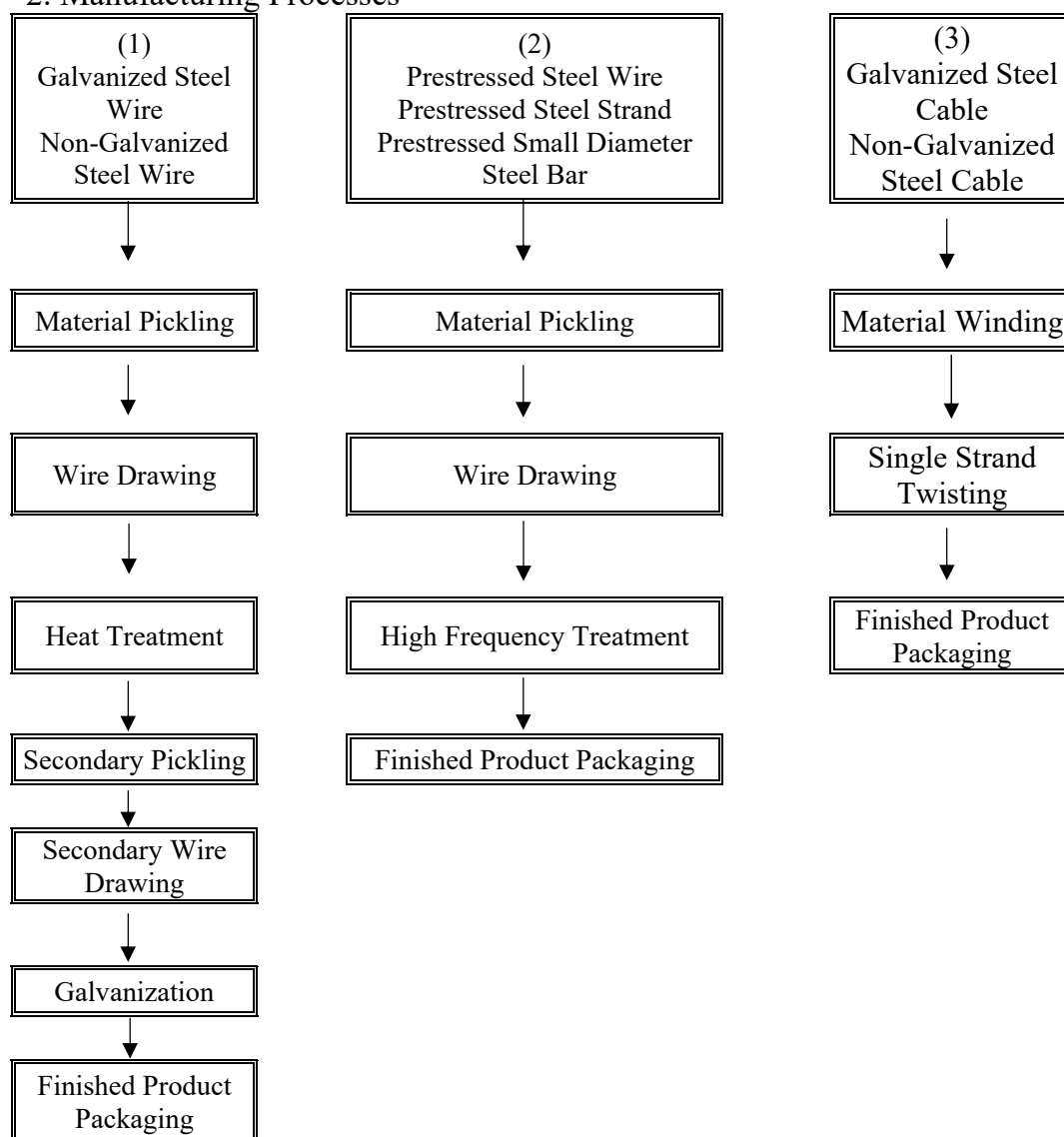
5.2.2 Core Applications of Major Products and Manufacturing Processes

1. Core Applications of Major Products:

The current products of the Company have important applications and functions in various industries:

Department	Product Name	Product Usage
Steel Wire	General Steel Wire, Galvanized Steel Wire	Used in cable cores, telecommunication overhead wires, packaging with galvanized steel wire, steel ropes, steel cables, bed springs, sports equipment, shock-absorbing springs, umbrella frames, car parts, mechanical hardware springs, etc.
	Prestressed Steel Wire, Prestressed Steel Bars, Prestressed Steel Strands	Used in foundation piles, utility poles, high-pressure water pipes, prestressed bridges, etc.
	Galvanized Steel Ropes, Non-galvanized Steel Ropes	Used in fisheries, commercial ships, forestry, lifting ropes, etc.

2. Manufacturing Processes



5.2.3 Status of Supply of Chief Materials

The main raw materials used in the production of products in our Steel Wire Department are various types of coils, iron wires, and zinc ingots. Coils and iron wires are primarily sourced from domestic steel manufacturers such as CSC (China Steel), Quintain Steel, Promoter Trading, UMC-United Metals, and if necessary, we evaluate the quality and price for importing from foreign suppliers. Zinc ingots are purchased from domestic traders such as Kao Metal Resources and Parex International. The raw material sources are diversified, and we have established long-term supply relationships with reliable suppliers.

5.2.4 Key Accounts in the Past Two Years

1. Key Suppliers

Unit: NT\$ thousand

Item	2021				2022				2023 (As of March 31) (Note 2)			
	Company Name	Amount	Percentage of Annual Net Purchases (%)	Relation with Issuer	Company Name	Amount	Percentage of Annual Net Purchases (%)	Relation with Issuer	Company Name	Amount	Percentage of Net Purchases up to the End of the Previous Quarter of the Current Year (%)	Relation with Issuer
1	T14175	213,316	31.64%	None	AZ0026	213,316	30.28%	None	414175	28,229	29.70%	None
2	AZ0019	85,251	12.64%	None	T14175	85,251	12.10%	None	03108C	10,593	11.14%	None
3	44804A	77,953	11.56%	None	AZ002A	77,953	11.06%	None	03108B	10,480	11.02%	None
4	AZ002B	56,556	8.39%	None	44804A	56,556	8.03%	None	52868B	9,402	9.89%	None
5	Other	241,114	35.76%	None	Other	271,447	38.53%	None	Other	36,358	38.25%	None
Net Purchases		674,191	100.00%		Net Purchases	704,524	100.00%		Net Purchases	95,062	100.00%	

Note 1: The names and purchase amount ratios of suppliers who contributed to more than 10% of total purchases in the most recent two years are listed. However, if supplier names cannot be disclosed due to contractual agreements or if the transaction is with a non-related individual, code names may be used instead.

Note 2: As of the date of the annual report publication, if a company that is listed or whose shares are traded at a securities brokerage firm has the most recent financial data audited or reviewed by an accountant, this information should also be disclosed.

2. Key buyers in the most recent two years

Unit: NT\$ thousand

Item	2021				2022				2023 (As of March 31) (Note 2)			
	Company Name	Amount	Percentage of Annual Net Sales (%)	Relation with Issuer	Company Name	Amount	Percentage of Annual Net Sales (%)	Relation with Issuer	Company Name	Amount	Percentage of Net Purchases up to the End of the Previous Quarter of the Current Year (%)	Relation with Issuer
1	T21734	114,706	13.58%	None	T21734	138,188	17.04%	None	T21734	14,587	9.89%	None
2	J0002	75,341	8.92%	None	T31902	60,385	7.45%	None	T31902	13,350	9.05%	None
3	T95055	43,994	5.21%	None	J00002	38,245	4.72%	None	J00002	7,597	5.15%	None
4	T82878	37,784	4.47%	None	T76548	37,361	4.61%	None	T76548	7,448	5.05%	None
5	Other	572,958	67.82%	None	Other	536,624	66.18%	None	Other	104,566	70.87%	None
Net Sales		844,784	100.00%		Net Sales	810,803	100.00%		Net Sales	147,549	100.00%	

Note 1: The names and purchase amount ratios of suppliers who contributed to more than 10% of total purchases in the most recent two years are listed. However, if supplier names cannot be disclosed due to contractual agreements or if the transaction is with a non-related individual, code names may be used instead.

Note 2: As of the date of the annual report publication, if a company that is listed or whose shares are traded at a securities brokerage firm has the most recent financial data audited or reviewed by an accountant, this information should also be disclosed.

5.2.5 Production Value in the Most Recent Two Years

Unit: Tons; NT\$ thousands

Year Sales Value Major Product	2021			2022		
	Capacity	Quantity	Value	Capacity	Quantity	Value
General Steel Wire	46,200	18,139	512,344	46,200	12,140	403,411
Galvanized Wire	3,200	975	38,432	3,200	1,106	51,880
Steel Cable	18,400	1,559	86,412	18,400	1,721	102,597
Others	180	0	0	180	13	266
Total	67,980	20,673	637,188	67,980	14,980	558,154

5.2.6 The Sales Value in the Most Recent Two Years

Unit: Tons; NT\$ thousands

Year Sales Value Major Product	2021				2022			
	Domestic		Export		Domestic		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
General Steel Wire	20,165	626,346	2,726	77,797	18,104	565,601	1,226	77,797
Galvanized Wire	862	37,821	19	1,018	925	46,540	20	1,017
Steel Cable	2,310	100,893	0	0	2,614	119,519	0	0
Others	30	903	0	0	12	329	0	0
Total	23,367	765,963	2,745	78,815	21,655	731,989	1,246	78,814

5.3 Taiwan Employee Data during the Past Two Years

Year		2021	2022	As of March 31, 2023
Employee Number	Direct Labor	67	63	
	Indirect Labor	24	22	
	Sales and Administrative Staff	35	33	
	Total	126	118	
Average Age		49.97	49.73	
Average Seniority		14.41	15.03	
Distribution of Education	Doctor	0.00%	0.00%	
	Master	2.38%	2.56%	
	Bachelor	23.81%	23.08%	
	High School	37.30%	40.17%	
	High School Below	36.51%	34.19%	

5.4 Environmental Protection Expenditure

5.4.1 Current Implementation Status of Pollution Prevention and Control

1. In our current manufacturing process, the pickling operation for coils generates wastewater and acid gas emissions. Therefore, we have set up a wastewater treatment facility that handles approximately 600 cubic meters of wastewater daily, as well as wet-type gas filtration equipment with a capacity of 50 horsepower for treating acid gas.
2. The annealing and hot-dip galvanizing processes in our manufacturing process generate hot exhaust gas and acid gas. To address this, the Company has installed two wet-type gas filtration equipment with capacities of 30 horsepower and 10 horsepower, respectively.
3. The permit for our wastewater treatment facility is valid until March 2023 of the ROC. The Company will continue to maintain the facility in good operation, effectively treating the wastewater generated during operations. Additionally, we recycle and reuse a portion of the treated discharge water for our manufacturing process, ensuring compliance with the discharge water quality standards.
4. Our air pollution control equipment for the pickling and hot-dip galvanizing processes has obtained operating permits for several years. We have three exhaust stacks, and regular inspections are conducted in accordance with regulations. The permits are valid until April and October in 2022, respectively.

5.4.2 Occurrence of Violations or Disputes Regarding Unauthorized Emissions in Fiscal Year 2022 and up to the Date of Publication of the Annual Report

The dedicated personnel responsible for air pollution control were previously assigned as part-time employees. On November 17, 2022, the Environmental Protection Agency issued a fine of NT\$200,000. The Company has paid the fine and, as of January 3, 2023, has added one dedicated personnel for air pollution control. No other violations or disputes regarding unauthorized emissions have occurred.

5.4.3 Countermeasures

1. In addition to regular maintenance of the wastewater treatment facility to ensure optimal performance, we actively explore the possibility of recycling treated discharge water for reuse in the manufacturing process to reduce the consumption of natural water and lower water costs.
2. In response to waste management regulations, the Company will fully cooperate with the government's implementation of policies such as waste sorting and mandatory resource recycling to achieve waste reduction and resource reuse.

5.4.4 Expected Environmental Protection Expenditures for the Next Two Years:

Preventing environmental pollution is not only a moral responsibility for the company but also a demonstration of our responsibility to society. The company regularly replaces consumables for pollution control equipment and strictly follows standard operating procedures (SOP) to maintain optimal environmental quality. This not only helps prevent fines and disputes resulting from negligence but also reduces resource waste through reuse. It significantly enhances the overall corporate image. The estimated environmental protection expenditure for 2023 is approximately NT\$5,000 thousand, subject to adjustment based on needs.

5.4.5 Impact of Improvements:

By treating and recycling wastewater, we can reduce water waste and mitigate the impact of water shortages during periods of low water supply, thereby reducing costs associated with water consumption. Waste sorting and mandatory resource recycling not only decrease the amount of waste processed by the company but also improve the adverse environmental impacts resulting from waste generation.

5.5 Labor Relations

5.5.1 Detailed descriptions of employee benefits, retirement plan and each of the implementations, as well as the labor management agreement

1. Employee benefits

The Company places great importance on employee welfare to ensure their well-being and provide a stable living environment, allowing them to fully dedicate themselves to the Company. In addition to complying with labor insurance and health insurance laws and regulations, the Company established the Employee Welfare Committee in December, 1992, dedicated to handling various welfare matters. The main welfare measures include:

- a. Promoting relevant activities in accordance with the Labor Standards Act and related regulations.
- b. Providing various employee benefits such as employee travel, holiday bonuses, and welfare items distribution.
- c. Coordinating welfare matters for employee marriages, funerals, and celebrations.
- d. Conducting regular employee health check-ups to reduce occupational hazards and ensure worker safety.

- e. According to the Company's article of incorporation, if the Company generates profit, employee rewards are distributed annually in accordance with the established procedures to the active staff members.
2. Employee Training and Development System and Implementation Status:
- a. The Company's education and training programs focus on providing necessary skills and knowledge for employees to perform their duties effectively. "Measures for Personnel Education and Training Management" have been established to guide the implementation of education and training activities. Each year, an annual education and training plan is developed based on the requirements of the personnel education management regulations, personnel job skills, and the Company's development needs. The annual education and training plan is accompanied by a budget allocation and the establishment of quality objectives for the training. Each department holds monthly training activities in accordance with the annual education and training plan, including internal training within the company and participation in external training programs. The courses cover new employee orientation, management training, quality management, professional and technical training, and training programs required to obtain certifications. In 2022, a total of 11 in-house training sessions were conducted, totaling 657 hours. External training was attended by 17 individuals, with a total of 202 hours. The total annual education expenses amounted to NT\$66,040.
- b. Directors, internal auditors, finance, and accounting personnel undergo specialized training as required by their respective departments. The training details are as follows:

Course	Position	Name	Course Hours
Practical Exploration of Internal Control and Audit System Templates for Anti-Money Laundering and Counter-Terrorist Financing	Independent Director	Hu, Jin-Lian	3
Introduction to International Anti-Tax Evasion Trends and Controlled Foreign Company System in Taiwan	Independent Director	Hu, Jin-Lian	3
Trends and Strategies towards Net Zero Emissions Carbon Management	Independent Director	Hu, Jin-Lian	3
Common Mistakes in Company Registration Related to Capital Verification and Case Review	Independent Director	Hu, Jin-Lian	3
Corporate Governance	Chairman	Wu, Ta-He	6
Tax Governance and Risk Management	Chairman	Wu, Ta-He	3
Tax Governance and Risk Management	Director	Tseng, Wen-Chun	3
Continuous Education for Accounting Officer	Finance Officer	Wang, Chiu-Yueh	12
Tax Governance and Risk Management	Internal Audit Officer	Huang, Chia-Li	12
Internal Audit	Internal Auditor	Wu, Chi-Tun	12

3. Retirement plan
- (1) The Company has established the Employee Pension Plan and calculates labor pension in accordance with the Labor Standards Act. The allocation amounts are calculated separately based on the old and new systems.
- a. Old system: On May 28, 1976, the Supervisory Committee of Labor Retirement Reserve was established, and retirement reserve funds were deposited in a trust account at the Taiwan Bank Trust Department (the current allocation rate is 15%). However, since August of last year, the allocated retirement reserve funds have been sufficient to support the pension of current retirees under the old system. An application was made to temporarily suspend the allocation for one year, which was approved and recorded. The allocation will be evaluated annually thereafter, and if insufficient, it will continue to be allocated until all retirees under the old system have retired.
- b. New system: Starting from July 1, 2005, labor pension are handled in accordance with the "Labor Pension Act" and deposited into individual accounts (the current allocation rate is 6%).
- (2) The Company provides group accident insurance for employees (by Shin Kong Life Insurance) to enhance employee protection.
4. Labor Relations
- (1) The Company has established an industry labor union in accordance with regulations, and regularly holds labor-management meetings with employee representatives elected by the employees. In addition to listening to the suggestions of grassroots employees, the company promotes company policies and engages in negotiations to address different opinions. The

company has always valued the opinions of its employees, and as a result, labor-management relations have been harmonious and there have been no labor disputes.

- (2) Starting from April 17, 2023, the Company signed a collective agreement with the Company's labor union to enhance employee benefits. The Company was selected as a model enterprise for harmonious labor-management relations and signed a collective agreement.

5.5.2 At the time of printing this publication, loss incurred by labor dispute and the amounts of anticipated losses and countermeasures: None.

5.5.3 Anticipated Losses Due to Labor Disputes: None.

5.5.4 Employee Behavior and Code of Ethics:

The Company attaches great importance to the clarity and rationality of its management systems. In accordance with labor Standard law, the Company has established "Work Rules" (approved document No.: Nanshi Labor Letter No. 1060584012), which are available on the Company's website for access by all employees. The "Work Rules," particularly in Chapter 2 "Discipline and Guidelines," provide detailed guidelines on employee conduct and professional ethics. Therefore, the Company does not establish a separate code of conduct for employees' ethical behavior.

5.5.5 Measures of Working Environment and Employee Safety

The Company implements preventive measures for occupational hazards to protect the health and safety of its workers. The "Labor Safety and Health Work Rules" outline the operating procedures that all employees must adhere to, aiming to prevent various accidents and injuries. The rules clearly define the "organizational responsibilities" and require regular "self-inspection and maintenance" by each unit. They also establish "occupational safety and health standards" and promote regular "education and training." In the event of a disaster or accident, emergency response measures are implemented. Through these measures, the Company continuously improves the working environment and ensures comprehensive employee safety, striving for zero accidents and incidents.

The Company has always emphasized the clarity and rationality of its management systems. In accordance with labor Standard Act, the Company has established "Work Rules" (approved document (81) No.: Nanshi Labor Letter No. 177325) and distributed a copy to each employee for reference. The detailed guidelines on employee conduct and professional ethics can be found in Chapter 2 "Service Guidelines" of the Work Rules. The Company does not establish a separate code of conduct for employees' ethical behavior.

5.6 Important contracts

5.6.1 Significant Sales Contracts:

As of May 13, 2023

Contract	Counterparty	Contract Period	Main Content	Contract Quantity (tons)	Restrictive Clauses
Sales	T00007	2019/08/01~Depends on project progress	Pre-stressed Fine steel bar	2,000	None
Sales	T36930	2022/03/14~Depends on project progress	Pre-stressed Fine steel bar	600	None
Sales	T01945	2022/01/10~Depends on project progress	Pre-stressed Fine steel bar	250	None
Sales	T92495	2022/10/24~Depends on project progress	Pre-stressed Fine steel bar	1,200	None
Sales	AJ0002	2023/02/01~Depends on project progress	Pre-stressed Fine steel bar	200	None
Sales	T21734	2023/03/07~Depends on project progress	Pre-stressed Fine steel bar	400	None
Sales	T31902	2021/12/17~Depends on project progress	Pre-stressed Fine steel bar	400	None

5.6.2 Important Purchase Contracts:

As of May 13, 2023

Contract	Counterparty	Contract Period	Main Content	Contract Quantity (tons)	Restriction
Purchases	414175	Jan 2023 - Dec 2023	Wire coil elements	Quarterly procurement	None
Purchases	03108C	Jan 2023 - Dec 2023	Wire coil elements	Quarterly procurement	None
Purchases	03108B	Jan 2023 - Dec 2023	Wire coil elements	Quarterly procurement	None
Purchases	619790	Jan 2023 - Dec 2023	Wire coil elements	Quarterly procurement	None
Purchases	52868B	Jan 2023 - Dec 2023	General steel wire products	Quarterly procurement	None
Purchases	AZ0026	Jan 2023 - Dec 2023	General steel wire products	Quarterly procurement	None
Purchases	AZ0029	Jan 2023 - Dec 2023	General steel wire products	Quarterly procurement	None
Purchases	AZ0019	Jan 2023 - Dec 2023	General steel wire products	Quarterly procurement	None
Purchases	AZ0002	Jan 2023 - Dec 2023	Jute ropes and twines	Quarterly procurement	None
Purchases	595130	Jan 2023 - Dec 2023	Zinc ingots	Quarterly procurement	None

5.6.3 Other Significant Contract: None.

Financial Standing

6.1 Concise Financial Information

6.1.1 Concise balance sheet in the most recent five years

Unit: NT\$ thousand

Item \ Year		Most recent 5-Year Financial Information (Note 1)					As of March
		2018(Note 2)	2019(Note 2)	2020(Note 2)	2021(Note 2)	2022(Note 2)	31, 2023
		Individual	Individual	Individual	Individual	Individual	Individual
Current assets		503,607	492,000	448,608	544,840	544,438	478,723
Property, plant and equipment (Note 2)		478,171	473,359	461,705	456,730	473,652	469,367
Intangible assets		0	0	0	0	0	0
Other assets (Note 2)		252,580	271,116	285,271	310,807	292,930	294,378
Total assets		1,234,358	1,236,475	1,195,584	1,312,377	1,311,020	1,242,468
Current Liabilities	Before Distribution	247,629	200,925	135,649	247,977	265,875	203,276
	After Distribution	247,629	200,925	135,649	247,977	265,875	(Note 3)
Non-current liabilities		14,352	19,171	18,066	17,510	17,237	16,887
Total Liabilities	Before Distribution	261,981	220,096	153,715	265,487	283,112	220,163
	After Distribution	261,981	220,096	153,715	265,487	283,112	(Note 3)
Equity attributable to owners of the Company		972,377	1,016,379	1,041,869	1,046,890	1,027,908	1,022,305
Common stock		806,945	806,945	806,945	806,945	806,945	806,945
Capital surplus		18,038	18,038	18,038	18,038	18,038	18,038
Retained Earnings	Before Distribution	122,252	143,599	147,606	138,188	109,970	103,866
	After Distribution	122,252	143,599	147,606	138,188	109,970	(Note 3)
Other equity		25,142	47,797	69,280	83,719	92,955	93,456
Treasury stock		0	0	0	0	0	
Non-controlling interests		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Stockholders' Equity	Before Distribution	972,377	1,016,379	1,041,869	1,046,890	1,027,908	1,022,305
	After Distribution	972,377	1,016,379	1,041,869	1,046,890	1,027,908	1,022,305

* If the Company prepares parent company only financial statements, it should also prepare concise balance sheets and income statements for the most recent five years.

Note 1: No asset revaluations were conducted for the years 2018-2022.

Note 2: The financial information for the years 2018-2022 and Q1 of 2023 have been audited by the accountants.

Note 3: The loss in 2022 will be offset according to the resolution of the shareholders' meeting in 2023.

Note 4: The financial information is subject to correction or revision without notification from the regulatory authorities.

6.1.2 Concise Statement of Comprehensive income in the most recent five Years

Unit: NT\$ thousand

Item \ Year(Note 1)	Most recent 5-Year Financial Information (Note 1)					As of March 31, 2023
	2018 (Note 2)	2019 (Note 2)	2020 (Note 2)	2021 (Note 2)	2022 (Note 2)	
	Individual	Individual	Individual	Individual	Individual	Individual
Operating revenue	816,819	832,001	757,773	844,784	810,803	147,549
Gross profit	94,426	76,789	101,553	85,928	51,560	7,470
Operating income	11,387	-6,821	21,216	14,337	15,077	-7,521
Non-operating income and expenses	4,029	43,412	4,637	3,933	-29,567	-84
Profit before tax	15,416	36,591	25,853	18,270	-14,490	-7,605
Net income for continuing operations	11,933	36,444	19,810	14,725	-12,698	-6,104
Income from discontinued operations, net of income tax effect	0	0	0	0	0	0
Net income	11,933	36,444	19,810	14,725	-12,698	-6,104
Other comprehensive income for the year, net of tax	7,512	23,697	21,819	14,504	9,855	502
Total comprehensive income for the year	19,445	60,141	41,629	29,229	-2,843	-5,602
Profit attributable to owners of the Company	11,933	36,444	19,810	14,725	-12,698	-6,104
Profit attributable to noncontrolling interests	0	0	0	0	0	0
Total comprehensive income attributable to owners of the Company	19,445	60,141	41,629	29,229	-2,843	-5,602
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	0
EPS	0.15	0.45	0.25	0.18	-0.16	-0.08

* If the Company prepares parent company only financial statements, it should also prepare concise balance sheets and income statements for the most recent five years.

Note 1: The financial information for the years 2018-2022 and Q1 of 2023 have been audited by the accountants.

Note 2: Losses from discontinued operations are presented net of income tax.

Note 3: The financial information is subject to correction or revision without notification from the regulatory authorities.

6.3 CPAs and Their Opinions for Most Recent 5-Year

Year	Name of CPA	Auditor's Opinion
2018	Ting, Tse-Hsiang & Tsai, Yu-Chin	Unqualified opinion
2019	Ting, Tse-Hsiang & Tsai, Yu-Chin	Unqualified opinion
2020	Ting, Tse-Hsiang & Tsai, Yu-Chin	Unqualified opinion
2021	Ting, Tse-Hsiang & Tsai, Yu-Chin	Unqualified opinion
2022	Tsai, Yu-Chin & Chang, Tai-Yuan	Unqualified opinion

6.4 Most Recent 5-Year Financial Analysis

<div> <div>Year</div> <div>Item</div> </div>		Most recent 5-Year Financial Information (Note 1)					As of March 31, 2023
		2018(Note 1)	2019(Note 1)	2020(Note 1)	2021(Note 1)	2022(Note 1)	
		Individual	Individual	Individual	Individual	Individual	Individual
Financial structure (%)	Debt to assets ratio	21.22	17.80	12.86	20.23	21.59	17.72
	Long-term capital to property, plant and equipment	203.35	214.72	225.66	229.21	217.02	217.67
Solvency (%)	Current ratio	203.37	244.87	330.71	219.71	204.77	235.50
	Quick Ratio	95.23	145.54	185.63	117.62	104.48	110.62
	Times Interest Earned	6.75	15.23	21.42	12.33	-2.96	-7.35
Operating performance	Accounts receivable turnover (times)	4.16	4.39	3.96	4.02	3.78	2.89
	Average collection days	87.78	83.23	92.22	90.91	96.52	126.16
	Inventory turnover (times)	3.19	3.27	3.37	3.49	3.03	2.35
	Account payable turnover (times)	51.90	52.86	49.83	50.74	62.33	36.61
	Average Inventory Turnover Days	114.30	111.68	108.32	104.47	120.28	155.64
	Property, Plant and Equipment Turnover (times)	1.71	1.76	1.64	1.85	1.71	0.31
	Total assets turnover (times)	0.66	0.67	0.63	0.64	0.62	0.12
profitability	Return on total assets (%)	1.18	3.12	1.71	1.28	-0.74	-0.42
	Return on equity (%)	1.24	3.67	1.92	1.41	-1.22	-0.59
	Pre-tax Income to Paid-in Capital (%)	1.91	4.53	3.20	2.26	-1.80	-0.94
	Net margin (%)	1.46	4.38	2.61	1.74	-1.57	-4.14
	EPS(NT\$)	0.15	0.45	0.25	0.18	-0.16	-0.08
Cash flow	Cash flow ratio (%)	-9.13	37.35	39.41	-26.44	4.79	18.60
	Cash flow adequacy ratio (%)	0.00	319.63	321.56	105.49	19.86	-102.11
	Cash reinvestment ratio (%)	-2.72	4.09	2.52	-6.00	-0.23	2.59
Leverage	Operating leverage	11.67	-18.36	6.88	11.79	-9.65	-1.92
	Financial leverage	1.31	0.73	1.06	1.13	0.80	0.94

1.The negative interest coverage ratio is due to a loss in 2022.

2.The increase in days sales is due to a decrease in the proportion of export receivables and an increase in the number of invoiced customers.

3.The decrease in profitability ratio is due to the inability to fully pass on the raw material costs in 2022, resulting in reduced profits.

Note 1: The financial information for the years 2018 to 2022 and the first quarter of 2023 have been audited by the CPAs.

Note: The calculation formulas for the financial analysis table are as follows:

1. Financial structure

- (1) Debt to assets ratio = Total liabilities / total assets
- (2) Long-term capital to property, plant and equipment = (Net equity + non-current liabilities) / net property, plant and equipment

2. Solvency

- (1) Current ratio = Current Assets / Current liability
- (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / current liabilities
- (3) Times interest earned = Earnings before Interest and Taxes / interest expenses

3. Operating performance

- (1) Account receivable (including account receivable and notes receivable from business activities) turnover = Net sales / Average account receivable balance (including account receivable and notes receivable from business activities)
- (2) Average collection days = 365 / account receivable turnover
- (3) Inventory turnover = Cost of goods sold / average inventory
- (4) Account payable (including account payable and notes payable from business activities) turnover = Cost of goods sold / average account payable balance (including account payable and notes payable from business activities)
- (5) Average Inventory turnover days = 365 / average inventory turnover
- (6) Property, Plant and Equipment Turnover = Net sales / average net property, plant and equipment.
- (7) Total assets turnover = Net sales / average total assets

4. Profitability

- (1) Return on total assets = [Net income + Interest expense \times (1 - effective tax rate)] / average total assets
- (2) Return on Equity = Net income after tax / average total equity
- (3) Net margin = Net income after tax / net sales
- (4) EPS = (Net income attributable to shareholders of the parent - preferred stock dividends) / weighted average number of shares outstanding (Note 4)

5. Cash Flow

- (1) Cash flow ratio = Cash flow from operating activities / Current liabilities
- (2) Net Cash flow adequacy ratio = Five-year sum of cash from operating activities / Five-year sum of capital expenditures, inventory additions, and cash dividend
- (3) Cash investment ratio = (Cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investment + other non-current assets + working capital) (Note 5)

6. Leverage

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

Chia Ta World Limited Corporation

Audit Committee's Review of the 2022 Financial Statements

The Board of Directors has prepared the Company's 2022 Annual Business Report, Financial Statements and Statement of Earnings Distribution, of which the financial statements have been audited by the Company's auditors, NAN TAI UNION & CO., and has issued a report thereon; the above-mentioned Business Report, Financial Statements and Statement of Earnings Distribution have been examined by the Audit Committee and found to be in order, and the Committee hereby submits its report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Chia Ta World Limited Corporation



Chairman of Audit Committee: YANG, BI-CUN

March, 7, 2022

Independent Auditors' Report

To Chia Ta World Co., Ltd. :

Opinion

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

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

Basic for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Assessment of Inventories

Explanation

As of December 31, 2022, inventories of the Company amounted to NT\$259,779 thousand (net of loss for market price decline and obsolete and slow-moving inventories NT\$7,830). Please refer to Notes 4 and 6-3.

The management recognizes the loss for obsolete inventories according to inventory age, obsolete, and quality condition, and assesses the net realizable value of normal products, and recognizes the loss for market price decline inventories by the lower of cost and net realizable value.

Audit Procedures in Response

The main audit procedures performed in respect of the above-mentioned key audit matter are as follows:

1. We conducted detailed test to the inventory account, to verify the material cost, manual input and administrative expenses have been reasonably allocated to adequate inventory items.
2. We compared the recent purchase and sales price with the book value of ending inventory on a sample basis, to ensure the inventories are assessed by the lower of cost and net realizable value.
3. We compared the inventory quantities recorded in ending inventory account with physical inventory list, to verify the existence and completeness of inventory, supervised the stocktaking at the site of counting, and obtained an understanding of the inventory condition, to assess the appropriateness of the allowance for inventory valuation losses to obsolete and damaged inventories.

Impairment of Property, Plant and Equipment

Explanation

As of December 31, 2022, property, plant and equipment of the Company amounted to NT\$473,652 thousand, which accounts for 36% of total assets. The Company assesses whether there's impairment indicator of property, plant and equipment on regular basis, based on IAS 36 "Impairment of Assets." The recoverable amount of the cash-generating unit of the assets mentioned involved many assumptions and estimations, and the method of estimation directly affects the recognition of the related amount; therefore, this is one of the key audit matters.

Audit Procedures in Response

The main audit procedures performed in respect of the above-mentioned key audit matter are as follows:

1. We obtained an understanding of the assessment method of impairment of assets and the related condition of execution.
2. We assessed the rationality of management's identification of impairment indicators and the appropriateness of the assumptions, including the identification of cash-generating units, cash flow projections, discount rate, etc.

Impairment of Investment Property

Explanation

As of December 31, 2022, property, investment property of the Company amounted to NT\$164,602 thousand, which accounts for 13% of total assets. The Company assesses whether there's impairment indicator of investment property by external experts' report. The external experts' estimation to the valuation of assets depends on the choice of valuation method, reference source, etc., and the estimation results affect the recognition of related amount; therefore, this is one of the key audit matters.

Audit Procedures in Response

The main audit procedures performed in respect of the above-mentioned key audit matter are as follows:

1. We assessed the independence, objectivity, and competency of external experts.
2. We check the consistency between the schedule of property and the related materials for evaluation provided by the management to the external experts.
3. We assessed the rationality of the property valuation method that the external experts used.
4. We check the accuracy of the publicly available information quoted by the external experts.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, we are required to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

NAN TAI UNION & CO.

CPA : Tsai, Yu-chin

CPA : Chang, Tai-yuan

Reference Number of the : (84)No. Taiwan-Finance-Securities-VI-24317
FSC Approval letter : No. Financial-Supervisory-Securities-Auditing-1010056303

March 7, 2023

Balance Sheets
December 31, 2022 and 2021

(See accompanying notes and Independent Auditors' Report issued by Nan Tai Union & Co. on March 7, 2023)

Accounting Officer : Wang, Chiu-yue

Chia Ta World Co., Ltd.
Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021

Expressed in Thousands of New Taiwan Dollars

Code	Items	2022		2021	
		Amount	%	Amount	%
4000	Operating revenue				
4110	Total sales revenue	\$812,550	100	\$848,983	100
4170	net : Sales returns	(1,692)	-	(3,848)	-
4190	Sales discounts and allowances	(119)	-	(351)	-
4100	Sales revenue, net	810,739	100	844,784	100
4660	Conversion revenue	64	-	-	-
	Operating revenue, net (Note 4, 6-16)	810,803	100	844,784	100
5000	Operating costs (Note 6-23)	(759,243)	(94)	(758,856)	(90)
5900	Net gross profit	51,560	6	85,928	10
6000	Operating expenses (Note 4, 6-23)				
6100	Selling expenses	(18,463)	(2)	(20,587)	(2)
6200	Administrative expenses	(48,174)	(6)	(51,004)	(6)
	Total operating expenses	(66,637)	(8)	(71,591)	(8)
6900	Net operating income	(15,077)	(2)	14,337	2
	Non-operating income and expenses				
7100	Interest income(Note 6-17)	132	-	53	-
7010	Other income(Note 6-18)	7,564	1	7,314	1
7020	Other gains and losses, net(Note 6-19)	(3,160)	-	(829)	-
7050	Finance cost(Note 6-20)	(3,663)	-	(1,696)	-
7060	Share of profit or loss of associates accounted for using equity method(Note 4, 6-6)	(286)	-	(909)	-
7000	Total non-operating income and expenses	587	1	3,933	1
7900	Profit before tax	(14,490)	(1)	18,270	3
7950	Less: Income tax expenses(Note 4, 6-21)	1,792	-	(3,545)	-
8200	Profit	(12,698)	(1)	14,725	3
	Other comprehensive income				
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8316	Fair Value Through Other Comprehensive Income-Equity Instrument				
	Unrealised gains (losses) from investments (Note 6-5)	9,236	1	14,439	2
8311	Remeasurements of the defined benefit plan(Note 6-14)	774	-	82	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6-21)	(155)	-	(17)	-
8300	Other comprehensive income (loss), net of tax	9,855	1	14,504	2
8500	Total comprehensive income	\$(2,843)	-	\$29,229	5
Earnings per share (NT dollars) (Note 4, 6-22)					
9750	Basic earnings per share	\$(0.16)		\$0.18	
9850	Diluted earnings per share	\$(0.16)		\$0.18	

(See accompanying notes and Independent Auditors' Report issued by Nan Tai Union & Co. on March 7, 2023)

Chairman : Wu, Da-Ho

General Manager : Chen, Jeng Ping

Accounting Officer : Wang, Chiu-yue

Chia Ta World Co., Ltd.

Statements of Changes in Equity

For the Years Ended December 31, 2022 and 2021

Expressed in Thousands of New Taiwan Dollars

Items	Share capital	Capital surplus		Retained earnings			Other equity interests	Total
		Additional paid-in capital	Donated assets received	Appropriated as legal capital reserve	Appropriated as special capital reserve	Unappropriated earnings	Unrealized gain or losses on FVTOCI financial assets	
Balance at January 1, 2021	\$806,945	\$17,629	\$409	\$93,043	\$12,003	\$42,560	\$69,280	\$1,041,869
Appropriation and distribution of retained earnings of 2020								
Legal reserve	-	-	-	1,981	-	(1,981)	-	-
Cash dividends	-	-	-	-	-	(24,208)	-	(24,208)
Profit	-	-	-	-	-	14,725	-	14,725
Other comprehensive income	-	-	-	-	-	65	14,439	14,504
Balance at December 31, 2021	<u>\$806,945</u>	<u>\$17,629</u>	<u>\$409</u>	<u>\$95,024</u>	<u>\$12,003</u>	<u>\$31,161</u>	<u>\$83,719</u>	<u>\$1,046,890</u>
Balance at January 1, 2022	\$806,945	\$17,629	\$409	\$95,024	\$12,003	\$31,161	\$83,719	\$1,046,890
Appropriation and distribution of retained earnings of 2021								
Legal reserve	-	-	-	1,473	-	(1,473)	-	-
Cash dividends	-	-	-	-	-	(16,139)	-	(16,139)
Profit	-	-	-	-	-	(12,698)	-	(12,698)
Other comprehensive income	-	-	-	-	-	619	9,236	9,855
Balance at December 31, 2022	<u>\$806,945</u>	<u>\$17,629</u>	<u>\$409</u>	<u>\$96,497</u>	<u>\$12,003</u>	<u>\$1,470</u>	<u>\$92,955</u>	<u>\$1,027,908</u>

(See accompanying notes and Independent Auditors' Report issued by Nan Tai Union & Co. on March 7, 2023)

Chairman : Wu, Da-Ho

General Manager : Chen, Jeng Ping

Accounting Officer : Wang, Chiu-yue

Chia Ta World Co., Ltd.

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

Expressed in Thousands of New Taiwan Dollars

Items	2,022	2,021
Cash flows from operating activities :		
Profit before tax	\$(14,490)	\$18,270
Adjustments to reconcile profit (loss) :		
Income charges (credits) not affecting cash		
Depreciation expense	20,277	19,265
Interest expense	3,663	1,696
Interest revenue	(132)	(53)
Dividend revenue	(1,730)	(1,453)
Share of Loss (Profit) of Joint Ventures Accounted for Using Equit	286	909
Loss (Gain) from disposal of property, plant and equipment	-	(463)
Loss (Gain) from reversal of non-financial assets' impairment	(96)	(6)
Unrealized foreign exchange loss (gain)	(540)	297
Changes in operating assets and liabilities		
Notes receivable	(11,404)	(3,171)
Accounts receivable	50,064	(43,389)
Other receivables	-	781
Inventories	(19,156)	(46,842)
Prepayments	5,666	(9,533)
Other current assets	(52)	2,361
Accrued pension assets, net	221	289
Notes payable	(4,981)	1,807
Accounts payable	(3,591)	1,217
Other payables	(5,600)	(689)
Other current liabilities	28	(206)
Cash inflow (outflow) generated from operations	18,433	(58,913)
Interest received	132	53
Dividend received	1,730	1,453
Interest paid	(3,673)	(1,607)
Income tax paid	(3,880)	(6,543)
Net cash provided by operating activities	12,742	(65,557)
Cash flows from investing activities :		
Acquisition of property, plant and equipment	(42,716)	(9,052)
Proceeds from disposal of property, plant and equipment	-	531
Decrease (Increase) in refundable deposits	-	5,176
Decrease (Increase) in prepayments for equipment	29,042	(18,110)
Net cash flows used in investing activities	(13,674)	(21,455)
Cash flows from financing activities :		
Increase (Decrease) in short-term borrowings	74,523	85,477
Increase in short-term notes payable	655,000	215,000
Decrease in short-term notes payable	(690,000)	(190,000)
Repayment of the principle portion of lease liabilities	(526)	(1,129)
Cash dividends paid	(16,139)	(24,208)
Net cash flows provided by (used in) from financing activities	22,858	85,140
Effect of movements in exchange on cash and cash equivalents	599	(476)
Net increase (decrease) in cash and cash equivalents	22,525	(2,348)
Cash and cash equivalents at beginning of period	57,646	59,994
Cash and cash equivalents at end of period	\$80,171	\$57,646

(See accompanying notes and Independent Auditors' Report issued by Nan Tai Union & Co. on March 7, 2023)

Chairman : Wu, Da-Ho

General Manager : Chen, Jeng Ping

Accounting Officer : Wang, Chiu-yue

Chia Ta World Co., Ltd.
Notes to the Financial Statements
For the Years Ended December 31, 2022 and 2021
(Except as indicated, expressed in New Taiwan Dollar)

(1) Company history :

1. Chia Ta World Co., Ltd. (the “Company”) was legally established with the approval of the Ministry of Economic Affairs (R.O.C.) on April 23, 1973, with registered address at No. 16, Lane 317, Chung Cheng N. Rd., YongKang Dist, Tainan City, Taiwan. R.O.C. The Company is principally engaged in the manufacture, processing and distribution of steel products including steel wires, galvanized steel wires, galvanized iron wires, pre-stressed concrete (PC) steel wire, pre-stressed concrete (PC) steel wire strands, pre-stressed concrete (PC) deformed steel bars, steel wire strands, steel ropes, steel cables, springs, steel & iron wires, as well as machinery hardware parts.
2. The Company has changed the company name to Chia Ta World Co., Ltd. by the resolution of special shareholders’ meeting in October, 1999, with the approval of competent authority.
3. The Company has formally been approved to be listed on the Taipei Exchange since May, 1997, and changed to be listed on the Taiwan stock exchange market since September, 2000.

(2) Approval date and procedures of the financial statements

These financial statements were authorized for issue by the Board of Directors on March 7, 2023.

(3) New standards, amendments and interpretations adopted

1. The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted. The following summarizes new and amended standards and interpretations, which have been issued by the International Accounting Standards Board (“IASB”), effective for annual period beginning on January 1, 2022:

New, Revised, or Amended Standards or Interpretations	Effective date per IASB
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
The company assessed that the new amendments would not have a significant impact on its financial position and financial performance.	

2. The impact of IFRS issued by the FSC but not yet effective.

The following summarizes new and amended standards and interpretations, which have been issued by the International Accounting Standards Board (“IASB”), effective for annual period beginning on January 1, 2023: :

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

New, Revised, or Amended Standards or Interpretations	Effective date per IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023
The company assessed that the new amendments would not have a significant impact on its financial position and financial performance.	
3. The impact of IFRS issued by IASB but not yet endorsed by the FSC	
The following new and amended standards and interpretations, which may be relevant to the Group, have been issued by the International Accounting Standards Board (“IASB”), but have yet to be endorsed by the FSC :	
New, Revised, or Amended Standards or Interpretations	Effective date per IASB
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 “Lease Liability in Sale and Leaseback”	January 1, 2024
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants	January 1, 2024
The company assessed that the new amendments would not have a significant impact on its financial position and financial performance.	

(4) Summary of significant accounting policies

1. Statement of compliance

The accompanying financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

2. Basis of Preparation

The accompanying financial statements have been prepared on the historical cost basis except for the items below.

- (a) Financial assets and liabilities measure at fair value through profit or loss (including derivatives)
- (b) Financial assets and liabilities measure at fair value through other comprehensive income
- (c) Net defined benefit assets recognized by pension plan assets net of present value of defined benefit obligation

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

3.Foreign Currencies Transactions

The financial statements are expressed in the entity's functional currency. Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rate 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. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currencies are retranslated at the rates at the dates of the transactions.

Except the list below, the exchange differences are recognized in profit or loss in the year in which they arise.

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 "Financial Instruments: Recognition and Measurement" are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that is part of a reporting entity's net investment in a foreign operation are recognized initially in other comprehensive income and reclassified from equity to profit or loss upon disposal of such investment.

When the profit or loss arising from exchange differences arising on the non-monetary items are recognize in other comprehensive income, the exchange differences arising on the retranslation of such profit or loss are also recognized in other comprehensive income. When the profit or loss arising from exchange differences arising on the non-monetary items are recognize in the profit or loss for the year, the exchange differences arising on the retranslation of such profit or loss are also recognized in the profit or loss.

4.Classification of Non-current and Current Assets and Liabilities :

An asset is classified as current under the conditions below. For those that are not current are classified as non-current.

- (1) The company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (2) The Company holds the asset primarily for the purpose of trading;
- (3) The Company expects to realize the asset within twelve months after reporting period; or
- (4) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under the conditions below. For those that are not current are classified as non-current.

- (a) The Company expects to settle the liability in normal operating cycle;
- (b) The Company holds the liability primarily for the purpose of trading;
- (c) The liability is due to be settled within twelve months after the reporting period; or
- (d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. 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.

5.Cash and Cash Equivalents

Cash and cash equivalents are cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and with maturity dates that do not present significant risks of changes in value. If time deposits conform the conditions as mentioned above, and the Company holds them for the purpose of short-term cash commitment in operation, they are classified as cash equivalents.

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

6. Financial Instruments

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

Financial assets and liabilities in the scope of IFRS 9 “Financial Instruments: Recognition and Measurement” are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets and liabilities, as appropriate, on initial recognition.

(a) Recognition and Measurement of Financial Assets

A regular way purchase or sale of financial assets are recognized and derecognized, as applicable, using trade date accounting.

When the Company first recognizes a financial asset, it classifies it based on the Company’s business model for managing the asset and the asset’s contractual cash flow characteristics, as follows:

① Financial Assets at Fair value Through Profit or Loss

A. Financial assets that are not measured at amortized cost or fair value through other comprehensive income. For financial assets at amortized cost or financial assets at fair value through other comprehensive income, the company may, at initial recognition, designate financial assets as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

B. The Company initially recognizes financial assets at fair value, and the transaction costs are recognized as profit or loss. The profit or loss of such financial assets are recognized as profit or loss subsequently.

C. Dividends are recognized in profit or loss as dividend revenue when the Company’s right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

② Financial Assets at Fair value Through Other Comprehensive Income

A. The Company may make an irrevocable election at initial recognition for particular investments in equity instruments to present subsequent changes in fair value in other comprehensive income.

B. The Company initially recognizes financial assets at fair value plus transaction costs, and measure at fair value subsequently. The changes in fair value of equity instruments are recognized in other comprehensive income. At derecognition, the profit or loss recognized in other comprehensive income shall not be reclassified to profit or loss, instead, to retained earnings.

C. Dividends are recognized in profit or loss as dividend revenue when the Company’s right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

③ Financial Assets at Amortized Cost

A financial asset is measured at amortized cost if both of the following conditions are met, and recognized as notes receivable, accounts receivable, financial assets at amortized cost, and other receivables on the balance sheets :

A. The business model for managing the asset : the objective is to hold assets in order to collect contractual cash flows ; and

B. The asset’s contractual cash flow characteristics : the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

The amount at which the financial assets (not including those involved hedge relationships) is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance. At derecognition, amortization or recognition of impairment profit or loss, the profit or loss is recognized in profit or loss.

Interest revenue shall be calculated by using the effective interest method. This shall be calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for :

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)

(Except as indicated, expressed in New Taiwan Dollar)

A. Purchased or originated credit-impaired financial assets. For those financial assets, the Company shall apply the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

B. Financial assets that are not purchased or originated credit-impaired financial assets. For those financial assets, the Company shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

(b) Financial Liabilities and Equity Instruments

① Financial Liabilities

Financial liabilities in the scope of IFRS 9 “Financial Instruments: Recognition and Measurement” are initially recognized as financial liabilities at fair value through profit or loss or financial liabilities at amortized cost

② Financial Liabilities at Fair value Through Profit or Loss

The remeasurement profit or loss of financial liabilities at fair value through profit or loss, including financial liabilities held for trading, etc., is recognized in profit or loss. The profit or loss includes any interest paid for the financial liabilities.

For such financial liabilities, if there's no quoted price in an active market and they cannot be measure at fair value, they shall be measured at cost at the end of reporting period, and recognized as financial liabilities at cost on the balance sheets.

③ Financial Liabilities at Amortized Cost

The financial liabilities at amortized cost initially include payables, loans, etc., are measured by effective interest rate method subsequently. When derecognizing or amortizing the financial liabilities by effective interest rate method, the related profit or loss and amortized amount are recognized in profit or loss.

The calculation of the cost after amortized shall consider the discount or premium, and transaction cost at acquisition.

(c) Impairment of Financial Assets

At each reporting date, the Company shall assess whether the credit risk on financial assets at fair value through other comprehensive income and accounts receivable or contract assets, containing significant financing component, have increased significantly since initial recognition. The Company shall consider all the reasonable and provable information, including foreseeing information. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company shall measure the loss allowance for that instrument at an amount equal to 12-month expected credit losses. If the credit risk on a financial instrument has increased significantly since initial recognition, the Company shall measure the loss allowance for that instrument at an amount equal to lifetime expected credit losses. For those accounts receivable or contract assets do not contain significant financing component, the Company shall measure the loss allowance for that instrument at an amount equal to lifetime expected credit losses.

(d) Derecognition of Financial Assets and Financial Liabilities

① Derecognition of financial assets

The Company shall derecognize the financial assets when :

A. The contractual rights to the cash flows from the financial assets expire, or

B. The Company transfers the financial assets and substantially all the risks and rewards of ownership of the financial assets to others, or

C. The Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial assets, but does not retain control of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the accumulative profit or loss arising from consideration received or receivable recognized in other comprehensive income shall be recognized in profit or loss.

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)

(Except as indicated, expressed in New Taiwan Dollar)

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, on the basis of the relative fair values of those parts on the date of the transfer. For this purpose, a retained servicing asset shall be treated as a part that continues to be recognized. The difference between the carrying amount allocated to the part derecognized and the accumulative profit or loss recognized in other comprehensive income arising from consideration received for the part derecognized shall be recognized in profit or loss. The company allocated the accumulative profit or loss recognized in other comprehensive income between the part that continues to be recognized and the part that is derecognized, on the basis of the relative fair value.

②Derecognition of financial liabilities

The Company shall remove a financial liability from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

An exchange between the Company and the lender of debt instruments with substantially different terms or a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss.

(e)Offset of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset only when the Group has a current and legally enforceable right to set-off the recognized amounts and when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(f) Fair Value of Financial Instruments

If there is a quoted price in an active market, the Company uses that price on the reporting date without adjustment when measuring fair value of financial instruments.

For those financial instruments without an active market, the fair value is determined by appropriate valuation techniques, including reference to most recent market prices used by knowledgeable and willingness parties, reference to current fair value of other financial instrument with similar nature, discounted cash flow method or other valuation models.

7. Derivatives Financial Instruments

The Company holds derivative financial instruments for the purpose of hedging for the exposure of the exchange rate risk of foreign currencies. Derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into, and the transaction costs are recognized in profit or loss, and are subsequently remeasured to their fair value. The profit or loss arising from the remeasurement is directly recognized in profit or loss, and presented as other gains and losses under non-operating income and expenses. Derivative financial instruments with positive fair value are presented as financial assets; those with negative fair value are presented as financial liabilities.

8. Inventories

Inventories are initially stated at actual cost, and the calculation of cost is by weighted-average cost. In the end of the reporting period, the inventories are measured by the lower of cost and net realizable value. Inventories are valued at the lower of cost and net realizable value item by item, except for those in the same categories. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. Unallocated manufacturing overhead, abnormal production cost and inventory falling price loss (or gain from price recovery) are included in the operating costs.

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

9. Disposal Groups Held for Sale

Non-current assets or disposal groups held for sale must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable to be completed within one year. The Company shall measure non-current asset or disposal group classified as held for sale at the lower of its carrying amount and fair value less costs to sell.

If property, plants, equipments, and intangible assets are once classified as held for sale, the depreciation and amortization on such assets cease.

10. Investments Accounted for Equity Method/Associates

An associate is an entity over which the Company has significant influence, and that is neither a subsidiary or a joint venture.

The Company uses equity method to recognize the investment in associates. Under the equity method, an investment in an associate is initially recognized in the statement of financial position at cost and adjusted thereafter to recognized the Company's share of profit or loss and other comprehensive income of the associate as well as the distribution received. The Company also recognizes its share in the changes in the equity of associates.

When the Company subscribes to additional shares in 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 net assets of the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus, using the same basis as the Company disposes related assets or liabilities. If the amount of capital surplus is not enough to be credited, the difference shall be credited to retain earnings.

If the Company's share of losses of an associate equals or exceeds its interest in the associate, the Company discontinues recognizing its share of further losses. The interest in an associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Company's net investment in the associate. After the Company's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

When assessing impairment, the entire carrying amount of the investment is tested for impairment as a single asset, by comparing its recoverable amount with its carrying amount. An impairment loss recognized forms part of the carrying amount of the net investment in the associate. Accordingly, any reversal of that impairment loss is recognized to the extent that the recoverable amount of the net investment subsequently increases.

If the Company loses significant influence over an associate, it derecognizes that associate and recognizes in profit or loss the difference between the sum of the proceeds received and any retained interest, and the carrying amount of the investment in the associate at the date significant influence is lost. Additionally, the amount in the other comprehensive income related to the associate shall use the same basis as the Company disposes related assets or liabilities

11. Property, Plant and Equipment

(a) Property, plant and equipment are initially recognized by acquisition cost, and subsequently measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the disassembly, removal, and recovery of the item of property, plant and equipment or borrowing costs eligible for capitalization. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The carrying value of the replaced items shall be derecognized based on IAS 16 "Property, Plant, and Equipment." When each major inspection is performed, its cost is recognized in the carrying amount of the item of property, plant, and equipment as a replacement if the recognition criteria are satisfied. Other fix and maintenance cost are recognized in profit or loss.

(b) Straight-line method is used to allocate the depreciable amount of an asset over its useful life as follows :

Items	Useful Life
Buildings	1~40years
Equipment	1~21years

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

Transportation equipment	3~8years
Facilities	9years
Other equipment	1~14years

- (c)The carrying amount of an item of property, plant and equipment or any significant component shall be derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition shall be included in profit or loss when the item is derecognized.
- (d)The residual value and the useful life of an item of property, plant, and equipment shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes shall be accounted for as a change in an accounting estimate.

12. Investment Property

An investment property is measured initially at cost, and subsequently measured by cost model. Except for land, other investment properties shall be depreciated by straight-line method over their useful life of 20 years.

13. Lease of Lessee-Right-of-use Asset/Lease Liabilities

- (a)At the commencement date, the Company shall recognize a right-of-use asset and a lease liability. If the lease contract is a short-term lease or the underlying assets of the lease if of low value, the Company shall recognize the lease payments associated with those leases as an expense on a straight-line basis over the lease term.
- (b)At the commencement date, the Company shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the Company's incremental borrowing rate. The lease payments are fixed payments, less any lease incentives receivable. The Company shall amortize the lease liabilities by effective interest rate method, and recognize interest expense over the lease term. If there's change in lease term or lease payments, not due to contract revision, the Company shall remeasure the lease liability and recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.
- (c)At the commencement date, the Company shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise :
- A.the amount of the initial measurement of the lease liability ;
 - B.any lease payments made at or before the commencement date, less any lease incentives received ;
 - C.any initial direct costs incurred by the Company ; and
 - D.an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the Company shall measure the right-of-use asset by cost model. The Company shall depreciate the right-of-use asset over the shorter of the useful life or the lease term. If the Company remeasures the lease liability, the Company shall recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

14. Impairment of Non-financial Assets

The Company shall assess at the end of each reporting period whether there is any indication that an asset, which applies IAS 36 “Impairment of Assets,” may be impaired. If any indication is present, the Company is required to conduct impairment test to the asset each year on regular basis. The Company conducts the test by the cash-generating unit to which the individual asset or assets belongs. Base on the impairment test, if the recoverable amount of a cash-generating unit is less than its carrying amount, impairment loss shall be recognized. Recoverable amount is the higher of the cash-generating unit’s net fair value and its value in use.

The Company shall assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Company shall estimate the recoverable amount of that asset. If the recoverable amount increases for the increase in the estimated service potential of an asset, the impairment loss shall be reversed. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. The impairment loss and reversals of continuing operations shall be recognized in profit or loss.

15. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognized as an expense. Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds.

16. Notes and Accounts Payables

Notes and accounts payables are liabilities to pay for goods or services that have been received from the supplier in operations. Notes and accounts payables shall be initially measured at fair value, and subsequently measured at amortized cost by effective interest method. For short-term accounts payables without interest, the discount effect is not significant, they are subsequently measured at the amount that have been initially invoiced.

17. Recognition of Revenues

(a) Sale of Goods

A. The Company manufactures and sells steel wire, and steel cable, and related products. The Company shall recognized revenue when the customer obtains control of that asset. It’s the time when goods are transferred to a customer, and the customer has the discretion to direct the distribution and price of goods, and there’s no remaining obligation that could affect the acceptance of the goods. When goods are delivered to designated place, the risk of obsolescence and lost is transferred to the customer, and the customer has accepted the goods according to sales contract, or there’s objective evidence to approve that the standards of acceptance have been fulfilled, the goods are formally transferred to the customer.

B. Sales revenue shall be recognized by contract price less estimated sales allowance. The revenue shall be recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur, and the Company shall update the estimation on each balance sheets date. The payment terms of the sales are mainly 30-120 days from the date of transferring the control of goods. Those accounts receivables are usually short-term and not include significant financing components.

C. Accounts receivables shall be recognized at the time when the goods are transferred to the customer, because the Company has the unconditional right to receive the consideration. Only the passage of time is required before payment of that consideration is due.

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

(b)Related Services of Conversion

The Company offers related services of conversion. If the transaction result of providing the services can be reliably estimated, the Company shall recognize the revenue by percentage-of-completion method. The level of completion is estimated by the proportion of the services that have been provided to the total services that shall be provided. If the transaction result cannot be reliably estimated, the revenue shall be recognized to the extent that the recoverable costs that have incurred.

(c)Financing Component

The Company expects that the time between the good being transferred to customer to the customer making the payments would be no longer than one year; thus, the Company do not adjust the time value of money of the transaction price.

18.Retirement Benefit Plans

The pension plan of the Company is applicable to all the officially hired employees. The employee pension fund is deposited in special account of the pension fund, and managed by the Labor Pension Fund Supervisory Committee. Since the pension fund is deposited in the name of the Labor Pension Fund Supervisory Committee, and totally separated from the Company. The fund is not stated in the accompanying financial statements.

For defined contribution retirement benefit plans, payments to the benefit plan, which shall not be lower than the 6% of salaries or wages of the employees, are recognize as an expense when the employees have rendered service entitling them to the contribution.

For defined benefit plans, the defined benefit costs shall be recognized by using the Projected Unit Credit Method at the end of each reporting date based on actuaries' report. The remeasurements of the net defined benefit liability (asset) shall be recognized in other comprehensive income, and reflected in retained earnings immediately, comprising return on plan assets and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset), and actuarial gains and losses. The Company shall recognize past service cost as an expense at the earlier of the following dates:

(1) when the plan amendment or curtailment occurs ; and

(2) when the Company recognizes related restructuring costs or termination benefits.

The Company shall determine net interest on the net defined benefit liability (asset) by multiplying the net defined benefit liability (asset) by the discount rate, which shall be determined at the start of the annual reporting period, and take into account any changes in net defined benefit liability (asset) during the period resulting from contributions or benefit payments.

The benefit cost in the interim period shall be calculated from the beginning of the year to the year end, by adopting the benefit cost rate determined by actuary at the ending date of the previous year. And the Company shall adjust and disclose any significant market fluctuations, significant curtailments, settlement, or other significant one-time events.

19.Income Taxes

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

(a)Current Income Tax

Current income tax assets and liabilities for the current period and prior periods are measure using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity rather than profit or loss.

The additional income tax for unappropriated earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the shareholders' meeting.

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

(b)Deferred Income Tax

Deferred income tax is determined by the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside from profit or loss is not recognized in profit or loss but rather in other comprehensive income or directly in equity. Deferred tax assets shall be reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities may offset each other, only if a legally enforceable right exists to set off current income tax assets against current income tax liabilities, and the deferred taxes related to the same taxable entity and the same taxation authority.

20.Earnings per Share of Ordinary Shares

Basic earnings per share is computed by dividing net income by the weighted-average number of ordinary shares outstanding during the current reporting period. The weighted-average of shares outstanding is adjusted retrospectively for earnings and capital reserve being converted into share capital.

21.Segment Information

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). The operations results of operating segment are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. And the discrete financial information of operating segments is available.

(5) Major Sources of Uncertainty Arising from Significant Accounting Judgments, Estimates, and Assumptions

When preparing the Company's financial statements, the management has made judgments to determine the account policies adopted, and make accounting estimates and assumptions based on the reasonable exceptions for future events based on the condition at the balance sheets date. However, these estimates and assumptions could differ from the actual result; thus they could be assessed and adjusted by taking into account historical experiences and other factors. The estimates and assumptions could result in risks that require a material adjustment to the carrying amount of assets and liabilities in the next fiscal year. The uncertainty of significant accounting judgments, estimates and assumptions is as follows :

1.The Significant Judgments Adopted by the Accounting Policies Adopts

The Company assessed that there's no significant uncertainty of judgments of accounting policies.

2.Significant Accounting Estimation and Assumptions

(a) The Estimated Impairment of Financial Assets

The estimated impairment of accounts receivables are based on the assumptions of default rate and loss give default. The Company takes into account information, such as historical experiences and current market condition to make the assumptions and select the input of impairment estimation.

(b)Realization of Deferred Income Tax Assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires significant accounting judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits, can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

(c)Impairment of Inventories

The net realizable value of inventories is measured at the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The estimates are made based on current market condition and the historical selling experiences of similar products. The changes in the market situation may affect the estimated result.

(d)Impairment of Non-financial Assets

Impairment occurs when the recoverable amount of an asset or a cash-generating unit is less than its carrying amount. Recoverable amount is the higher of the cash-generating unit's fair value less costs of disposal and its value in use. The calculation of fair value less costs of disposal is based on the enforceable contractual price in an orderly transaction between market participants or the market price of an asset, less the incremental costs directly attributed from disposal of the asset. Value in use is calculated by discounted cash flow model. The estimates of cash flow is based on the forecast of the 5 years in the future, not including the restructure that the Company hasn't committed or future significant investment for enhancing the cash-generating unit's performance. The recoverable amount tends to be affected by the discount rate and the expected future cash inflow and growth rate for the purpose of extrapolation used in discounted cash flow model.

(e)Retirement Benefit Plans

The defined benefit cost and the present value of defined benefit obligation depend on the actuarial assessment. The actuarial assessment involves different assumptions, including the determination of discount rate, the increase of future salaries and wages, mortality, and the increase of future retirement benefit payments, etc.

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

(6) Explanation of Significant Accounts

1. Cash and Cash Equivalents

Items	December 31, 2022	December 31, 2021
Cash on hand and petty cash	\$110,000	\$110,000
Checkings and savings	80,061,319	57,536,297
Total	<u>\$80,171,319</u>	<u>\$57,646,297</u>

2. Notes and Accounts Receivables, Net

Items	December 31, 2022	December 31, 2021
Notes receivable	\$106,269,860	\$94,865,921
Less: allowance for doubtful accounts	-	-
Net	<u>\$106,269,860</u>	<u>\$94,865,921</u>

Items	December 31, 2022	December 31, 2021
Accounts receivable	\$90,424,486	\$140,292,966
Less: allowance for doubtful accounts	(1,513,995)	(1,513,995)
Net	<u>\$88,910,491</u>	<u>\$138,778,971</u>

(a) The average credit period to customers is about 90 days. Please refer to Note 12-1 for the information about allowance for doubtful accounts.

(b) As of December 31, 2022 and December 31, 2021, the notes and accounts receivable were not pledged as collateral.

(c) Please refer to Note 12-1 for the related credit risk.

3. Inventories

Items	December 31, 2022	December 31, 2021
Finished goods	\$80,668,900	\$65,550,367
Work in process	17,069,835	21,081,818
Raw Material	98,687,801	105,981,169
Material	23,223,360	21,937,092
Merchandise	47,959,747	23,722,202
Inventory in transit	-	7,637,082
	<u>267,609,643</u>	<u>245,909,730</u>
	(7,830,227)	(5,287,097)
Total	<u>\$259,779,416</u>	<u>\$240,622,633</u>

Less: Loss allowance for market price decline and obsolete and slow-moving inventories

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

The details of the composition of costs of goods sold in the years ended December 31, 2022 and December 31, 2021 are as follows :

Items	2022	2021
Inventory costs and conversion costs of goods sold	\$735,238,339	\$737,630,835
Expense and loss arising from idle capacity	22,342,200	22,197,078
Loss for market price decline and obsolete and slow-moving inventories (Gain from price recovery)	2,543,130	-
Loss (Gain) on physical inventory	526,752	396,597
Revenue from sale of tailings	(1,737,158)	(2,656,127)
Others	330,479	1,287,796
Total	<u>\$759,243,742</u>	<u>\$758,856,179</u>

4. Prepayments

Items	December 31, 2022	December 31, 2021
Prepayment for purchases	\$6,579,611	\$12,168,228
Prepaid expenses	203,818	212,738
Input tax	99,482	168,485
Total	<u>\$6,882,911</u>	<u>\$12,549,451</u>

5. Non-current Financial Assets Measured at Fair Value Through Other Comprehensive Income

Items	December 31, 2022	December 31, 2021
Non-current items:		
Stock of domestic listed companies	\$6,056,525	\$6,056,525
Stock of non-listed companies	13,840,000	13,840,000
Subtotal	19,896,525	19,896,525
Valuation adjustments	92,954,618	83,719,248
Net	<u>\$112,851,143</u>	<u>\$103,615,773</u>

(a) The changes in fair value recognized in comprehensive income amounted to NT\$9,235,370 and NT\$14,438,883 for the years ended December 31, 2022 and 2021, respectively.

(b) None of the non-current financial assets measured at fair value through other comprehensive income were pledged as collateral.

(c) Please refer to Note 12-1 for the related price risk information.

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

6. Investments Accounted for Using Equity Method

I t e m s	December 31, 2022		December 31, 2021	
	Amount	Percentage of ownership	Amount	Percentage of ownership
Associate:				
Shing Ecoblue Co., Ltd.	\$3,035,483	20%	\$3,321,015	20%

The investment above is not individually material to the Company. The summarized information is as follows :

	2022	2021
Share of profit (loss) of associates accounted for using equity method	\$(285,532)	\$(909,121)
Share of other comprehensive income of associates accounted for using equity method	\$-	\$-
Share of comprehensive income of associates accounted for using equity method	\$(285,532)	\$(909,121)

(a) There's no open price of the investment above.

(b) Share of profit or loss and other comprehensive income of associates accounted for using equity method is calculated based on the financial statements audited by CPA in the same period.

(c) None of the investments accounted for using equity method measured at fair value through other comprehensive income were pledged as collateral.

7. Property, Plant and Equipment

	Land	Buildings	Equipment	Transportation equipment	Miscellaneous equipment	Total
Cost						
Balance as of January 1, 2022	\$315,706,427	\$175,085,370	\$381,958,993	\$15,440,000	\$10,569,080	\$898,759,870
Additions	-	11,089,600	24,205,991	767,921	590,850	36,654,362
Disposals	-	(3,059,507)	(27,295,785)	-	(115,000)	(30,470,292)
Transfers	-	-	-	-	-	-
Balance as of December 31, 2022	\$315,706,427	\$183,115,463	\$378,869,199	\$16,207,921	\$11,044,930	\$904,943,940
Accumulated depreciation and impairment						
Balance as of January 1, 2022	\$-	\$104,262,342	\$322,480,638	\$6,619,135	\$8,667,277	\$442,029,392
Depreciation expense	-	6,542,472	10,609,620	1,815,492	765,733	19,733,317
Disposal-accumulated depreciation	-	(3,059,507)	(27,295,785)	-	(115,000)	(30,470,292)
Balance as of January 1, 2022	\$-	\$107,745,307	\$305,794,473	\$8,434,627	\$9,318,010	\$431,292,417

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

	Land	Buildings	Equipment	Transportation equipment	Miscellaneous equipment	Total
Cost						
Balance as of January 1, 2021	\$311,165,957	\$176,129,854	\$384,395,910	\$13,917,238	\$9,805,408	\$895,414,367
Additions	4,540,470	532,516	1,908,054	5,005,000	1,175,943	13,161,983
Disposals	-	(1,577,000)	(4,109,771)	(3,482,238)	(647,471)	(9,816,480)
Transfers	-	-	(235,200)	-	235,200	-
Balance as of December 31, 2021	<u>\$315,706,427</u>	<u>\$175,085,370</u>	<u>\$381,958,993</u>	<u>\$15,440,000</u>	<u>\$10,569,080</u>	<u>\$898,759,870</u>
Accumulated depreciation and impairment						
Balance as of January 1, 2021	\$-	\$99,426,403	\$316,921,357	\$8,522,789	\$8,839,130	\$433,709,679
Depreciation expense	-	6,412,939	9,669,052	1,511,084	475,618	18,068,693
Disposal-accumulated depreciation	-	(1,577,000)	(4,109,771)	(3,414,738)	(647,471)	(9,748,980)
Balance as of January 1, 2021	<u>\$-</u>	<u>\$104,262,342</u>	<u>\$322,480,638</u>	<u>\$6,619,135</u>	<u>\$8,667,277</u>	<u>\$442,029,392</u>
Net carrying amount						
December 31, 2022	<u>\$315,706,427</u>	<u>\$75,370,156</u>	<u>\$73,074,726</u>	<u>\$7,773,294</u>	<u>\$1,726,920</u>	<u>\$473,651,523</u>
December 31, 2021	<u>\$315,706,427</u>	<u>\$70,823,028</u>	<u>\$59,478,355</u>	<u>\$8,820,865</u>	<u>\$1,901,803</u>	<u>\$456,730,478</u>

Please refer to Note 8 for the details of the property, plant and equipment that have been pledge.

8. Lease Transactions-Lessee

(a) The underlying assets of the lease transactions that the Company involves include land and transportation equipment. The duration of lease term is usually 3 to 20 years. The lease contracts are negotiated individually and applicable to different terms and conditions. Except for that the lease assets shall not be used as collaterals, there's no other restriction imposed to the lease assets .

(b) The information of carrying value and depreciation expense recognized is as follows :

	Land	Buildings	Transportation Equipment	Total
Cost				
Balance as of January 1, 2022	\$4,464,748	\$233,858	\$-	\$4,698,606
Additions	-	-	-	-
Disposals	-	-	-	-
Balance as of December 31, 2022	<u>\$4,464,748</u>	<u>\$233,858</u>	<u>\$-</u>	<u>\$4,698,606</u>

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

<u>Accumulated depreciation and impairment</u>				
Balance as of January 1, 2022	\$1,281,168	\$77,952	\$-	\$1,359,120
Depreciation expense	427,056	116,928	-	543,984
Derecognizations	-	-	-	-
Balance as of December 31, 2022	<u>\$1,708,224</u>	<u>\$194,880</u>	<u>\$-</u>	<u>\$1,903,104</u>
	<u>Land</u>	<u>Buildings</u>	<u>Transportation Equipment</u>	<u>Total</u>
<u>Cost</u>				
Balance as of January 1, 2021	\$4,464,748	\$233,858	\$3,424,020	\$8,122,626
Additions	-	233,858	-	233,858
Derecognizations	-	(233,858)	(3,424,020)	(3,657,878)
Balance as of December 31, 2021	<u>\$4,464,748</u>	<u>\$233,858</u>	<u>\$-</u>	<u>\$4,698,606</u>
<u>Accumulated depreciation and impairment</u>				
Balance as of January 1, 2021	\$854,112	\$194,880	\$2,772,480	\$3,821,472
Depreciation expense	427,056	116,930	651,540	1,195,526
Derecognizations	-	(233,858)	(3,424,020)	(3,657,878)
Balance as of December 31, 2021	<u>\$1,281,168</u>	<u>\$77,952</u>	<u>\$-</u>	<u>\$1,359,120</u>
<u>Net carrying value</u>				
December 31, 2022	<u>\$2,756,524</u>	<u>\$38,978</u>	<u>\$-</u>	<u>\$2,795,502</u>
December 31, 2021	<u>\$3,183,580</u>	<u>\$155,906</u>	<u>\$-</u>	<u>\$3,339,486</u>

(c) The additions to right-of-use assets amounted to NT\$0 and NT\$233,858 for the years ended December 31, 2022 and 2021, respectively.

(d) The Carrying Value of Lease Liabilities

Items	December 31, 2022	December 31, 2021
Current	<u>\$476,515</u>	<u>\$527,431</u>
Non-current	<u>\$2,529,501</u>	<u>\$3,005,312</u>

(5) Discount Rate Intervals of Lease Liabilities

Items	December 31, 2022	December 31, 2021
Land	1.4268%	1.4268%
Buildings	1.4268%	1.4268%
Transportation equipment	1.4268%	1.4268%

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

(6) The information of the profit or loss related to lease contracts is as follows :

Items	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Interest expense of lease liabilities	\$47,073	\$83,442
Expenses belong to short-term lease contracts	\$253,800	\$289,812

(g) The cash outflow arising from lease activities amounted to NT\$573,800 and NT\$1,417,941 for the years ended December 31, 2022 and 2021, respectively.

9. Investment Properties, Net

Cost	Land	Total
Balance as of January 1, 2022	\$166,523,445	\$166,523,445
Additions	-	-
Disposals	-	-
Balance as of December 31, 2022	\$166,523,445	\$166,523,445
Accumulated depreciation and impairment		
Balance as of January 1, 2022	\$2,017,560	\$2,017,560
Depreciation expense	-	-
Recognition of impairment loss (Reversal of impairment loss)	(96,447)	(96,447)
Disposals	-	-
Balance as of December 31, 2022	\$1,921,113	\$1,921,113
Cost	Land	Total
Balance as of January 1, 2021	\$166,523,445	\$166,523,445
Additions	-	-
Disposals	-	-
Balance as of December 31, 2021	\$166,523,445	\$166,523,445
Accumulated depreciation and impairment		
Balance as of January 1, 2021	\$2,023,731	\$2,023,731
Depreciation expense	-	-
Recognition of impairment loss (Reversal of impairment loss)	(6,171)	(6,171)
Disposals	-	-
Balance as of December 31, 2021	\$2,017,560	\$2,017,560
Net carrying value		
December 31, 2022	\$164,602,332	\$164,602,332
December 31, 2021	\$164,505,885	\$164,505,885

(a) None of the investment properties were pledged as collateral.

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

- (b)The fair value of the investment properties amounted to NT\$164,602,332 and NT\$164,505,885 for the years ended December 31, 2022 and 2021, respectively. The fair value is measured based on the valuation result of independent valuers, by comparison approach, or land development analysis approach, which level 3 of fair value hierarchy.

10. Other Non-current Assets

Items	December 31, 2022	December 31, 2021
Prepayments for equipment	\$-	\$29,041,703
Refundable deposits	100,000	100,000
Total	<u>\$100,000</u>	<u>\$29,141,703</u>

11. Short-term Borrowings

Creditor Bank	Types of Borrowing	December 31, 2022	December 31, 2021
Mega International Commercial Bank	Secured bank loans	\$75,000,000	\$46,353,844
CTBC Bank	Unsecured bank loans	20,000,000	10,716,558
Yuanta Commercial Bank Co., Ltd.	Unsecured bank loans	30,000,000	30,000,000
Bank of Taiwan	Unsecured bank loans	-	33,151,574
Taiwan Cooperative Financial Holding Co. Ltd.	Unsecured bank loans	30,000,000	-
Chang Hwa Commercial Bank, Ltd.	Unsecured bank loans	40,000,000	-
Total		<u>\$195,000,000</u>	<u>\$120,221,976</u>

- (a)As of December 31, 2022 and 2021, the interest rate intervals of short-term borrowings are 1.68~2.0587% and 0.92352~1.15% respectively.
(b)As of December 31, 2022 and 2021, the unused loan limits are NT\$525,000 thousand and NT\$569,778 thousand respectively.
(c)Please refer to Note 8 for the details of assets that have been pledge.

12. Short-term Notes Payable

Items	December 31, 2022	December 31, 2021
Commercial paper	\$30,000,000	\$65,000,000
Less : Unamortized discount on notes payable	(78,214)	(27,435)
Total	<u>\$29,921,786</u>	<u>\$64,972,565</u>

- (1)As of December 31, 2022 and 2021, the commercial paper is issued and guaranteed by MEGA BILLS, for the purpose of short-term financing, the interest rates are 1.762% and 0.45%~0.75% respectively.
(2)As of December 31, 2022 and 2021, the unused notes payable limits are NT\$70,000 thousand and NT\$35,000 thousand respectively.

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

13. Other payables

Items	December 31, 2022	December 31, 2021
Salary and wages payable	\$17,559,890	\$19,166,680
Employees and directors compensation payable	-	1,166,174
Interest payable	118,019	77,013
Interest payable	613,144	1,080,764
Pension payable	557,719	546,448
Others	8,994,353	11,364,986
Subtotal	27,843,125	33,402,065
Payables for purchasing investment property	2,000,000	2,000,000
Payables for purchasing PP&E	2,528,400	8,589,000
Total	\$32,371,525	\$43,991,065

14. Retirement Benefit Plan

(a) Defined Contribution Plan

The employee pension plan under the Labor Pension Act of the R.O.C. is a defined contribution plan. Since July 1, 2005, pursuant to the plan, the Company makes monthly contributions of 6% based on each individual employee's salary or wage to employees' pension accounts. Total pension expenses of NT\$2,350,951 and NT\$2,361,031 were contributed by the Company for the years ended December 31, 2022 and 2021, respectively.

(2) Defined Benefit Plan

① The employee pension plan mandated by the Labor Standards Act of the R.O.C. is a defined benefit plan. According to the Standards, the pension benefits are disbursed based on the units of service years and average monthly salary of 6 months prior to retirement. The Company contributes an amount equivalent to 15% of the employees' total salaries and wages on a monthly basis to the pension fund deposited with the Bank of Taiwan under the name of the Labor Pension Fund Supervisory Committee. Before the end of each year, the Company assesses the balance in the Funds. If the balance in the account is inadequate to pay retirement benefits for employees who confirm 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 next year.

② The amounts recognized in balance sheets are as follows :

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	\$(15,814,000)	\$(18,448,000)
Fair value of plan assets	21,101,301	23,182,502
Net benefit obligation assets (liabilities)	\$5,287,301	\$4,734,502

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
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③The changes in net benefit obligation assets (liabilities) are as follows :

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Benefit Obligation Assets (Liabilities)
2022			
Balance as of January 1	\$(18,448,000)	\$23,182,502	\$4,734,502
Current service cost	(245,221)	-	(245,221)
Interest revenue (expense)	(81,740)	105,413	23,673
Subtotal	(18,774,961)	23,287,915	4,512,954
Remeasurement of defined obligation assets/ liabilities			
Expected return on plan assets	-	1,989,611	1,989,611
Experience adjustment	(1,215,264)	-	(1,215,264)
Subtotal	(1,215,264)	1,989,611	774,347
Funding of retirement benefits	-	-	-
Benefits paid	4,176,225	(4,176,225)	-
Balance as of December 31	\$(15,814,000)	\$21,101,301	\$5,287,301
2021			
Balance as of January 1	\$(22,367,000)	\$27,308,362	\$4,941,362
Current service cost	(312,556)	-	(312,556)
Interest revenue (expense)	(106,682)	130,661	23,979
Subtotal	(22,786,238)	27,439,023	4,652,785
Remeasurement of defined obligation assets/ liabilities			
Expected return on plan assets	-	220,259	220,259
Experience adjustment	(138,542)	-	(138,542)
Subtotal	(138,542)	220,259	81,717
Funding of retirement benefits	-	-	-
Benefits paid	4,476,780	(4,476,780)	-
Balance as of December 31	\$(18,448,000)	\$23,182,502	\$4,734,502

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)

(Except as indicated, expressed in New Taiwan Dollar)

④ The employee pension fund defined benefit plan is deposited under a trust administered by the Bank of Taiwan. Bank of Taiwan follows the proportion and amount of operation items designated in the utilization plan of the fund, according to the items designated in Act. 6 of Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (which are deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate and its securitization products, etc.), to operate the commission. The related utilization is supervised by the Bureau of Labor Funds, which also guarantees the minimum return to be no less than the return attainable from interest rates offered by local banks for two-year time deposits. If the return does not reach the target, after authorized by competent authority, national treasury shall fund the difference. The Company has no right to participate in the operation and administration of the fund; as such, the Company is unable to disclose the classification of fair value of the plan assets based on PAR 142 of IAS 19. For the fair value of the fund assets as of December 31, 2022 and 2021, please refer to the utilization report of labor retirement fund of each year publicly announced by the government.

⑤ The principal underlying actuarial assumptions used in the end of the reporting period are as follows :

	2022	2021
Discount rate	1.25%	0.50%
Rate of expected future salary increase	1.50%	1.25%

The effects of the present value of defined benefit obligation due to the changes in main actuarial assumptions :

	Discount rate		Rate of expected future salary increase	
	0.25% increase	0.25% decrease	1.00% increase	1.00% decrease
<u>December 31, 2022</u>				
Effects of the present value of defined benefit obligation	\$(76,000)	\$78,000	\$349,000	\$(324,000)
<u>December 31, 2021</u>				
Effects of the present value of defined benefit obligation	\$(106,000)	\$110,000	\$464,000	\$(430,000)

The sensitivity analyses above have been determined based a method that extrapolates the effects on the net defined obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. Practically, the changes of assumptions may be correlated. The method that the sensitivity analyses adopted is the same as what the calculation of net defined benefit assets do.

⑥ The Company expects to make pension fund contribution of NT\$0 within a year after December 31, 2022.

⑦ The weighted-average durations of the defined benefit obligation were 2.3 years as of December 31, 2022.

15.Equity

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

(1)The Issuance of Ordinary Shares

The Company had 120,000,000 ordinary shares, with authorized capital of NT\$1,200,000,000, authorized to be issued as of December 31, 2022 and 2021, of which 80,694,536 shares with par value of NT\$10 were issued.

(2)Capital Surplus

	December 31, 2022	December 31, 2021
Additional paid-in capital	\$17,629,090	\$17,629,090
Donated assets received	408,746	408,746
	<u>\$18,037,836</u>	<u>\$18,037,836</u>

- ① The capital surplus NT\$18,037,836 is the sum of the balance of NT\$17,629,090 arising from additional paid-in capital from cash capital increase at premium NT\$36,000,000 less the amount of NT\$18,370,910, which has been transferred to ordinary shares, and the amount of NT\$408,746 arising from unclaimed dividends overdue transferred to capital surplus.
- ② The additional paid-in capital shall be used for making good the deficit of the Company. According to the regulation of the Company Act, where a company incurs no loss, it may distribute its additional paid-in capital, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash.

(3)Retained Earnings

Legal capital reserve

According to the regulation of the Company Act, the Company shall set aside ten percent of profits as a legal reserve in the next year, until the legal reserve amounts to the authorized capital. Within the limited amount, the legal capital reserve may be used to make good of a deficit, or appropriated to capital. Where a company incurs no loss, it may distribute its legal capital reserve, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash, for the portion in excess of 25% of the paid-in capital.

Special capital reserve

- ① According to the regulations of Financial Supervisory Commission and the Securities Exchange Act, the Company is required to appropriate a special reserve, from the profit after tax in the current year and unappropriated earnings, in the amount equal to the debit elements under equity at every year-end. If any of the debit elements is reversed, the special reserve in the amount equal to the reversal may be reversed for earnings distribution.
- ② After adopting the International Financial Reporting Standards (IFRS), according to No. Financial-Supervisory-Securities-Corporate-1010012865 issued on April 6, 2012, for any unrealized revaluation increment or cumulative translation adjustment (profit) accounted for under shareholders' equity, if it is transferred to retained earnings because the company chose to apply an exemption under IFRS 1 "First-time Adoption of International Financial Reporting Standards", the Company has allocated the same amount respectively in special reserve. After preparing financial statements by adopting IFRS, when distributing distributable surplus, the Company shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the cumulative net amount of other deductions from equity. If subsequently there is any reversal of the net amount of other deductions from equity, the amount of the reversal may be reversed from special reserve and booked for earnings distribution. As of January 1, 2013, the special capital reserve arising from the first adoption is NT\$12,003,079. The Company did not reverse special capital reserve to unappropriated earnings due to the use, disposal or reclassification of related assets in 2022 and 2021. As of December 31, 2022 and 2021, the balances of special capital reserve are both NT\$12,003,079.

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

Dividend Policy

The Company, when allocating its surplus profits after having paid profit-seeking enterprise income tax and making good of deficit in the past years, shall first set aside ten percent of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. The Company shall distribute fifty to ninety five percent of the sum of the surplus profits balance after appropriating or reversing the special capital reserve, and the unappropriated earnings in the previous years based on regulations. The earning distributing ratio shall be adjusted by the resolution of shareholders' meeting, depending on the actual surplus and funding conditions. In consideration of future funding requirements and long-term operation plan, if there's surplus in the annual final accounts, the ratio of cash dividend shall be no less than ten percent of total distribution. Cash dividend less than NT\$0.1 shall not be distributed.

The appropriation of earnings for 2021 was approved by the shareholders' meeting held on June 21, 2022, while the appropriation of earnings for 2020 was approved by the shareholders' meeting held on July 26, 2021. The details of the appropriation are as follows :

	2021		2010	
	Amount	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)
Legal reserve	\$1,472,501		\$1,981,014	
Cash dividends	16,138,907	\$0.2	24,208,361	\$0.3
	<u>\$17,611,408</u>		<u>\$26,189,375</u>	

Please refer to Note 6-22 for information on the employees and directors compensation.

(4)Other Equity Interests

	Unrealized gain (losses) on FVTOCI financial assets	Total
January 1, 2022	\$83,719,248	\$83,719,248
Unrealized gain or losses on FVTOCI financial assets	9,235,370	9,235,370
December 31, 2022	<u>\$92,954,618</u>	<u>\$92,954,618</u>
	Unrealized gain (losses) on FVTOCI financial assets	Total
January 1, 2021	\$69,280,365	\$69,280,365
Unrealized gain or losses on FVTOCI financial assets	14,438,883	14,438,883
December 31, 2021	<u>\$83,719,248</u>	<u>\$83,719,248</u>

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

16. Operating Revenue

A. The information of contracts with customers in 2022 and 2021 is as follows :

	2022	2021
Normal steel wires	\$643,397,573	\$704,143,108
Galvanized wires	47,557,493	38,839,433
Steel cables	119,519,435	100,898,009
Others	328,778	903,150
Total	<u>\$810,803,279</u>	<u>\$844,783,700</u>
Time of the revenue recognition :		
at a point in time	<u>\$810,803,279</u>	<u>\$844,783,700</u>

B. Contract assets and liabilities : None

17. Interest Revenue

Items	2022	2021
Interest from bank saving	\$79,824	\$6,369
Interest of short-term commercial papers	52,089	46,810
Total	<u>\$131,913</u>	<u>\$53,179</u>

18. Other Revenue

Items	2022	2021
Dividend revenue	\$1,729,995	\$1,453,196
Others	5,833,570	5,861,201
Total	<u>\$7,563,565</u>	<u>\$7,314,397</u>

19. Other Profit and Loss

Items	2022	2021
Foreign exchange profit (loss), net	\$(3,256,737)	\$(1,298,708)
Reversal profit (loss) of impairment losses for non-financial assets	96,447	6,171
Profit (loss) from disposal of PP&E, net	-	463,542
Total	<u>\$(3,160,290)</u>	<u>\$(828,995)</u>

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

20. Financial Costs

Items	2022	2021
Interest expense		
Borrowing from financial institutions	\$3,616,098	\$1,612,315
Lease liabilities	47,073	83,442
Less: amount eligible for capitalization	-	-
Total	<u>\$3,663,171</u>	<u>\$1,695,757</u>

21. Income Tax

(a) Income tax recognized in profit or loss:

	2022	2021
Current income tax expense		
Current income tax charge	\$-	\$3,980,381
Surtax of profit-seeking enterprise income tax on undistributed earnings of the prior year	-	-
Adjustments in respect of current income tax of prior periods	270,000	1
Deferred income tax		
The origination and reversal of temporary differences	(2,062,447)	(435,321)
Income tax expense (benefit) recognized in profit or loss	<u>\$(1,792,447)</u>	<u>\$3,545,061</u>
The declaration of the Company's profit-seeking enterprise income tax has been verified by the tax collection authority until 2010.		

(b) The reconciliation between income tax expense and income before tax at the Company's applicable tax rate is as follows:

	2022	2021
Operation income before tax	<u>\$(14,490,681)</u>	<u>\$18,270,068</u>
At statutory income tax rate	\$(2,898,136)	\$3,654,012
Underestimation (overestimation) of income tax of prior periods	270,000	1
Surtax of profit-seeking enterprise income tax on undistributed earnings of the prior year	-	-
Non-deductible expenses	(625,346)	(108,952)
Tax exempt income		
Loss deductions deferred (used)	1,461,035	-

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

Adjustment due to changes in tax rate	-	-
Total income tax expense (benefit) recognized in profit or loss	<u>\$(1,792,447)</u>	<u>\$3,545,061</u>

(c)Income tax expense (benefit) recognized in other comprehensive income:

	<u>2022</u>	<u>2021</u>
Deferred income tax expense (benefit)		
Relevant to the actuarial profit or loss of defined benefit plan	<u>\$154,869</u>	<u>\$16,343</u>

(d)The balances of deferred income tax assets (liabilities) related the items below :

2022	Balance as of January 1	Recognized in Profit (loss)	Recognized in other comprehensive income	Balance as of December 31
Temporary differences				
Net unrealized exchange losses (gains)	\$497	\$(107,972)	\$-	\$(107,475)
Allowance for loss for market price decline and obsolete and slow- moving inventories	1,057,419	508,626	-	1,566,045
Net defined benefit assets	(1,458,385)	44,310	(154,869)	(1,568,944)
Paid leaves of employees	404,834	(28,556)	-	376,278
Reserves for Land value increment tax	(12,826,201)	-	-	(12,826,201)
Others	465,956	185,004	-	650,960
Loss deductions	-	1,461,035		1,461,035
Deferred income tax benefit (expense)		<u>\$2,062,447</u>	<u>\$(154,869)</u>	
Net deferred income tax assets (liabilities)	<u>\$(12,355,880)</u>			<u>\$(10,448,302)</u>
The information expressed on the balance sheets is as follows :				
Deferred income tax assets	<u>\$2,148,801</u>			<u>\$4,258,973</u>
Deferred income tax liabilities	<u>\$14,504,681</u>			<u>\$14,707,275</u>
2021	Balance as of January 1	Recognized in Profit (loss)	Recognized in other comprehensive income	Balance as of December 31
Temporary differences				
Net unrealized exchange losses (gains)	\$(58,865)	\$59,362	\$-	\$497
Allowance for loss for market price decline and obsolete and slow- moving inventories	1,057,419	-	-	1,057,419
Net defined benefit assets	(1,499,758)	57,716	(16,343)	(1,458,385)
Paid leaves of employees	335,632	69,202	-	404,834
Reserves for Land value increment tax	(12,826,201)	-	-	(12,826,201)
Others	216,915	249,041	-	465,956
Loss deductions		<u>\$435,321</u>	<u>\$(16,343)</u>	
Deferred income tax benefit (expense)	<u>\$(12,774,858)</u>			<u>\$(12,355,880)</u>
Net deferred income tax assets (liabilities)				
The information expressed on the balance sheets is as follows :	<u>\$1,913,994</u>			<u>\$2,148,801</u>
Deferred income tax assets	<u>\$14,688,852</u>			<u>\$14,504,681</u>

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

(e) According to the Income Tax Act, the loss deductions above, arising from the loss in the prior ten years verified by the tax collection authority, could be deducted from the net profit of current year, before assessing the income tax. As of December 31, 2022, the deductible amount and the deductible deadline are as follows :

Year of losses incurred	Declaration	Undedicated losses	Last deductible year
2022	Amount declared	\$7,305,176	2032
Total		<u>\$7,305,176</u>	

22. Earnings per share

	2022	2021
① Basic earnings per share		
Net income attributable to the Company's ordinary shareholders	\$(12,698,234)	\$14,725,007
Weighted-average number of ordinary shares for basic earnings per share	80,694,536	80,694,536
Basic earnings per share	<u>\$(0.16)</u>	<u>\$0.18</u>
② Diluted earnings per share		
Net income attributable to the Company's ordinary shareholders	\$(12,698,234)	\$14,725,007
Weighted-average number of ordinary shares for basic earnings per share	80,694,536	80,694,536
Employees' compensation-stock	-	33,605
Weighted-average number of ordinary shares after dilution	<u>80,694,536</u>	<u>80,728,141</u>
Diluted earnings per share	<u>\$(0.16)</u>	<u>\$0.18</u>

(Remark) : The calculation the diluted earnings per share is based on the assumption that the employees' compensation would be paid by stock, which would be added into the weighted-average number of outstanding shares at the time when the potential ordinary shares become dilutive. When calculating the diluted earnings per share, the share number shall be judged based on the closing price of the potential ordinary shares on balance sheets date. Before the resolution of the shares to be distributed as employees' compensation by the Board of Directors in the next year, when calculating the diluted earnings per share, the dilution of potential ordinary shares shall be considered.

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

23. Current Employee Benefits, Depreciation, Depletion and Amortization Expenses Categorized by Function

By function By nature	2022			2021		
	Recognized in cost of revenue	Recognized in operation expenses	Total	Recognized in cost of revenue	Recognized in operation expenses	Total
Employee benefits	47,389,054	38,475,796	85,864,850	51,336,232	41,962,247	93,298,479
Salaries & wages	35,704,361	33,126,718	68,831,079	38,320,496	35,643,712	73,964,208
Labor and health insurance	4,746,451	2,659,074	7,405,525	5,072,450	2,823,358	7,895,808
Pension	1,719,263	853,236	2,572,499	1,762,130	887,478	2,649,608
Directors' compensation	-	315,000	315,000	-	943,087	943,087
Other employee benefits	5,218,979	1,521,768	6,740,747	6,181,156	1,664,612	7,845,768
Depreciation expense	17,266,433	3,010,868	20,277,301	16,372,601	2,891,618	19,264,219
Amortization expense	-	-	-	-	-	-

(a) The average numbers of employees are 124 and 137 in the year of 2022 and 2021, respectively.

Among them, the numbers of directors not serving as employees are 3.

The average employee benefit expenses and average salaries & wages are NT\$707,024 and NT\$568,852 in 2022, and NT\$689,219 and NT\$551,97 in 2021, respectively. The average salaries & wages in 2022 has increase about 3.06% compared with that in 2021.

(b) The policies of directors', managers, and employees' salaries & wages and compensation are as follows :

There are policies of directors' and employees' compensation in the Company's Articles of Incorporation, and there is Remuneration Committee to supervise and assess the system of directors', managers, and employees' salaries & wages and compensation.

The process of determining the directors' and managers' compensation is based on the rules of management-level bonus distribution, rules of the management of salaries and wages, and the rules of year-end bonus distribution, and regular assessment to distribute reasonable compensations.

The Company has developed complete employee benefit system based on regulations, to provide employees with good compensation and benefit conditions. Based on the rules of management of salaries and wages, the salaries and wages of employees include fixed salaries (basic salary, department allowance, and duty allowance), variable salaries (allowance and bonus), and tax-exempt salaries (overtime pay, meal allowance, and unused vacation bonus, etc.), and year-end bonus shall be distributed based on the rules of year-end bonus distribution.

(c) According to the Company's Articles of Incorporation, the Company shall allocate compensation to employees and directors of the Company in the range of one to five percent and no more than five percent of annual profits during the period, respectively; provided, however, that when the Company has accumulated losses, the profits shall be preserved to make up for losses, before distributing to employees and directors. The employees' compensation shall be distributed in stock or cash, which may include eligible employees of affiliated companies, and the directors' compensation shall be distributed only in cash. The resolution of distributing in stock or cash should be made by the Board of Directors, and reported to the shareholders meeting.

(d) The accrued employees' compensation are NT\$0 and NT\$583,087 in 2022 and 2021, respectively. The accrued directors' compensations are NT\$0 and NT\$583,087 in 2022 and 2021, respectively. The employees' and directors' compensation are expensed based on the estimated amount payable based on the profit. If the amount is different from the amount resolved by the Board of Directors, the differences are recorded as a change in accounting estimate, and recognized in profit or loss in the next year.

Based on the resolution of the Board of Directors on March 7, 2022, the employees' and directors' compensations are NT\$583,087 and NT\$583,087, respectively. The amounts in the

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)

(Except as indicated, expressed in New Taiwan Dollar)

resolution are the same as the employees' and directors' compensations amounts recognized in the financial statements of 2021.

The information about the employees' and directors' compensation resolved by the Board of Directors and reported in the shareholders' meeting is available at the Market Observation Post System website.

(7)Related Party Transactions

1.Significant transactions with related parties: None

2.The information of the total amount of the main management-level :

Items	2022	2021
Wages & salaries and other short-term employee benefits	\$15,902,689	\$28,848,403

Remark: In the years of 2022 and 2021, the carrying values of other short-term employee benefit, including company car, amount to NT\$ 734,458 and NT\$5,559,017.

(8)Pledge Assets

The assets listed below have been pledged as collateral for long-term or short-term borrowings or other financing.

Assets	Carrying amount		Purpose of pledge
	December 31, 2022	December 31, 2021	
Property, plant, and equipment			
Land	148,943,689	148,943,689	Long-term or short-term borrowings
Buildings	26,258,667	28,142,451	Long-term or short-term borrowings
Equipment	24,147,355	28,578,211	Long-term or short-term borrowings
Total	\$199,349,711	\$205,664,351	

(9)Significant Contingencies and Unrecognized Contract Commitments

1.As of December 31, 2022 and 2021, the guarantee notes submitted arising from purchasing materials from China Steel Corporation, performance and completion guarantee, and bank loans amounted to NT\$ 558,294,138 and NT\$551,381,013, respectively.

2.As of December 31, 2022 and 2021, the details of the unused balance of domestic and foreign usance L/C are as follows :

	The amount of letter of credit	
	December 31, 2022	December 31, 2021
Domestic-in NTD	28,895,999	35,895,416
Foreign-in USD	469,900	4,839,001.84

(10)Losses Due to Major Disasters : None

(11)Significant Subsequent Events : None

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

(12)Others :

1.The Financial Risk of Financial Instruments

(a)Types of financial assets

	Expressed in thousands of New Taiwan Dollar	
	December 31, 2022	December 31, 2021
Financial assets:		
Non-current financial assets measured at fair value through other comprehensive income		
Designated equity investment	\$112,852	\$103,616
Financial assets measured at amortized cost		
Cash and cash equivalents	80,171	57,646
Notes receivable, net	106,270	94,866
Accounts receivable, net	88,911	138,779
Other receivables	100	100
Refundable deposits	100	100
Total	<u>\$388,404</u>	<u>\$395,107</u>
	December 31, 2022	December 31, 2021
Financial liabilities:		
Financial liabilities measured at amortized cost		
Short-term borrowings	\$195,000	\$120,222
Short-term notes payable, net	29,922	64,973
Notes payable	6,780	11,761
Accounts payable	1,115	4,706
Other payables	32,371	43,991
Lease liabilities (including the portion due within one year or one operating cycle)	3,006	3,532
Total	<u>\$268,194</u>	<u>\$249,185</u>

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

(b) Financial Risk Management Objective and Policies

The Company's risk management objectives are to manage the market risk, credit risk and liquidity risk related to its operating activities. The company identifies, measures, and manages the aforementioned risks based on policy and risk preference.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(c) The Nature and Level of Significant Financial Risk

A. Market risk

The Company's market risk mainly arises from the volatility of fair value or cash flow due to the changes in market price of financial instruments. Market risks comprise foreign currency risk, interest rate risk and other price risk.

The sensitivity analyses above have been determined based a method that extrapolates the effects on the net defined obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. Practically, the single risk variable hardly changes individually, and the changes of risk variables may be correlated. However, the sensitivity analyses below have been determined based on the method that extrapolates the correlation of relevant risk variables.

Foreign currency risk

- ① The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency). Some of the receivables and payables are denominated in the same foreign currencies; thus, the positions would benefit from the natural hedging effect.
- ② The information of financial assets and liabilities in foreign currencies affected by significant exchange rate volatility is as follows :

(Foreign currency: functional currency)	December 31, 2022		
	Foreign currency(in thousands)	Exchange rate	Carrying amount(in thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$9	30.66	\$271
JPY:NTD	76,836	0.2304	17,703
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	-	30.98	-
(Foreign currency: functional currency)	December 31, 2021		
	Foreign currency(in thousands)	Exchange rate	Carrying amount(in thousands)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$39	27.63	\$1,070
JPY:NTD	66,718	0.2385	15,912
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	2,058	27.73	57,070

- ③ The functional currency of the Company is New Taiwan Dollar, and the foreign currencies the

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)

(Except as indicated, expressed in New Taiwan Dollar)

Company possesses include USD and JPY. The foreign exchange profit (loss) (including realized and unrealized) amounted to NT\$(3,257) thousands and NT\$(1,299) in 2022 and 2021, respectively.

- ④ The sensitivity analyses of the Company's foreign currency risk are mainly toward the effects on the Company's profit or loss of related appreciation and depreciation of foreign currencies arising from the monetary items denominated in main foreign currencies at the end of the reporting period. The foreign currency risk is mainly affected by the volatility of the exchange rate of USD and JPY, and the results of the sensitivity analyses are as follows :

A strengthening (weakening) of 1% of the NTD against the USD as of the years ended December 31, 2022 and 2021, would have increased (decreased) the net profit before tax by NT\$3 thousands and NT\$560 thousands, respectively. A strengthening (weakening) of 1% of the NTD against the JPY as of the years ended December 31, 2022 and 2021, would have increased (decreased) the net profit before tax by NT\$177 thousands and NT\$159 thousands, respectively.

Price risk

- ① The fair value of Company's listed and unlisted equity securities are susceptible to uncertainties about future value of the investment instruments. In order to manage the price risk of equity investments, the Company controls the risk by diversifying the portfolio.
- ② If the price of aforementioned equity instruments classified as financial assets at fair value through other comprehensive income had increased (decreased) by 1%, the Company's shareholders' equity would have increased (decreased) by NT\$1,129 thousands and NT\$1,036 thousands for the years ended December 31, 2022 and 2021, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in floating variable rates and investment in variable rate bills.

Interest rate risk

- ① The interest rate risk is the risk of the volatility of financial instruments' fair value or future cash flow due to the changes in market interest rate. The Company's interest rate risk mainly arises from the floating rate investments classified as lending or receivables, and floating rate loans.
- ② The sensitivity analysis is based on the items' exposure to the interest rate risk, including floating rate loans, on the reporting date, and based on the assumption of holding for a fiscal year. If the interest rate had increased (decreased) by 10%, the Company's net profit before tax would have decreased (increased) by NT\$281 thousands and NT\$171 thousands for the years ended December 31, 2022 and 2021. This is mainly due to the Company's borrowing in floating variable rates.

B. Credit risk

- ① Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Company. The Company is exposed to credit risks from operating activities, primarily accounts receivables and notes receivables, and from financing activities, primarily deposits and every financial investment.
- ② Each operating unit follows the customers' credit risk policies, procedures and controls to manage the customers' credit risk. The credit risk assessment is comprehensively based on the financial condition, the credit rating, historical transaction experiences, current economic environment, and the Company's internal rating, etc. Additionally, the Company uses some credit enhancement instruments (such as advance sales receipts and insurance, etc.) to decrease the credit risk of specific customers.

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

- ③ As of December 31, 2022 and 2021, the Company's ten largest customers accounted for 45% and 46% of accounts receivables, respectively. The Company considers the concentration of credit risk for the remaining accounts receivables not material. The finance department of the Company manages the credit risk of checkings and savings and other financial instruments based on the Company's policies. Since the counterparties of transactions are determined by the internal control procedures, they are reputable banks and investment grade financial institutions and companies. There's no significant concern over the performance of contracts; thus, there's no material credit risk.
- ④ The Company assessed the expected credit loss of accounts and notes receivables based on simplified provision matrix.
- ⑤ The Company built the loss rate by forward-looking consideration of historical and current information in specific periods, to assess the allowance for loss of accounts and notes receivables. The provision matrix as of December 31, 2022 is as follows: (expressed in thousands of New Taiwan Dollars)

	1-30 days	31-60 days	60-90 days	90-180 days
<u>December 31, 2022</u>				
Expected loss rate(Remark)	0.00%	1.00%	2.00%	6.00%
Total carrying amount	\$111,921	\$51,659	\$24,736	\$8,379
Allowance for loss	\$-	\$(516)	\$(495)	\$(503)

	Over180 days	Total
<u>December 31, 2022</u>		
Expected loss rate(Remark)	100.00%	
Total carrying amount	\$-	\$196,695
Allowance for loss	\$-	\$(1,514)

	1-30 days	31-60 days	60-90 days	90-180 days
<u>December 31, 2021</u>				
Expected loss rate(Remark)	0.00%	1.00%	2.00%	3.06%
Total carrying amount	\$125,379	\$76,934	\$24,728	\$8,116
Allowance for loss	\$-	\$(769)	\$(495)	\$(248)

	Over180 days	Total
<u>December 31, 2021</u>		
Expected loss rate(Remark)	100.00%	
Total carrying amount	\$2	\$235,159
Allowance for loss	\$(2)	\$(1,514)

Remark : The aging analysis above is based on the account date. The Company considers the whole credit and debt for the expected loss rate.

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

- ⑥ The Company applies the simplified approach to provide for the changes in allowance for loss of accounts and notes receivables as follows :

	2022	2021
Beginning balance	\$1,514	\$1,514
Impairment losses recognized (reversed)	-	-
Ending balance	\$1,514	\$1,514

Among the loss recognized in 2022, the impairment loss due to accounts receivables arising from contracts with customers amounted to NT\$0 thousands.

C.Management of liquidity risk

- ① The Company maintains financial flexibility by cash and cash equivalents and contracts, such as bank loans. The table below analyzed the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

Non-derivative financial liabilities	Expressed in thousands of New Taiwan Dollars				
	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
December 31, 2022					
Short-term borrowings	\$195,000	-	-	-	\$195,000
Short-term notes payable	29,922	-	-	-	29,922
Notes payable	6,780	-	-	-	6,780
Accounts payable	1,115	-	-	-	1,115
Other payables	32,371	-	-	-	32,371
Lease liabilities (including the portion due within one year or one operating cycle)	476	439	271	1,820	3,006
December 31, 2021					
Short-term borrowings	\$120,222	-	-	-	\$120,222
Short-term notes payable	64,973	-	-	-	64,973
Notes payable	11,761	-	-	-	11,761
Accounts payable	4,706	-	-	-	4,706
Other payables	43,991	-	-	-	43,991
Lease liabilities (including the portion due within one year or one operating cycle)	527	478	440	2,087	3,532

- ② As of the years ended December 31, 2022 and 2021, the Company hasn't traded derivative financial liabilities.
- ③ The Company doesn't expect the time point of the cash flow would be significantly moved up or the actual amount of the cash flow would be significantly different.

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

2. Fair Value of Financial Instruments

(a) The valuation techniques and assumptions of the fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methods and assumptions used to measure or disclose the fair value of financial assets and liabilities are as follows :

- ① The carrying amount of cash and cash equivalents, receivables, payables, and other current liabilities is the reasonable approximation of fair value, because the duration of the instruments aforementioned is short.
- ② The fair value of financial assets and liabilities traded in active markets with standard terms and conditions is determined by quoted prices (such as stocks and bonds of listed companies, etc.).
- ③ The fair value of equity instruments without active markets (such as stocks of public companies without active markets or stocks of unlisted companies) is assessed by the market approach, which uses prices and other relevant information (inputs such as discount for lack of marketability analysis, the P/E ratio of comparable companies, and P/B ratio of comparable companies, etc.) generated by market transactions involving identical or comparable equity instruments.

(b) The information related to fair value hierarchy of financial instruments

Please refer to Note 12-3 for the fair value hierarchy information.

3. Fair Value Hierarchy

(a) The definition of fair value hierarchy

Measuring and disclosing all of the assets and liabilities are to categorize the fair value hierarchy by the lowest level input that is significant to the entire measurement. The inputs of each level are as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

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

Level 3 : unobservable inputs for the assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) The information of fair value hierarchy

The Company holds assets measured at fair value on a non-recurring basis. The information of fair value hierarchy for the assets measured at fair value on a recurring basis is as follows :

December 31, 2022	Expressed in thousands of New Taiwan Dollars			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value :				
Financial assets at fair value through other comprehensive income				
Equity securities	\$9,868	\$-	\$102,984	\$112,852

December 31, 2021	Expressed in thousands of New Taiwan Dollars			
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Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets measured at fair value :				
Financial assets at fair value through other comprehensive income				
Equity securities	\$8,697	\$-	\$94,919	\$103,616

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

A.The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by charactersits :

	<u>Stocks of listed companies</u>	<u>Open-end funds</u>
Market quoted price	Closing price	Net asset value

B.Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques that are accepted by financial management.

C.When assessing non-standard and low-complexity financial instruments, the Company adopts valuation techniques that are widely used by market participants. The variables used in the valuation model are normally the observable information in the market.

D.For high-complexity financial instruments, the fair value are measured by using self-developed valuation model based on the valuation methods and techniques that are widely used within the same industry. Theses valuation models are normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitized instruments, etc. Certain inputs used in the valuation models are not observable at market, so the Company shall make reasonable estimates based on its assumptions.

E. The output of the valuation models are estimated values and the valuation techniques may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated values derived by the valuation models would be adjusted accordingly based on additional variables, such as model risk or liquidity risk, etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management of the Company is convinced that adjustments to valuation is necessary in order to reasonably represent the fair value of the financial and non-financial instruments on the balance sheets. The variables and pricing information used in the valuation are carefully assessed and adjusted based on current market conditions.

F.The Company takes into account adjustments for credit risk to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

(d)During the years ended December 31, 2022 and 2021, there were no significant transfers between Level 1 and Level 2 fair value measurements.

4.Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximized the shareholders' equity. The Company manages and adjusts the capital structure, probably by adjusting dividend payment, returning of capital, or issuing new shares, to maintain and adjust the capital structure.

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

(13)Other Disclosures :

1.Information on Significant Transactions :

(a)Loans to others : None.

(b)Provision of endorsements and guarantees to others : None.

(c)Holding of marketable securities at the end of the period :

The company holds the securities	Names and types of the securities	Relationship	Financial statement account	Expressed in New Taiwan Dollars December 31, 2022				Remark
				Shares (thousand)	Carrying amount	Percentage of ownership	Market price	
Chia Ta World Co., Ltd.	Ordinary share of Tenpin United Enterprise Co., Ltd.	-	Non-current financial assets measured at fair value through other comprehensive income	557	9,867,538	0.90%	9,867,538	-
Chia Ta World Co., Ltd.	Ordinary shares of Ta Tainan Natural Gas Co., Ltd.	-	Non-current financial assets measured at fair value through other comprehensive income	3,172	102,983,605	2.88%	102,983,605	-

(d)Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital or more :
None.

(e)Acquisition of real estate reaching NT\$300 million or 20% of the Company's paid-in capital or more : None.

(f)Disposal of real estate reaching NT\$300 million or 20% of the Company's paid-in capital or more : None.

(g)Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more : None.

(h)Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more : None.

(i)Trading in derivative instruments : None.

Notes to the Financial Statements of Chia Ta World Co., Ltd. (Cont.)
(Except as indicated, expressed in New Taiwan Dollar)

2.Information on Investees :

Expressed in New Taiwan Dollars

The company holds the securities	Names of the securities	Location	Main businesses and products	Initial investment		Investment as of December 31, 2022			Net income (loss) of investee company	Investment income (loss) recognized	Remark
				Ending balance of this period	Beginning balance of previous period	Shares (thousand)	Percent age of owners hip	Carrying amount			
Chia Ta World Co., Ltd.	Shing Ecoblue Co., Ltd.	New Taipei City	Manufacture of other chemical products	10,000,000	10,000,000	1,000	20.00%	3,035,483	(1,427,660)	(285,532)	-

3.Information on Investees in Mainland China : None.

4.Major Shareholders' Information :

Unit : share

Name of major shareholders	Shares	Number of shares	Percentage of ownership
Feng-pei International Investment Co., Ltd.		7,388,000	9.15%
Wu, Ta-ho		6,859,931	8.50%
Tienpin United Enterprise Co., Ltd.		5,107,020	6.32%

- (a)The information of major shareholders, whose ownership of the Company is above 5%, was calculated by Taiwan Depository & Clearing Corporation on the last operating date of each quarter, using the Company's issuance of ordinary shares (including treasury shares) and preference shares registered and held by the shareholders. The share capital on the financial statements may differ from the actual number of shares in dematerialized form due to the difference of calculation basis.
- (b)If the shares were kept in the trust by the shareholders, it was disclosed as a separate account set by the trustee. As for the shareholder, whose percentage of ownership of shares was greater than 10%, is regarded as an insider in accordance with Securities and Exchange Act, the percentage of ownership included the self-owned shares and trusted shares controlled by them. For the information of insiders, please refer to the Market Observation Post System.

(14)Segment Information

The Company manufactures single steel wire products, and the management of the Company allocates the resource and determines the performance evaluation based on the entire operating result. Therefore, the Company shall be identified as an entity with a single reportable segment.

1.Products types and service types: The Company manufactures and sells single steel wire products, and is not involved in other industries.

2.Regional Information :

(a)Revenue from domestic and foreign external customers

Region	Expressed in thousands of New Taiwan Dollars	
	2022	2021
Taiwan	\$768,223	\$765,969
Japan	39,605	76,359
Mainland China	2,975	2,456
Total	\$810,803	\$844,784

(b)Non-current assets

Region	Expressed in thousands of New Taiwan Dollars	
	December 31, 2022	December 31, 2021
Taiwan	\$641,149	\$653,718

3.Information of Major Customers

The individual customer with sales revenue accounting for over 10% of the net operating revenue of the Company is listed below :

Name of the Customer	Expressed in thousands of New Taiwan Dollars	
	2022	2021
Company C	\$138,188	\$114,706
Total	\$138,188	\$114,706

6.5 The Parent-Company-Only Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report:None.

6.6 If the Company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the printing date of the annual report, the annual report shall explain how said difficulties will affect the Company's financial situation: None.

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

7.1 Analysis of Financial Status

Item	Year	2021	2022	Unit: NT\$ thousands	
				Difference	
				Amount	%
Current Assets		544,840	544,438	402	0.07
Financial Assets		106,937	115,887	-8,950	-8.37
Property, Plant and Equipment		456,730	473,652	-16,922	-3.71
Investment Property		164,506	164,602	-96	-0.06
Other Assets		39,364	12,441	26,923	68.39
Total Assets		1,312,377	1,311,020	1,357	0.10
Current Liabilities		247,977	265,875	-17,898	-7.22
Loan-term Loans		0	0	0	0
Other Liabilities		17,510	17,237	273	1.56
Total Liabilities		265,487	283,112	-17,625	-6.64
Capital Stock		806,945	806,945	0	0.00
Capital Surplus		18,038	18,038	0	0.00
Legal Reserve		95,024	96,497	-1,473	-1.55
Special Reserve		12,003	12,003	0	0.00
Retained earnings		31,161	1,470	29,691	95.28
Retained earnings		83,719	92,955	-9,236	-11.03
Total shareholders' equity		1,046,890	1,027,908	18,982	1.81
Liabilities & Equity		1,312,377	1,311,020	1,357	0.10
Analysis of deviation:					
1. In 2021, other non-current assets, including prepaid equipment payments, amounted to NT\$29,041 thousand. However, in 2022, there were no such assets.					
2. The decrease in retained earnings is attributed to the losses incurred in 2022.					

7.2 Analysis of Financial Performance

7.2.1 Analysis of Comprehensive Income Statement

Unit: NT\$ thousands

Item	Year	2021	2022	Difference	
				Amount	%
Total Operating Revenue		848,983	812,614	36,369	4.28
Less: Sales Returns		-3,848	-1,692	-2,156	56.03
Sales Allowances		-351	-119	-232	66.10
Operating Revenue, Net		844,784	810,803	33,981	4.02
Operating Cost		758,856	759,243	-387	-0.05
Gross Profit		85,928	51,560	34,368	40.00
Operating Expenses		71,591	66,637	4,954	6.92
Operating Income		14,337	-15,077	29,414	205.16
Other Income		7,367	7,696	-329	-4.47
Other Gains and Losses		-829	-3,160	2,331	-281.18
Financial Costs		-1,696	-3,663	1,967	-115.98
Share of Profit or Loss of Associates and Joint Ventures Accounted for Using Equity Method		-909	-286	-623	68.54
Total Non-operating Income and Expenses		3,933	587	3,346	85.08
Profit (Loss) Before Tax		18,270	-14,490	32,760	179.31
Income Tax Expense		-3,545	1,792	-5,337	150.55
Net Profit		14,725	-12,698	27,423	186.23
Other Comprehensive Income		14,504	9,855	4,649	32.05
Total Comprehensive Income		29,229	-2,843	32,072	109.73
Earnings per Share		0.18	-0.16	0.34	188.89
Analysis of deviation:					
1. The increase in sales returns in 2021 is due to the unstable product quality of newly installed equipment, resulting in increased returns.					
2. The decrease in gross profit in 2022 is attributed to the sharp decline in steel market prices and a contraction in sales volume, which led to an inability to effectively pass on the lower raw material costs to downstream customers, resulting in a decline in gross profit and overall profitability in 2022.					
3. The decrease in non-operating income is due to increased interest expenses resulting from higher borrowing rates and increased foreign exchange losses due to fluctuations in USD and JPY exchange rates.					

7.2.2 Analysis of Financial Ratio

Item	2021	2022	Change%	Explanation
Gross Profit Margin	10.17	6.36	-37.48%	Unable to fully pass on upstream raw material price increases to downstream customers.
Inventory Turnover	3.49	3.03	-13.14%	Change below 20%, no explanation required.
Accounts Receivable Turnover	4.02	3.78	-5.82%	Change below 20%, no explanation required.

7.3 Cash Flow

Unit: NT\$ thousands

Cash and Cash Equivalents at Beginning of Year(1)	Cash and Cash Equivalents at Beginning of Year(2)	Estimated Cash Outflow(3)	Cash Surplus (1)+(2)-(3)	Remedy for Liquidity Shortfall	
				Investment Plan	Investment Plan
80,171	58,000	50,000	88,171	0	0
1. Analysis of cash flow deviation of current year: (1)NT\$58,000 thousand net cash generated by operating activities. (2)NT\$30,000 thousand net cash used in investing activities. (3)NT\$20,000 thousand net cash used in financing activities. 2. Remedy Measures of Inadequate Liquidity and analysis: Not applicable.					

7.4 Major Capital Expenditure Items: None.

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year: The company has not made any investments in subsidiaries or associates.

7.6 The evaluation of risks by the Company:

01. Effects of changes in interest rates, foreign exchange rates and inflation on corporate finance, and future response measures:

Interest rate changes: The short-term securities held by the company with a maturity of up to three months have predetermined interest rates at the time of investment, and their holding period is very short (within 30 days). Therefore, the impact of market interest rate changes is minimal. Other borrowings are mainly for the procurement of raw materials and machinery necessary for operations. The loan amounts and interest can be adjusted in accordance with actual needs. As interest expenses are closely related to operational income, as long as borrowing and investment are managed securely, interest rate changes have no significant impact on the company.

Exchange rate changes: The company responds to fluctuations in exchange rates based on the foreign currency situation at the time of order placement. Hedging derivative instruments are timely utilized for foreign currency orders, and imported materials are purchased through foreign currency loans, which are repaid or converted into Taiwanese dollars according to the exchange rate trend or hedged through derivative instruments. Overall, exchange rate changes do not have a significant impact on the company.

Inflation: The overall producer price index shows relatively low growth rates, and the consumer price index remains low. There is no significant inflation pressure. Therefore, inflation does not have a notable impact on the company.

02. Policies, main causes of gain or loss and future response measures with respect to high-risk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions: The company has not engaged in other high-risk, high-leverage investments, lending or endorsements guarantees. The company's operations related to derivative financial instruments are limited to forward contracts, which have minimal impact.

03. Research and development projects in the recent year, current progress of unfinished research and development projects, additional research and development expenses required, expected time for completion of mass production, and key factors affecting success: None.
04. Effects of and response in the most recent fiscal year to changes in policies and regulations relating to corporate finance and sales: The company's financial operations are conducted in compliance with relevant laws and regulations, and there have been no significant effects on the company to date.
05. Effects of and response to changes in technology relating to corporate finance and sales: No significant effect.
06. The impact of changes in corporate image on corporate risk management, and the Company's response measures in the most recent year: Since the listing of our company's stock on the Taiwan Stock Exchange Corporation in the the fiscal year 2000, the company has consistently upheld the spirit of a listed company, fulfilled its social responsibilities, and sought to maximize the interests of all shareholders and employees.
07. Expected benefits from, risks relating to and response to merger and acquisition plans: None.
08. Expected benefits from, risks relating to and response to factory expansion plans: None.
09. Risks relating to and response to excessive concentration of purchasing sources and excessive customer concentration: None.
10. Effects of risks relating to and response to large share transfers or changes in shareholdings by directors or shareholders with shareholdings of over 10%: The company does not have any shareholders holding over 10% of the shares.
11. Effects of risks relating to and response to the changes in management rights: The ownership of shareholders, directors, and supervisors in the company is stable, and the risk of changes in management rights is minimal.
12. Litigation or non-litigation matters: The company has no litigation or non-litigation events
13. Other major risks and responses:
 - A. In 2022, the company's major raw material suppliers were approximately 44.78% domestic and 55.22% foreign, including India, the United Kingdom, Malaysia, etc. Even in the event of global international events, the supply of raw materials will not be affected. Therefore, the procurement of raw materials does not have an impact on the company.
 - B. Operating Revenue: The domestic customers of the company are not the most severely affected industry in this wave, and some semi-finished products that cannot be imported from abroad have turned to the company for raw material procurement. The company's foreign customers, as the products are all shipped and used as raw materials for basic construction in their respective countries, have not been affected in terms of delivery due to the current wave of the pandemic.
 - C. As the sources of raw material supply are relatively stable and the customer base is from industries less affected by the crisis, the company's production lines can still operate normally. Therefore, there is no impairment of related real estate, factory buildings, and equipment.

7.7 Other Important Items: None.

Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Basic Information of Affiliated Companies

Chia Ta World Co., Ltd.

8.2 Private Placement Securities in the Most Recent Years: None.

8.3 Shares in the Company Held or Disposed by Subsidiaries in the Most Recent Years: None.

8.4 Other Supplementary Information to be Disclosed: None.

8.5 Until the Printing Date of the Annual Report, the Items That Have Great Impact on the Company's Shareholders' Interests or Stock Prices Which Related to Securities and Exchange Act Article 36 Paragraph 3 Section 2: None.

Chia Ta World Co., Ltd.



Chairman: Wu, Ta-He



May 12, 2023