

Stock No.: 6190

This annual report is available at the following website

<http://mops.twse.com.tw>



WONDERFUL HI-TECH CO., LTD.

2022 Annual Report

Printed on May 15, 2023

I. Spokesperson and Deputy Spokesperson of the Company:

Status	Spokesperson	Deputy Spokesperson
Name	Yu-Hsiu Hsu	Shu-Mei Huang
Title	Vice President	Manager of Financial Department
Telephone	(02) 2298-8033	(02) 2298-8033
Email	nancy.hsu@wontex.com.tw	wtc261@wontex.com.tw

II. Address and Telephone Number of Headquarter and Branch:

Headquarter and Factory: No. 17, Beiyuan Rd., Zhongli Industrial Park Service Center, Zhongli Dist., Taoyuan City

Telephone: (03) 452-7777

W u g u O f f i c e: No. 72, Wugong 6th Rd., Wugu Dist., New Taipei City

Telephone: (02) 2298-8033

Branch: None

III. Stock Transfer Institution:

Name: Fubon Securities Co., Ltd. Share Administration Department

Address: 2F, No. 17, Xuchang Street, Taipei City

Telephone: (02)2361-1300

Website: www.fubon.com/securities

IV. Certified Public Accountant for Financial Statement of Most Recent Year:

Certified Public Accountant (CPA): Po-Chuan Lin, Shu-Chung Chang

Accounting Firm: PricewaterhouseCoopers (PwC) Taiwan

Address: 27F., No.333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan

Telephone: (02)2729-6666

Website: www.pwcglobal.com.tw

V. Name of any exchanges where the company's securities are traded offshore: (None)

Method for accessing information on said offshore securities: Market Observation Post System (MOPS) website

Website: <http://newmops.tse.com.tw/>

VI. Company Website: www.wontex.com

Table of Contents

One.	Letter to Shareholders	1
	I. 2022 Business Report	1
	II. 2023 Business Plan	2
Two.	Company Profile.....	4
	I. Establishment Date	4
	II. Company History.....	4
Three.	Corporate Governance Report	7
	I. Organization System	7
	II. Information of Directors, President, Vice Presidents, Associate Vice Presidents, Managers of Departments and Branches	8
	III. Remuneration Paid to Directors, President and Vice Presidents, etc., in the Most Recent Fiscal Year	19
	IV. Corporate Governance Status	23
	V. Information on Independent Auditor's Fee	49
	VI. Information on Change of CPAs	49
	VII. The Company's Chairman, President and Managers in charge of its finance and accounting operations holding any positions within the independent audit firm or its affiliates in the most recent year	49
	VIII. Transfer or pledge of shares owned by directors, managerial officers, shareholders with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report	49
	IX. Information on shareholders of top ten shareholding percentages for related parties or spouse, relative relationship within second degree of kinship among themselves	51
	X. Number of shares held by the company, the company's directors, managerial officers and the number of shares invested in a single company which are held by the entities directly or indirectly controlled by the company, and calculating the consolidated shareholding percentage of the above categories	52
Four.	Fundraising Status	53
	I. Capital and Shares	53
	II. Issuance of Corporate Bonds	59
	III. Issuance of Preferred Shares	61
	IV. Issuance of Global Depository Receipts	61
	V. Issuance of Employee Stock Options and Issuance of New Restricted Employee Shares	61
	VI. Issuance of New Shares for Mergers and Acquisitions	61
	VII. Financing Plans and Implementation Status	61
Five.	Overview of Operations	61
	I. Business Information	61
	II. Market and Production/Sales Overview	67
	III. Employee Service Overview	74
	IV. Environmental Expenses	75
	V. Labor-Management Relations	75
	VI. Cyber Security Management	77

	VII. Important Contracts	79
Six.	Financial Information Overview	80
	I. Condensed Balance Sheets and Statement of Comprehensive Income in the Most Recent Five Years	80
	II. Financial Analysis in the Most Recent 5 Years	84
	III. Audit Committee's Report in the Most Recent Year.....	87
	IV. Financial Report of the Most Recent Year, Including Independent Auditor's Audit Report, Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes or Forms for Comparison of the Two Years	88
	V. Company's Standalone Financial Statements of the Most Recent Year Audited by Auditors	88
	VI. Summary of any financial difficulty of the Company or Its affiliates in the most recent year and up to the printing date of the annual report. In case of any financial difficulty, the Impact of such difficulty on the Company shall be explained	88
Seven.	Review and Analysis of Financial Status and Financial Performance and Risk Management	89
	I. Financial Status	89
	II. Financial Performance	90
	III. Cash Flows.....	91
	IV. Impact of Significant Capital Expenditures in the Most Recent Year on the Financial and Operating Conditions of the Company	92
	V. Investment policy for the most recent year, main causes of profits or losses, improvement plans and investment plans for the next year	92
	VI. Risk Analysis and Assessment	92
	VII. Other Important Matters	95
Eight.	Special Disclosure	97
	I. Information on Affiliated Enterprises	97
	II. Any Private Placement of Securities within the Latest Fiscal Year and as of the Date of the Annual Report	100
	III. Information on Share Ownership and Disposal of Shares of the Company by Subsidiaries within the Latest Fiscal Year and as of the Date of the Annual Report	100
	IV. Additional Information Required to be Disclosed	100
Nine.	For the most recent year and up to the printing date of the annual report, events having material impact on shareholders' rights and interests or securities prices according to Subparagraph 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act	100
	Consolidated Financial Statements and Independent Auditor's Report	Attachment 1
	Parent Company Only Financial Statements and Independent Auditors' Report	Attachment 2

One. Letter to Shareholders

I. 2022 Business Report

(I) The following situations were facing the world in 2022 after the outbreak of the COVID-19 pandemic:

1. The supply chain is entangled in a web of uncertainty and the ocean freight rates were soaring greatly.
2. Geopolitical conflicts occurred frequently.
3. Rapid inflation with rates rising across the world.
4. The uncertainty of whether a global economic recession was rising.

To react to ever-changing external factors, Wonderful Hi-Tech Co., Ltd. continued to strengthen factory integration in terms of product development, production allocation, and resource input, thus maximizing the overall combat power. The online orders were fully booked due to the economic recovery from the COVID-19 pandemic in the first half of the year; the market demand stagnated due to interest rate hikes and high inventory levels, resulting in delayed shipments. The overall performance in the second half of the year was worse than that in the first half, achieving a final annual revenue of NT\$9 billion. The year over year growth rate came out to 20 percent the profit margin significantly increased as well.

(II) The 2022 business result report of the Company is as follows:

Unit: NT\$ thousand

Item \ Year	2022	2021	Increase (decrease) %
Operating revenue	9,028,285	7,538,001	19.77
Gross profit	1,578,065	1,083,183	45.69
Profit margin %	17.48	14.37	21.64
Net income before tax	750,427	368,839	103.46

(III) Financial Revenue/Expenditure and Profitability Analysis

Debt ratio (debt/total assets):	51.89%
Current ratio (current assets/current liabilities):	201.67%
Return on shareholders' equity (net profit after tax/average net shareholders equity):	19.59%
Net profit margin (net profit after tax/net operating revenue):	5.96%
Earnings per share (net profit after tax/weighted average number of issued shares):	NT\$3.04

(IV) Research and Development Status

The research and development expenses were NT\$47.23 million in 2022. As of Q1 this year, NT\$9.58 million has been invested in R&D. In 2023, the first year of the post-pandemic era, with the global administration of coronavirus vaccines, countries across the world have removed policy restraints. Technological progress will continuously promote global economic and social development. Various emerging technologies continue to evolve, including AI, 5G, the Internet of Things, electric vehicles (autonomous driving), intelligent buildings, etc. Wonderful Hi-Tech Co., Ltd. is committed to integrating the resources and advantages of different factories and constantly developing new products to seize market opportunities. It will continue to focus on quality enhancement and cost reduction by improving product design and developing new raw materials and through other efforts.

II. 2023 Business Plan

(I) 2023 Outlook

1. Countries are affected by inflation and the suppression of interest rate hikes by central banks, and are faced with the uncertainty of economic recession.
2. The global economic development has turned conservative.
3. In terms of industrial development, from the original global long-chain supply to the short-term supply to prevent conflicts between powers and regions.
4. In terms of the uncertainty of economic recession, the change from long industrial chain to short chain will test the ability of the enterprise's layout and operation.

Wonderful Hi-Tech Co., Ltd.'s management team will continue to integrate the customers of cables and wires, implement the regional factory and regional market to meet the short-chain industrial demands, and serve and satisfy more customers in different industries with the resources of the Group.

(II) Future Company Development Strategy

1. Product development:
 - A. Develop products that have relevant needs for the network/electronics/residential/automotive/robotics/green energy/healthcare industry.
 - B. Continue to develop and apply cables with special materials.
 - C. Expand the development of cables and wires satisfying the demand in North America.
 - D. Continue to expand all kinds of core extrusion machines and technologies, and expand the overall development capacity.
2. Production planning:
 - A. Expand the Southeast Asian market planning, continuously improve production capacity and expand production cable types.
 - B. Dongguan Plant continues to expand the local sales and transforms from manufacturing in China to deep-rooted business development of the Chinese market.
 - C. Replace Taiwan Plant's old equipments, and develop it into a cable research and development center.
3. Industrial chain transfer:
 - A. Grasp and seek opportunities for industrial chain transfer from long-chain supply to short-chain supply.
 - B. Dongguan Plant continues to expand the local sales and transforms from manufacturing in China to deep-rooted business development of the Chinese market.
 - C. Establish North American operation center and supply center in North America.
4. Target at the key industries of Internet of Things/electric vehicles/robotics/green energy/health care.
5. Integrate each plant's production capabilities and equipment resources, and develop new products and new cable types.

(III) Sales Volume Forecast for Next Year

Product item	2023 sales volume forecast (thousand meters)
LAN cables	410,702
Electronic cables	1,072,516
Computer cables	17,380
High temperature wires	4,044
Power cables	18,665
Automotive cables	334,057
Paige cables	16,644
Others	366,889
Total	2,240,897

We wish all shareholders all the best.

Sincerely,

Chairman Ming-Lieh Chang

Two. Company Profile

I. Date of Establishment

Date of Establishment: June 19, 1978

II. Company History

Early Development Period (1978~1982)

1978: Company was officially established with the capital of NT\$5 million.

1979: Factory construction was completed, and production and sales of products officially started. The number of employees during the early stage was 35 employees, and the capital increased to NT\$20 million.

1980: Business development continued to expand and operated at a profit from deficit.

1981: Capital increased to NT\$60 million to satisfy the business development needs.

Business Growth Period (1983-1986)

1983: Capital increased to NT\$90 million to satisfy the demands for production capability expansion and additional purchase and installation of equipment.

1986: Capital increased to NT\$120 million, and the Company also became one of the national leading professional manufacturers for “electronic cables”, and the Company’s industrial position was firmly established.

External Investment Period (1987-1990)

1987: Engaged in joint venture with Asahi Tsushin Japan to establish “Wan Shin Electronic Co., Ltd.” and to set up a wire harness plant.

1988: Capital increased to NT\$150 million, and product development successfully obtained the certificates of VDE of West Germany, SAA of Australia and F / T Mark of Japan.

1989: Capital increased to NT\$195 million, and invested in Thai Wonderful Wire Cable Co., Ltd. to set up cable and wire harness production lines.

1990: Engaged in joint venture with Asahi Tsushin Japan again to establish ASAHIBASE in Malaysia in order to set up a wire harness plant. Flat cables were further included as part of the production line of the Company.

Engaged in joint venture with Wan Shih to establish “Wan Shin Hong Kong” in order to set up a wire harness plant in Dongguan China.

Fast Development Period (1991-1994)

1991: Securities and Exchange Commission approved the public offering, and the capital increased to NT\$300 million.

1992: Invested in Le Hao Co., Ltd. Hong Kong.
Invested in Thai Wonderful Wire Cable Co., Ltd.
Capital increased to NT\$402 million.

1993: Wonderful Building located at the Wugu Industrial Park was completed, and the departments of Administration and Marketing also moved into the building to cope with the fast development needs of the Company.

1994: Obtained quality assurance of ISO 9002 1994 Edition certified by BSI of UK and UL of US
Obtained CNS 12682 Quality Assurance certified by the Commodity Inspection Bureau of MOEA.

Received the honor of the first non-Japanese company certified by “Z-Mark” of Japan Electrical Testing Laboratory Inc.

Invested and established “Wonderful Holding (BVI) Co., Ltd.” for investing in the establishment of “Yong Tai Electric Wire & Cable Co., Ltd.” in Dongguan for the professional manufacturing of “rubber cables”.

Market Development Period (1995-2002)

- 1995: Capital increased to NT\$450 million.
Successfully developed the high-end product of UTP CAT.5.
UTP Cat.5 product obtained the US UL certification, the first Taiwanese company to receive such honor.
- 1996: Capital increased to NT\$500 million. Successfully developed USB cables.
Invested in Wonderful International (Cayman) through Wonderful Holding (Cayman), and established professional marketing companies in Los Angeles USA and Beijing China.
- 1997: Capital increased to NT\$580 million. Securities and Exchange Commission approved the public offering at the OTC.
- 1998: Company stock officially listed on February 4, 1998 for trading.
Invested in the establishment of "Wonderful Investment Co., Ltd.". Capital increased to NT\$672 million in September.
- 2002: Wan Shih Electronic Co., Ltd. listed on the OTC for trading in January 2002.
Wonderful Wire and Cable Co., Ltd. changed its name to Wonderful Hi-Tech Co., Ltd. in September 2002.

New Business Expansion Period (2003~Present)

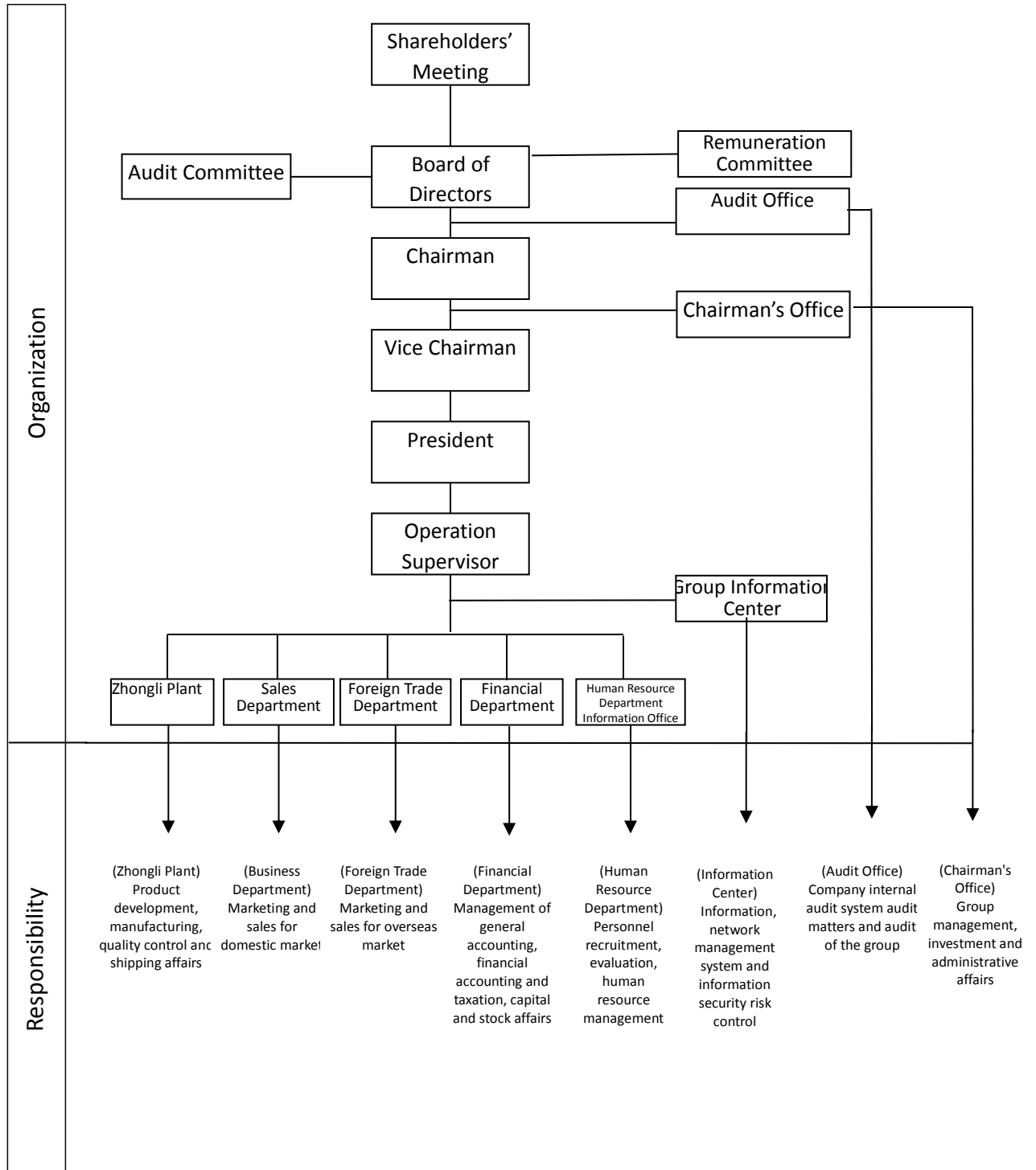
- 2003: Successfully developed the new product RF High Frequency Co-axial Cable, and started mass production and sales of the new product. Established Suzhou Wanshieh Electronic Element Co., Ltd.
- 2004: Issued the first time of overseas secured convertible bonds and raised the fund of USD 8 million.
- 2005: Completed the development, mass production and sales of the new product Halogen Free (HF) Wires. Successfully completed the commercialization preparation for the 3-layer insulation cable of high frequency transformer commences and 10G products.
- 2006: Issued the domestic unsecured convertible bonds, and raised the fund of NT\$500 million.
Completed the syndicated loan case and obtained the working capital of NT\$638 million.
Completed the development of network high end LAN cable Cat 6 CMP class for mass production and sales.
- 2007: Issued the second domestic unsecured convertible bonds, and raised the fund of NT\$600 million.
Completed the syndicated loan case and obtained the working capital of NT\$600 million.
The Company obtained US ETL Cat 6A new product certification.
Capital increased to NT\$1.111 billion in September.
- 2008: Capital increased to NT\$1.146 billion in August.
- 2009: Executed treasury share cancellation in February, and the paid-in capital after capital reduction was NT\$1.126 billion.
Invested in Siyang Wanshieh Electronic Element Co., Ltd. Invested in the establishment of Yi-Tai Technology (Hong Kong) Co., Ltd., and further invested in Shanghai Elitech Optoelectronic Technology Co., Ltd. through the Hong Kong company.
- 2010: Invested in the establishment of Vietnam Wonderful Wire Cable Co., Ltd. Invested in Sanming International Co., Ltd.
Issued the third domestic unsecured convertible bonds, and raised the fund of NT\$300 million.
- 2011: Established Vietnam Wonderful Wire Cable Co., Ltd. Became an official member of TIA (Telecommunication Industry Association) and with the voting rights at the association.
- 2012: Executed treasury share cancellation in February, and the paid-in capital after capital reduction was NT\$1.126 billion.
Sanming International Co., Ltd. changed its name to "Wonderful Cabling Systems Corporation" on June 1, 2012.
- 2013: Participated in the capital increase of Wanshieh Electronic Co., Ltd.
- 2014: Executed treasury share cancellation in April, and the paid-in capital after capital reduction

- was NT\$1.2326 billion.
 Issued the fourth domestic secured convertible bonds, and raised the fund of NT\$200 million.
- 2015: Indirectly executed capital increase of Shanghai Elitech Technology Co., Ltd. in June through a third region investment in Yi-Tai Technology Co., Ltd., and the capital increase amount was USD 1,500 thousand.
 Shanghai Elitech Optoelectronic Technology Co., Ltd. changed its name to “Shanghai Elitech Technology Co., Ltd.” on November 1, 2015.
- 2016: Executed treasury share cancellation in April, and the paid-in capital after capital reduction was NT\$1.276 billion.
 Thej 11th and 12th repurchased of treasury shares of the Company for a total of 1,650 thousand sharewere transferred to employees completely.
 Participated in the cash capital increase of NT\$15 million for the Saga YesFamily Healthcare Co., Ltd. in May, and acquired 28.30% of the equity of the company.
- 2017: Executed the fourth domestic secured convertible bonds of 2 thousand stock certificates (1000 shares/stock certificate) and converted into common shares of 19,607,714 shares completely.
- 2018: Acquired the equity of the associate ABA Industry Inc. and the shareholding increased to 82% in January.
 Obtained CAT8 certification in March, and CMP CAT8 cable was the first to receive the US EFL certification worldwide, CMR CAT8 received the Channel certification.
 Received the honor of first domestic wire and cable manufacturer to be granted with the patent for manufacturing equipment management system in December.
- 2019: Increased the investment in Inga Nano Technology Co., Ltd. and acquired a total of 33.36% of equity.
- 2020: Completed the Phase 3 facility construction of Wonderful (Vietnam) Wire and Cable Co., Ltd. in March 2020 for a three storage building with a total area of 9,720 square meters.
 Established the ACTife Hi-Tech Co., Ltd., and the paid-in capital was NT\$20 million.
 Established the Leading LOHAS International Trading Company, and the paid-capital was NT\$1million.
- 2021: Executed the cash capital increase with the issuance of new shares of 9,200 thousand shares, and raised the fund of NT\$191.36 million.
 Issued the fifth domestic unsecured convertible bonds with the total issuance par value of NT\$300 million, and raided the fund of NT\$19.19 million.
- 2022: The Company executed the 14th and 15th repurchase of treasury shares for a total of 5,530 thousand shares, and transferred 3,885 thousand shares on December 22, 2018 and 1,645 thousand shares on March 31, 2022, such that all of the repurchased shares were transferred to employees completely.
 Executed the fifth domestic unsecured convertible bonds of 3 thousand stock certificates (1000 shares/stock certificate) and converted into common shares of 12,096,693 shares completely.
 Issued the sixth domestic unsecured convertible bonds with the total issuance par value of NT\$ 800 million only, and raided the fund of NT\$ 810,092,000.

Three. Corporate Governance Report

I. Organization System

Wonderful Hi-Tech Co., Ltd. Organization and Responsibility Chart



II. Information of Directors, President, Vice Presidents, Associate Vice Presidents, Managers of Departments and Branches

(I) Director Information (1):

April 10, 2023

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment) date	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Chairman	Taiwan	Ming-Lieh Chang	Male 61~70 years old	2022.6.8	3 years	1978.6.19	11,009,911	7.17	12,624,911	8.20	1,145,748	0.74	0	0	John's University Chairman of Wanshih Electronic Co., Ltd.	Director of Le Hao International Co., Ltd. Director of Le Hao Co., Ltd. Chairman of Wonderful Photoelectricity (Dongguan) Co., Ltd. Director of Wonderful Holding (Cayman) Co., Ltd. Director of Wonderful International (Cayman) Co., Ltd. Director of Wonderful Holding (Thailand) International Co., Ltd. Chairman of Thai Wonderful Wire Cable Co., Ltd. Chairman of Wonderful Photoelectricity Co., Ltd. Chairman of Vietnam Wonderful Wire Cable Co., Ltd. Corporate Director Representative of Wanshih Electronic Co., Ltd. Chairman of Wan Shih (Hong Kong) Co., Ltd. Director of Suzhou Wanshih Optical Communication Co., Ltd. Director of ASAHI BEST BASE SDN.BHD Director of PT Asahi Best Base Indonesia Chairman of ABA Industry Inc. Director of Data Lake Co., Ltd. Chairman of Inga Nano Technology Co., Ltd. Chairman of ACTife Hi-Tech Co., Ltd. Chairman of Saga YesFamily Healthcare Co., Ltd.	Director Director	Ming-Hua Chang Cheng-Po Chang	Brothers Father-son	. Note
Vice Chairman	Taiwan	Ming-Hua Chang	Male 71~80 years old	2022.6.8	3 years	1978.6.19	1,924,605	1.25	1,924,605	1.25	886,017	0.58	0	0	National Pingtung University of Science and Technology Vice Chairman of Wonderful Hi-Tech Co., Ltd.	Director of Le Hao International Co., Ltd. Director of Le Hao Co., Ltd. Director of Wonderful Holding (Thailand) Co., Ltd. Director of Thai Wonderful Wire Cable Co., Ltd.	Chairman	Ming-Lieh Chang	Brothers	

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment) date	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Director	Taiwan	Cheng-Po Chang	Male 41~50 years old	2022.6.8	3 years	2004.6.21	1,540,443	1.00	1,540,443	1.00	328,799	0.21	0	0	Chihlee University of Technology Vice Factory Director of Wonderful Hi-Tech Co., Ltd. Head of Operation of ABA Industry Inc.	President of the Company Director of Le Hao International Co., Ltd. Director of Le Hao Co., Ltd. Director of Wonderful Photoelectricity (Dongguan) Co., Ltd. Director of Wonderful Photoelectricity Co., Ltd. Director of Vietnam Wonderful Wire Cable Co., Ltd. Director of Yi-Tai Technology Co., Ltd. Director and Head of Operation of ABA Industry Inc. Chairman of Mei Ming Investment Co., Ltd. Director of Inga Nano Technology Co., Ltd.	Chairman	Ming-Lieh Chang	Father-son	Note
Director	Taiwan	Lung-Chih Chung	Male 51~60 years old	2022.6.8	3 years	2007.6.13	348,246	0.23	348,246	0.23	42	0.00	0	0	STRAYER COLLEGE U.S.A. Director of Wonderful Hi-Tech Co., Ltd.	President's Special Assistant and Sales Manager of Fu San Machinery Co., Ltd.	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment) date	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Director	Taiwan	Dang-Wu Yang	Male 61~70 years old	2022.6.8	3 years	2013.6.19	50,748	0.03	45,718	0.03	0	0.00	0	0	Department of Accounting, Soochow University Head of Finance of Wonderful Hi-Tech Co., Ltd.	Director of Thai Wonderful Wire Cable Co., Ltd. Director of Vietnam Wonderful Wire Cable Co., Ltd. Director of Le Hao International Co., Ltd. Director of Le Hao Co., Ltd. Director of Saga YesFamily Healthcare Co., Ltd. Supervisor of Saga-LOHAS Co, Ltd. Supervisor of Inga Nano Technology Co., Ltd.	None	None	None	
Independent Director	Taiwan	Kuei-Sen Huang	Male 71~80 years old	2022.6.8	3 years	2010.6.8	0	0.00	0	0.00	0	0.00	0	0	MBA, Harvard University U.S.A. Master of Mechanical Engineering, South Dakota School of Mines and Technology U.S.A., Bachelor of Mechanical Engineering, Osaka University Japan Qualified 1969 national advanced examination in mechanical engineering, qualified 1969 professional mechanical engineer examination, qualified US national engineer examination President of Amphenol Taiwan Corporation and Korean FCI Group President of Full Rise Electronic Co., Ltd.	Chairman of UJU Electronics International Inc Chairman of Vericon Co., Ltd.	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment) date	Term of office	Date of first election and job assumption	Shareholding when elected		Number of shares currently held		Current shareholding of spouse and minor children		Shareholding by nominee arrangement		Main experience (educational background)	Current adjunct positions at the Company and other companies	Other managers, directors or supervisors with relationship of spouse or within second degree of kinship			Remarks
							Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage			Title	Name	Relationship	
Independent Director	Taiwan	Ching-Feng Sun	Male 61~70 years old	2022.6.8	3 years	2010.6.8	0	0.00	10,000	0.00	0	0.00	0	0	MBA, University of Michigan USA Master of Material Science, Wayne State University USA Department of Materials and Mineral Resources Engineering, National Taipei University of Technology R&D Team Leader, Prime Optical Fiber Corporation Director of Asia Technology Center, Emerson Electric Company Financial Analysis of United Tech-Carrier Assistant Vice President of Chengxin Venture Capital President of Shuchengfeng /Shengda / Kangqun Venture Capital	President of SAGA Unitek Ventures Chairman of Fitek Photonics Corporation Independent Director of Tah Tong Textile Co., Ltd. Supervisor of Pixon Technologies Corporation Supervisor of Taiwan Venture Capital Association Independent Director of Hua Eng Wire & Cable Co., Ltd. Independent Director of Chicony Power Technology Co., Ltd.	None	None	None	
Independent Director	Taiwan	Shih-Yang Chen	Male 61~70 years old	2022.06.08	3 years	2022.06.08	0	0.00	0	0.00	201	0.00	0	0	Department of Accounting, Soochow University CPA of Taipei Office and Responsible Person of Taipei Office, Zhongshan Accounting Firm	CPA and Responsible Person of Taipei Office, Zhongshan Accounting Firm Chairperson of National Accounting and Taxation Committee of Certified Public Accountant (CPA) Director of Hsin Kuang Steel Co., Ltd. Director of Taiwan Chinsan Electronic Industrial Co., Ltd. Monthly Journal Deputy Editor of Angle Review of Finance and Taxation Practices	None	None	None	
Independent Director	Taiwan	Chun-Chi Yang	Female 51~60 years old	2022.06.08	3 years	2022.06.08	0	0.00	0	0.00	0	0.00	0	0	PhD., Department of Business Administration, National Taiwan University Professor and Department Director of Department of Business Administration, Fu Jen Catholic University	Professor and Department Director of Department of Business Administration, Fu Jen Catholic University Independent Director and Remuneration Committee Member of Poweretch Industrial Co., Ltd. Remuneration Committee Member of Makalot Industrial Co., Ltd.	None	None	None	

Note: Where the Company's Chairman and President or equivalent job position (highest managerial officer) refer to the same individual, or being spouse or first-degree relative of each other, it is necessary to explain the reason and relevant information on the reasonability, necessary and responsive measures (such as the method of increase of independent director seats, a majority of directors without concurrent job position of employee or managerial officer etc.) :
The Chairman and the General Manager of the company are first-degree relatives. This arrangement is made in consideration of the second-generation succession plan for the company. To address this, the company has appointed an additional independent director, resulting in a total of four independent directors. Furthermore, the majority of directors (5 out of 9 directors) are not concurrently serving as employees or executives.

Director Information (2)

I. Disclosure of professional qualification of directors and independence of independent directors:

Name	Professional qualification and experience (Note 1)	Independence status (Note 2)	Number of companies for adjunct independent directors of other public offering companies
Ming-Lieh Chang	Equipped with more than five years of working experience necessary for the company business, and previously assumed the positions of Chairman of Wonderful Hi-Tech Co., Ltd. and Chairman of Wanshih Electronic Co., Ltd, and not being subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.	<ol style="list-style-type: none"> 1. Not a director, supervisor or employee of other company not controlled by the same parties holding a majority of the number seats of directors of the Company or a majority of shares with voting rights. 2. The member is not elected due to government agency, juristic person or their representative acting as shareholders described in Article 27 of the Company Act. 	0
Ming-Hua Chang	Equipped with more than five years of working experience necessary for the company business, and previously assumed the position of Vice Chairman of Wonderful Hi-Tech Co., Ltd., and not being subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.	<ol style="list-style-type: none"> 1. Not a director, supervisor or employee of other company not controlled by the same parties holding a majority of the number seats of directors of the Company or a majority of shares with voting rights. 2. Not a director (managing director), supervisor (managing supervisor) or employee of other company or institution being the same person holding the position of Chairman, President or equivalent position in the Company or a spouse thereof. 3. The member is not elected due to government agency, juristic person or their representative acting as shareholders described in Article 27 of the Company Act. 	0
Cheng-Po Chang	Equipped with more than five years of working experience necessary for the company business, and presently assuming the position of Director of Wonderful Hi-Tech Co., Ltd., and presently acting as the Vice President and CEO of the Company, and not being subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.	<ol style="list-style-type: none"> 1. Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or of a corporate shareholder that ranks among the top five in shareholdings, or of a proxy appointed according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act. 2. Not a director, supervisor or employee of other company not controlled by the same parties holding a majority of the number seats of directors of the Company or a majority of shares with voting rights. 3. Not a director (managing director), supervisor (managing supervisor) or employee of other company or institution being the same person holding the position of Chairman, President or equivalent position in the Company or a spouse thereof. 4. The member is not elected due to government agency, juristic person or their representative acting as shareholders described in Article 27 of the Company Act. 	0

<p>Dang-Wu Yang</p>	<p>Equipped with more than five years of working experience necessary for the company business, equipped with the expertise in accounting and finance, and presently assuming the position of consultant of the Company, and not being subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> 1. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the company or ranks as one of its top ten shareholders. 2. Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or of a corporate shareholder that ranks among the top five in shareholdings, or of a proxy appointed according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act. 3. Not a director, supervisor or employee of other company not controlled by the same parties holding a majority of the number seats of directors of the Company or a majority of shares with voting rights. 4. Not a director (managing director), supervisor (managing supervisor) or employee of other company or institution being the same person holding the position of Chairman, President or equivalent position in the Company or a spouse thereof. 5. The members is not of the relationship of spouse or relative within second degree of kinship with other directors. 6. The member is not elected due to government agency, juristic person or their representative acting as shareholders described in Article 27 of the Company Act. 	<p>0</p>
-------------------------	---	---	----------

Lung-Chih Chung	Equipped with more than five years of working experience necessary for the company business, and presently assuming the position of President's Special Assistant and Sales Manager of Fu San Machinery Co., Ltd., and not being subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.	<ol style="list-style-type: none"> 1. Not an employee of the Company or any of its affiliates. 2. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the company or ranks as one of its top ten shareholders. 3. Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or of a corporate shareholder that ranks among the top five in shareholdings, or of a proxy appointed according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act. 4. Not a director, supervisor or employee of other company not controlled by the same parties holding a majority of the number seats of directors of the Company or a majority of shares with voting rights. 5. Not a director (managing director), supervisor (managing supervisor) or employee of other company or institution being the same person holding the position of Chairman, President or equivalent position in the Company or a spouse thereof. 6. The member is not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company. 7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received compensation, or a spouse thereof; 8. The members is not of the relationship of spouse or relative within second degree of kinship with other directors. 9. The member is not elected due to government agency, juristic person or their representative acting as shareholders described in Article 27 of the Company Act. 	0
Kuei-Sen Huang	Equipped with more than five years of working experience necessary for the company business, qualified for the national advanced examination in mechanical engineering and professional engineer examination for mechanical engineer, and presenting assuming the positions of Chairman of UJU Electronics International Inc. and Vericon Co., Ltd., and not being subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.	<ol style="list-style-type: none"> 1. Not an employee of the Company or any of its affiliates. 2. Not a director or supervisor of the Company or any of its affiliates. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the company or ranks as one of its top ten shareholders. 4. Not a managerial officer listed in the preceding Subparagraph 1 or a spouse, relative within second degree of kinship or direct blood relative within third degree of 	0

Ching-Feng Sun	Equipped with more than five years of working experience necessary for the company business, and presently assuming the positions of Chairman of Fitek Photonics Corporation and President of SAGA Unitek Ventures, and not being subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.	5. Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or of a corporate shareholder that ranks among the top five in shareholdings, or of a proxy appointed according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act.	3
Shih-Yang Chen	Equipped with more than five years of working experience necessary for the company business, equipped with the expertise in accounting, finance and taxation, and presently assuming the position of CPA and responsible person of Taipei Office of Changshan Accounting Firm, and not being subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.	6. Not a director, supervisor or employee of other company not controlled by the same parties holding a majority of the number seats of directors of the Company or a majority of shares with voting rights. 7. Not a director (managing director), supervisor (managing supervisor) or employee of other company or institution being the same person holding the position of Chairman, President or equivalent position in the Company or a spouse thereof.	0
Chun-Chi Yang	Equipped with more than five years of working experience necessary for the company business, and present assuming the position of professor and department director of Department of Business Administration, Fu Jen Catholic University, and not being subject to any conditions defined in the subparagraphs of Article 30 of the Company Act.	8. The member is not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company. 9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past two years has received compensation, or a spouse thereof; 10. The members is not of the relationship of spouse or relative within second degree of kinship with other directors. 11. The member is not elected due to government agency, juristic person or their representative acting as shareholders described in Article 27 of the Company Act.	1

Note 1: Professional qualification and experience: It describes the professional qualification and experience of individual director and supervisor. For a director of the audit committee member and equipped with accounting or financial expertise, it is necessary to describe his/her accounting or financial background and working experience. In addition, explanation on whether there is any condition specified in Article 30 of the Company Act shall be provided.

Note 2: Independent directors complying with independence status, including but not limited to whether director of the company, his/her spouse, relative within second degree of kinship acts as director, supervisor or employee of the Company or its affiliates; number of company shares held and holding percentage of the director, spouse, relative within second degree of kinship (or under the name of others); whether he or she acts as director, supervisor or employee of company having special relationship with the Company (please refer to the provisions of Subparagraphs 5~8 of Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); remuneration amount collected for providing corporate commerce, legal, finance or accounting service to the Company or its affiliates in the most recent two years.

II. Diversity and independence of board of directors:

(I) Diversity of board of directors:

According to Article 3 of the “Regulations for Election of Directors” of the Company, the overall composition of the board of directors shall be taken into consideration in the selection of the Company's directors. The composition of the board of directors shall be determined by taking diversity into consideration, and appropriate policy on diversity based on the Company's business operations, operating dynamics, and development shall be established and executed thoroughly. The board members of the Company are equipped with professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience,

such that they are able to provide professional opinions in order to improve the operation and management performance of the Company.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. Operational judgment ability.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis handling ability.
5. Knowledge of the industry.
6. International market perspective.
7. Leadership.
8. Decision-making ability.

Implementation status of specific management goal for diversity of board members is as follows:

Diverse Core Item Management Goal / Director Name	Gender	Age	Nationality	Independent director with term of office exceeding three terms	Operational judgment ability	Accounting and financial analysis ability	Business management ability	Crisis handling ability	Knowledge of the industry.	International market perspective	Leadership	Decision-making ability	Marketing
Ming-Lieh Chang	Male	61~70 years old	R.O.C.		V	V	V	V	V	V	V	V	V
Ming-Hua Chang	Male	71~80 years old		V	V	V	V	V	V	V	V	V	V
Cheng-Po Chang	Male	41~50 years old		V	V	V	V	V	V	V	V	V	V
Dang-Wu Yang	Male	61~70 years old		V	V	V	V	V	V	V	V	V	V
Lung-Chih Chung	Male	51~60 years old		V	V	V	V	V		V	V	V	V
Kuei-Sen Huang	Male	71~80 years old		V	V	V	V	V		V	V	V	V
Ching-Feng Sun	Male	61~70 years old		V	V	V	V	V		V	V	V	V
Shih-Yang Chen	Male	61~70 years old		V	V	V	V	V		V	V	V	V
Chun-Chi Yang	Female	51~60 years old		V	V	V	V	V		V	V	V	V

(II) Independence of board of directors:

The Company has established the “Regulations for Election of Directors” according to Articles 21 and 41 of the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”. The selection of independent directors complies with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”, and the election of directors of the Company adopts the candidate nomination system and the cumulative voting system. There are a total 9 board members for the present term of office of the Company, including 4 independent directors, accounting for 44% of the total number of directors. There is one general director and 4 directors equipped with the employee status, accounting for 56% of the total number of directors. There are 5 directors among total of 9 directors, exceeding the majority of directors, not concurrently acting as employees or managerial officers. All directors and independents are not subject to matters described in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

Status of directors having the relationship of spouse or relative within second degree of kinship with other directors (please refer to Director Information (1) on pages 6~7 for details)

(II) Information of President, Vice President, Associate Vice President, Supervisors of Departments and Branches:

April 10, 2023

Title	Nationality	Name	Gender	Date of election (appointment) date	Shareholding		Holding of shares by spouse, underage children		Shareholding by nominee arrangement		Main Educational Background (Experience)	Current adjunct positions at other companies	Manager with relationship of spouse or within second degree of kinship			Remarks
					Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %			Title	Name	Relationship	
President	Taiwan	Cheng-Po Chang	Male	2022.09.06	1,540,443	1.00	328,799	0.21	0	0	Chihlee University of Technology Vice Factory Director of Wonderful Hi-Tech Co., Ltd. Head of Operation of ABA Industry Inc.	Director of Le Hao International Co., Ltd. Director of Le Hao Co., Ltd. Director of Wonderful Photoelectricity (Dongguan) Co., Ltd. Director of Wonderful Photoelectricity Co., Ltd. Director of Vietnam Wonderful Wire Cable Co., Ltd. Director of Yi-Tai Technology Co., Ltd. Director and Head of Operation of ABA Industry Inc. Chairman of Mei Ming Investment Co., Ltd. Director of Inga Nano Technology Co., Ltd.	Chairman Vice President	Ming-Lieh Chang Cheng-Ya Chang	Father-son Brothers	Note
Vice President	Taiwan	Cheng-Ya Chang	Male	2020.03.01	790,613	0.51	327,401	0.21	0	0	Department of Business Administration, National Central University Executive Vice President of Wire and Cable Business Unit, Wonderful Hi-Tech Co., Ltd. Vice President of Thai Wonderful Wire Cable Co., Ltd.	Vice President of Thai Wonderful Wire Cable Co., Ltd. Director of Thai Wonderful Wire Cable Co., Ltd. Director of Vietnam Wonderful Wire Cable Co., Ltd. and Wonderful Photoelectricity Dongguan Director of Shanghai Elitech Technology Co., Ltd. Director of Mei Ming Investment Co., Ltd.	Chairman President	Ming-Lieh Chang Cheng-Po Chang	Father-son Brothers	

Title	Nationality	Name	Gender	Date of election (appointment) date	Shareholding		Holding of shares by spouse, underage children		Shareholding by nominee arrangement		Main Educational Background (Experience)	Current adjunct positions at other companies	Manager with relationship of spouse or within second degree of kinship			Remarks
					Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %			Title	Name	Relationship	
Vice President	Taiwan	Yu-Hsiu Hsu	Female	2022.07.01	40,000	0.03	0	0	0	0	Business Administration Class of Senior Officer Enterprise Master Program, National Central University CFO of Wanshih Electronic Co., Ltd. Manager of General Management Division, Wonderful Hi-Tech Co., Ltd.	Director of Wonderful Photoelectricity Co., Ltd Supervisor of Suzhou Wanshih Optical Communication Co., Ltd. Supervisor of Wan Shih (Hong Kong) Co., Ltd. Supervisor of Suzhou Wanshih Electronic Element Co., Ltd. Supervisor of Siyang Wanshih Electronic Element Co., Ltd. Supervisor of Dongguan Humen Wanshih Electronics Co., Ltd.	None	None	None	

Note: Where the President or equivalent job position (highest managerial officer) and the Chairman refer to the same individual, or being spouse or first-degree relative of each other, it is necessary to disclose the reason and relevant information on the reasonability, necessary and responsive measures (such as the method of increase of independent director seats, a majority of directors without concurrent job position of employee or managerial officer etc.) :

The Chairman and the General Manager of the company are first-degree relatives. This arrangement is made in consideration of the second-generation succession plan for the company. To address this, the company has appointed an additional independent director, resulting in a total of four independent directors. Furthermore, the majority of directors (5 out of 9 directors) are not concurrently serving as employees or executives.

III. Remuneration Paid to Directors, President and Vice Presidents, etc., in the Most Recent Fiscal Year:

(I) 1. Remuneration of Directors and Independent Directors (Individual disclosure of name and remuneration method)

Unit: NT\$ thousand

Title	Name	Remuneration of directors								Total of Four Items of A+B+C+D as a Percentage of Net Income		Relevant compensation received by adjunct employees								Total of Seven Items of A+B+C+D+E+F+G as a Percentage of Net Income		Compensation from investees or parent company other than subsidiaries received
		Remuneration (A)		Retirement Pension (B) (Note 2)		Remuneration of Directors (C) (Note 1)		Expenses for execution of business (D)				Salary, bonus and special disbursement (E)		Retirement Pension (F) (Note 2)		Employees' remuneration (G) (Note 1)						
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies listed in the financial statements	
Chairman	Ming-Lieh Chang	3,283	7,080	0	0	995	995	35	35	4,314 0.93%	8,110 1.74%	3,951	3,951	305	305	733	0	733	0	9,302 2.00%	13,099 2.81%	2,230
Vice Chairman	Ming-Hua Chang	2,599	2,599	0	0	995	995	35	35	3,629 0.78%	3,629 0.78%	2,072	2,072	260	260	0	0	0	0	5,962 1.28%	5,962 1.28%	None
Director	Lung-Chih Chung	0	0	0	0	995	995	35	35	1,030 0.22%	1,030 0.22%	0	0	0	0	0	0	0	0	1,030 0.22%	1,030 0.22%	None
Director	Cheng-Po Chang	0	0	0	0	995	995	30	30	1,025 0.22%	1,025 0.22%	4,557	4,557	89	89	483	0	483	0	6,154 1.32%	6,154 1.32%	None
Director	Dang-Wu Yang (Note 3)	0	0	0	0	995	995	15	15	1,010 0.22%	1,010 0.22%	1,406	1,406	43	43	525	0	525	0	2,984 0.64%	2,984 0.64%	None
Independent Director	Kuei-Sen Huang	450	450	0	0	995	995	75	75	1,520 0.33%	1,520 0.33%	0	0	0	0	0	0	0	0	1,520 0.33%	1,520 0.33%	None
Independent Director	Ching-Feng Sun	405	405	0	0	995	995	75	75	1,475 0.32%	1,475 0.32%	0	0	0	0	0	0	0	0	1,475 0.32%	1,475 0.32%	None
Independent Director	Tseng-Tien Yun (Note 4)	203	203	0	0	995	995	15	15	218 0.05%	218 0.05%	0	0	0	0	0	0	0	0	218 0.05%	218 0.05%	None
Independent Director	Shih-Yang Chen (Note 3)	203	203	0	0	995	995	20	20	1,218 0.26%	1,218 0.26%	0	0	0	0	0	0	0	0	1,218 0.26%	1,218 0.26%	None
Independent Director	Chun-Chi Yang (Note 3)	203	203	0	0	995	995	20	20	1,218 0.26%	1,218 0.26%	0	0	0	0	0	0	0	0	1,218 0.26%	1,218 0.26%	None

1. Please describe the payment policy, system, standard and structure for remuneration of independent directors, and explain the relationship with the remuneration payment according to the job duties handled, risks and time invested, etc.:
When the directors of the Company perform job duties of the Company, regardless whether the Company is operating at a profit or loss, the Company may pay remuneration, and the board of directors is authorized to determine the remuneration according to their participation level and contribution value to the operation of the Company along with the consideration of the standard adopted in the same industry. In addition, transportation allowance may also be paid.
When the Company has a surplus earning, remuneration is further distributed according to Article 26 of the Articles of Incorporation of the Company.

2. In addition to the disclosure of the table above, the remuneration collected in by directors of the Company for providing services (such as acting as non-employee consultant of the parent company/companies/investees indicated in the financial report): Dang-Wu Yang Director served as the consultant of the Company and received a remuneration of NT\$ 3,063,000 on July 1, 2022.

Note 1: The 2022 surplus earning of the Company has not yet been resolved by the shareholders' meeting for distribution, and the remunerations of directors and employees refer to the proposed amount approved by the board of directors.

Note 2: It refers to the amount of retirement pension appropriated and recognized as expenditure.

Note 3: Newly-appointed following comprehensive re-election of the director at the shareholders' meeting on June 8, 2022.

Note 4: Resigned following comprehensive re-election of the director at the shareholders' meeting on June 8, 2022.

2. Remuneration of supervisors: Since the Company has established the Audit Committee in replacement of the supervisors, this part is not applicable.

3. Remuneration of President and Vice Presidents (summary according to class interval and name disclosure method)

Unit: NT\$ thousand

Title	Name	Salary (A)		Retirement Pension (B) (Note 2)		Bonus and special disbursement (C)		Employees' remuneration (D) (Note 1)				Total of Four Items of A+B+C+D as a Percentage of Net Income		Compensation from investees or parent company other than subsidiaries received
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companies listed in the financial statements		The Company	All companies listed in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President(Note)	Ming-Lieh Chang	4,828	4,828	588	588	11,040	12,497	2,296	0	2,296	0	18,752 4.03%	20,209 4.34%	2,230
President(Note)	Cheng-Po Chang													
Vice President(Note)	Dang-Wu Yang													
Vice President	Cheng-Ya Chang													
Vice President(Note)	Yu-Hsiu Hsu													

Note: The former Chairman and President Ming-Lieh Chang was assumed by President Cheng-Po Chang on September 6, 2022 due to post adjustment; The former Vice President and Finance and Accounting Officer Dang-Wu Yang was replaced by Vice President Yu-Hsiu Hsu on July 1, 2022 due to Dang-Wu Yang's retirement.

Remuneration bracket

Payment to individual President and Vice Presidents, remuneration bracket	Name of President and Vice President	
	The Company	Parent Company and All Invested Enterprises (Note 3)
Under NT\$ 1,000,000	Yu-Hsiu Hsu	Yu-Hsiu Hsu
NT\$ 1,000,000 (inclusive)~NT\$ 2,000,000 (exclusive)	Dang-Wu Yang	Dang-Wu Yang
NT\$ 2,000,000 (inclusive)~NT\$ 3,500,000 (exclusive)	0	0
NT\$ 3,500,000 (inclusive)~NT\$ 5,000,000 (exclusive)	Ming-Lieh Chang	0
NT\$ 5,000,000 (inclusive)~NT\$ 10,000,000 (exclusive)	Cheng-Po Chang、Cheng-Ya Chang	Ming-Lieh Chang、Cheng-Po Chang、Cheng-Ya Chang
NT\$ 10,000,000 (inclusive)~NT\$ 15,000,000 (exclusive)	0	0
NT\$ 15,000,000 (inclusive)~NT\$ 30,000,000 (exclusive)	0	0
NT\$ 30,000,000 (inclusive)~NT\$ 50,000,000 (exclusive)	0	0
NT\$ 50,000,000 (inclusive)~NT\$ 100,000,000 (exclusive)	0	0
Above NT\$100,000,000	0	0
Total	5	5

Note 1: The 2022 surplus earning of the Company has not yet been resolved by the shareholders' meeting for distribution, and the remuneration of employees refers to the proposed amount approved by the board of directors.

Note 2: It refers to the amount of retirement pension appropriated and recognized as expenditure.

Note 3: Remunerations of all companies and all investees included in the financial statements

4. Remuneration of managerial officers of top five highest remuneration of TWSE/TPEX listed company (individual disclosure of name and remuneration method)

Note: Where a TWSE/TPEX listed company is subject to the conditions of (1) operating loss after tax indicated in the parent company only or individual financial report in the most recent three years or (2) corporate governance evaluation result of the most recent year indicating the last class, or subject to change of transaction method, suspension of trading, termination of listing at TWSE/TPEX, or any matter considered by the corporate governance evaluation committee to be unacceptable for evaluation for the most recent year or up to the printing date of the annual report, it is necessary to individually disclose the information on the remuneration of managerial officers of top five highest remuneration.

Title	Name	Salary (A)		Retirement Pension (B)		Bonus and special disbursement (C)		Employees' remuneration (D)				Total of Four Items of A+B+C+D as a % of Net Income (%)	Compensation from investees or parent company other than subsidiaries received		
		The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company	All companies listed in the financial statements	The Company		All companies listed in the financial statements				The Company	All companies listed in the financial statements
								Cash amount	Stock amount	Cash amount	Stock amount				
The Company has reached the disclosure standard; therefore, it is not applicable.															

(II) Name of Managerial Officers for Distribution of Employees' Remuneration and Distribution Status

December 31, 2022; NT\$ thousand

Title		Name	Stock amount	Cash amount	Total	Ratio of Total to Net Income (%)
Managerial officers	President	Ming-Lieh Chang	0	2,296	2,296	0.49
	President	Cheng-Po Chang				
	Vice President	Dang-Wu Yang				
	Vice President	Cheng-Ya Chang				
	Vice President	Yu-Hsiu Hsu				

Note: The 2022 surplus earning of the Company has not yet been resolved by the shareholders' meeting for distribution, and the remuneration of employees refers to the proposed amount approved by the board of directors.

(III) An analysis of the total remuneration paid to the Company's directors, the President, and Vice Presidents by the Company and all companies in the parent company only or individual financial statements as a percentage of the net income after tax in the standalone financial report for the most recent two years, and a description of the remuneration policy, standard, and package, the procedure for determining the remuneration, and the association between business performance and future risks:

Unit: NT\$ thousand

Title	2022				2021			
	Total remuneration paid		As a percentage of net come %		Total remuneration paid		As a percentage of net come %	
	The Company	All companies in the consolidated statements	The Company	All companies in the consolidated statements	The Company	All companies in the consolidated statements	The Company	All companies in the consolidated statements
Director	16,659	20,456	3.57	4.39	14,656	15,724	6.52	7.00
President and Vice Presidents	18,752	20,209	4.03	4.34	6,762	7,787	3.01	3.46
Total	35,411	40,665	7.60	8.73	21,418	23,511	9.53	10.46

Independent directors of the Company receive fixed remuneration, and the rest of directors receive attendance fee for each board of directors' meeting. In addition, according to the Articles of

Incorporation of the Company, when the Company has a profit for a fiscal year, 2% to 4% of the profit before tax and before the deduction of the distribution of remunerations of directors shall be set aside as the remuneration of employees and no higher than 2% thereof shall be set aside as the remuneration of directors. However, when the Company has accumulated losses, amount shall be reserved for making up the accumulated losses first. In addition, to implement corporate governance and to improve the function of board of directors, performance goal is defined clearly in order to improve the operation efficiency and to be used as the reference for the distribution of remuneration of directors and supervisors. The Regulations for Board of Directors Performance Evaluation have been established according to Article 37 of the “Corporate Governance Best Practice Principles”. Furthermore, to improve the director and managerial officer remuneration system of the Company, the Company has established the Remuneration Committee Charter, and the performance evaluation and remuneration of directors and supervisors shall consider the common remuneration standard adopted in the same industry. In addition, personal performance evaluation result, time of contribution, job duty handled, personal goal achievement status, performance of other job positions, and remuneration paid to personnel at the same job rank of the Company are also considered, along with the Company’s short and longer term business goal achievement, financial status, etc., in order to evaluate the association reasonableness among the personal performance, company operational performance and future risks.

(IV) Continuing Education and Training Status of Directors

When the Company is aware of course information related to corporate governance, directors are informed actively, in order to appropriately arrange continuing education time and content, and the continuing education certificates of all directors are obtained timely. In addition, the continuing education status of directors is also publicly disclosed on the “Market Observation Post System (MOPS) Website”.

2022 continuing education status of directors is as follows:

Title	Name	Organizer	Course Name	Training Hours	Whether it complies with the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies”
Director	Ming-Hua Chang	Chinese National Association of Industry and Commerce Taiwan Corporate Governance Association	Prospection of the development trend of global science and technology industry and supply chain in the post-epidemic era	3	Yes
			How to understand financial statements for the Company's management	3	
Director	Dang-Wu Yang	Chinese National Association of Industry and Commerce Taiwan Corporate Governance Association	Global economy and industry prospect in 2023	3	Yes
			Discussion on the key issues of merger and integration in the process of enterprise merger and acquisition	3	
Independent Director	Tseng Tien Yun	Taiwan Corporate Governance Association	Development trend of green industry - Prospect of low-carbon investment and corresponding business strategy	3	Yes
Independent Director	Ching-Feng Sun	Taiwan Corporate Governance Association Securities & Futures Institute	The first measure that individuals take in the face of CFC: know yourself as well as the enemy	3	Yes
			2022 Insider's Equity Trading Legal Compliance Publicity Briefing Meeting	3	
Independent Director	Shih-Yang Chen	National Accounting of Certified Public Accountant (CPA)	1. Cash-out merger, protection of shareholders' equity and recusal of directors' interests in Business Mergers And Acquisitions Act	3	Yes
			2. Financial reporting fraud and sharing of identification practices	3	
Independent Director	Chun-Chi Yang	Taiwan Corporate Governance Association Securities & Futures Institute	The only way to maintain sustainable management of the Company - External innovation	3	Yes
			Value of information security under the trade war between China and the US in the post-epidemic era	3	

IV. Corporate Governance Status

(I) (1) Board Operation Status:

During the period from 2022/1/1 to 2023/4/30, there were 14 board meetings (A), and the attendance status of directors is as follows:

Title	Name	Actual number of attendance (B)	Number of attendance by proxy	Actual attendance rate (%) [B/A] (Note)	Remarks
Chairman	Ming-Lieh Chang	14	0	100	Consecutive term of office on 2022.06.08
Director	Ming-Hua Chang	14	0	100	Consecutive term of office on 2022.06.08
Director	Lung-Chih Chung	14	0	100	Consecutive term of office on 2022.06.08
Director	Cheng-Po Chang	14	0	100	Consecutive term of office on 2022.06.08
Director	Dang-Wu Yang	9	0	100	New on-board member on 2022.06.08 Number of required attendance was 9 times
Independent Director	Ching-Feng Sun	14	0	100	Consecutive term of office on 2022.06.08
Independent Director	Kuei-Sen Huang	14	0	100	Consecutive term of office on 2022.06.08
Independent Director	Tien-Yun Tseng	5	0	100	Resigned on 2022.06.08 Number of required attendance was 5 times
Independent Director	Shih-Yang Chen	9	0	100	New on-board member on 2022.06.08 Number of required attendance was 9 times
Independent Director	Chun-Chi Yang	9	0	100	New on-board member on 2022.06.08 Number of required attendance was 9 times

Other matters required to be recorded:

- I. Where the operation of a board meeting is subject to one of the following, the board meeting date, session, proposal content, opinion of all independent directors and Company's handling for the opinions of independent directors shall be described:
 - (I) Matters specified in Article 14-3 of Securities and Exchange Act: Please refer to important resolutions of the board of directors' meetings and resolution result on pages 35~37.
 - (II) Except for the aforementioned matters, other resolutions of board meetings subject to dissenting opinions or qualified opinions and equipped with records or written statements:
The independent directors held no dissenting or qualified opinions.
- II. For the execution status of recusal of directors due to conflicts of interest, the name of directors, proposal content, reasons of recusal and participation in voting shall be described:

Date of Board of Directors' Meeting	Name of director of recusal	Proposal content	Reason for recusal of conflict of interest	Voting participation status
2022/11/11	Dang-Wu Yang	Purchase of 80 Shares in Le Hao Co., Ltd. (Hong Kong) LORD HERO INTERNATIONAL LIMITED at a price of HK\$ 739,000	This case involve matters bearing on the personal interest of a director	Dang-Wu Yang Director left the meeting and did not participate in the voting. And after the chair requested the consent of all attending committee directors, the proposal was passed without objection.

- III. Public company shall disclose the information on the evaluation cycle and period, evaluation scope, method and evaluation content, etc. of the self-evaluation (or peer evaluation) of the board of directors, and Table 2 (2) Board evaluation execution status shall be described.
- IV. Goals (such as establishment of Audit Committee, improvement of information transparency etc.) for establishment of and execution status evaluation on the enhancement of functions of the board of directors for the current year and the most recent year: The Company has established the Audit Committee formed by all independent directors to replace the supervisors according to Article 14-4 of the Securities and Exchange Act, in order to enhance the functions of the board of directors.

Note: All independent directors of the Company attended each board meeting in person in 2022 and up to the date of April 30, 2023.

(2) Board of Directors Evaluation Implementation Status:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once annually	January 1, 2022 to December 31, 2023	1. Board of directors performance evaluation 2. Board member performance evaluation 3. Functional committee performance evaluation	Board member self-evaluation	1. A. Participation level in the operation of the Company B. Improvement of the quality of the board of directors' decision making C. Composition and structure of the board of directors D. Election and continuing education of directors E. Internal control F. Other items 2. A. Alignment of the goals and mission of the Company B. Awareness of the duties of a director C. Participation level in the operation of the Company D. Management of internal relationship and communication E. Director's professionalism and continuing education F. Internal control G. Other items 3. A. Participation level in the operation of the Company B. Awareness of the duties of the functional committee C. Improvement of quality of decisions made by the functional committee D. Composition of the functional committee and election of its members E. Internal control F. Other items

Evaluation scope	Assessment Result
Board of Directors Performance Evaluation	Excellent The Board of Directors fully assisted the new directors in their related duties and operations, completed their operations with great efficiency, and participated in the discussion and communication of proposals actively and smoothly.
Board member performance evaluation	Excellent All directors are equipped with expertise and decision making ability, and directors communicate with each other properly and actively engage in discussion adequately. For proposals related to the conflict of interest of directors, recusal is also executed properly.
Functional committee performance evaluation	Excellent Committee members engage in discussion actively and efficiently.

(II) Audit Committee Implementation Status:

Audit Committee Implementation Status Information:

The Audit Committee of the Company is formed by 3 independent directors, and the operation of the committee is mainly for the purpose of supervising the following matters:

- I. Appropriate presentation of the financial statements of the Company.
- II. Appointment (discharge) of Certified Public Accountant (CPA) as well as CPA's independence and performance.
- III. Effective implementation of internal control of the Company.
- IV. Company's compliance with relevant laws and regulations.
- V. Company existence or control of potential risks.

The responsibilities and authorities of the committee are as follows:

- I. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.

- II. Review on the effectiveness of the internal control system.
- III. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- IV. Matters bearing on the personal interest of a director.
- V. Material assets or derivatives transactions.
- VI. Material monetary loans, endorsements, or provision of guarantees.
- VII. Offering, issuance, or private placement of any equity-type securities.
- VIII. Appointment, discharge, or compensation of an attesting CPA.
- IX. Appointment or discharge of financial, accounting, or internal auditing officers.
- X. Annual and semi-annual financial reports.
- XI. Other material matters specified by the Company or competent authority.

From 2022/1/1 to 2023/4/30, a total of 8 sessions (A)of Audit Committee meetings were convened, and the attendance status of independent directors is as follows:

Title	Name	Actual number of attendance (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Independent Director	Kuei-Sen Huang	8	0	100	Consecutive term of office on 2022.06.08
Independent Director	Ching-Feng Sun	8	0	100	Consecutive term of office on 2022.06.08
Independent Director	Tien-Yun Tseng	2	0	100	Resigned on 2022.06.08 Number of required attendance was 2 times
Independent Director	Shih-Yang Chen	6	0	100	New on-board member on 2022.06.08 Number of required attendance was 6 times
Independent Director	Chun-Chi Yang	6	0	100	New on-board member on 2022.06.08 Number of required attendance was 6 times
Other matters required to be recorded:					
I. Where the operation of Audit Committee is subject to one of the following, the board meeting date, session, proposal content, dissenting opinion of independent directors, reserved opinions or major recommendation item content, resolution result of the Audit Committee meeting and the Company's handling with respect to the opinions of the Audit Committee.					
(I) Matters specified in Article 14-5 of the Securities and Exchange Act.					
(II) In addition to the aforementioned motions, other motions without approval by the Auditing Committee but passed by the Board with 2/3 of the Directors.					
Audit Committee Meeting Convention Date	Proposal content, dissenting, qualified opinions or major recommendation content of independent directors and subsequent handling			Matters specified in Articles 14-5 of the Securities and Exchange Act	Resolutions not approved by the Audit Committee but with the consent of more than two-thirds of all directors
6st meeting of 2nd term 2023.3.17	1. 2022 Consolidated and parent company only financial statements prepared according to IAS. 2. 2022 earnings distribution. 3. Distribution of 2022 remuneration of employees and remuneration of directors. 4. Handling of financial derivatives. 5. CPA independence and competency assessment and appointment. 6. The sixth issuance of domestic unsecured convertible bonds for conversion into new			V V V	None

	<p>shares and the establishment of capital increase base date.</p> <p>7. Evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others.</p> <p>8. A letter of support was issued to Taiwan Taishin Bank for its subsidiary - Vietnam Wonderful Hi-Tech Group, Vietnam, to facilitate its credit application.</p> <p>9. Amend the "Procedures for Transferring Repurchased Shares to Employees" of the Company.</p> <p>10. Amend some provisions of the "Articles of Incorporation" of the Company.</p> <p>11. 2022 statement of internal control system.</p>	V	
	Resolution result of the Audit Committee: The proposal was passed without objection.		
	Company's Handling for Opinions of Audit Committee: Approved by all attending directors.		
5st meeting of 2nd term 2022.12.20	<p>1. Formulate the Company's 2023 operating plan.</p> <p>2. Formulate the Company's 2023 audit plan.</p> <p>3. Handling of financial derivatives.</p> <p>4. Loaned fund of USD 2 million only to Thai Wonderful Wire Cable Co., Ltd., a subsidiary of Wonderful Hi-Tech Co., Ltd.</p>	V V	None
	Resolution result of the Audit Committee: The proposal was passed without objection.		
	Company's Handling for Opinions of Audit Committee: Approved by all attending directors.		
4st meeting of 2nd term 2022.11.11	<p>1. Report on consolidated financial statements prepared in accordance with IAS in Q3/2022.</p> <p>2. Evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others.</p> <p>3. Purchase of 80 Shares in Le Hao Co., Ltd. (Hong Kong) - LORD HERO INTERNATIONAL LIMITED at a price of HK\$ 738,989 from Director Dang-Wu Yang.</p>	V V	None
	Resolution result of the Audit Committee: The proposal was passed without objection.		
	Company's Handling for Opinions of Audit Committee: Approved by all attending directors.		
3st meeting of 2nd term 2022.9.6	<p>1. The company plans Company's sixth issuance of domestic unsecured convertible bonds of the Company.</p> <p>2. Amend some provisions of the "Procedures for Acquisition or Disposition of Assets" of the Company.</p>	V V	None
	Resolution result of the Audit Committee: The proposal was passed without objection.		
	Company's Handling for Opinions of Audit Committee: Approved by all attending directors.		
2st meeting of 2nd term 2022.8.9	<p>1. Report on consolidated financial statements prepared in accordance with IAS in Q2/2022.</p> <p>2. Handling of financial derivatives.</p> <p>3. Evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others.</p>	V V V	None
	Resolution result of the Audit Committee: The proposal was passed without objection.		
	Company's Handling for Opinions of Audit Committee: Approved by all attending directors.		
1st meeting of 2nd term 2022.6.16	<p>1. Election of convener of the second term of Audit Committee and meeting chair of the Company.</p> <p>2. Appointment and discharge of the finance officer and accounting officer of the Company.</p>	V	None
	Audit Committee Meeting Resolution Result: For the 1st proposal, all committee members elected member Kuei-Sen Huang to act as the chair of the Audit Committee of the Company. For the 2nd proposal, Vice President Dang-Wu Yang was originally appointed to act as the financial and accounting officer of the Company; however, since Vice President Yang has reached the age for retirement, Vice President Yu-Hsiu Hsu has been appointed to act as the financial and accounting officer since July 1, 2022.		
	Company's Handling for Opinions of Audit Committee: Approved by all attending directors.		
18th meeting of 1st term 2022.3.18	<p>1. 2021 Consolidated and parent company only financial statements prepared according to IAS.</p> <p>2. 2021 earnings distribution.</p> <p>3. Distribution of 2021 remuneration of employees and remuneration of directors.</p> <p>4. Handling of financial derivatives.</p> <p>5. CPA independence and competency assessment and appointment.</p> <p>6. Amendment to parts of the provisions of the "Procedures for Loaning of Fund to Others" of the Company.</p> <p>7. Evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others.</p> <p>8. Subsidiary- Le Hao Hong Kong applied for loan with Taiwan Cooperative Bank and planned to request for endorsement and guarantee of the Company.</p> <p>9. 2021 statement of internal control system.</p>	V V V V V V V	None
	Resolution result of the Audit Committee: Independent Director Tseng expressed that the consolidated financial statements indicated the debt ratio was too high for Proposal 1, and recommended that operating activities and cash flow were to be improved. Independent Sun recommended to review whether the number of turnover days of the inventory and accounts receivable of each plant of the Group were normal, and the improvement status was to be reported during the board of directors' meeting quarterly. Independent Director Tseng indicated that the salary paid by Elitech Technology should be listed		

	as the loaning of fund, and the Financial Department would change the recognition of the loaning of funds subsequently and announced the status monthly. With regard to Proposal 7, Independent Director Huang recommended that Elitech Technology should reduce the repayment period, and the Financial Department indicated that it had engaged in negotiation to request for increase of the monthly repayment amount according to the operation status. After the chair requested for consents of all attending committee members, the proposal was passed without objection.		
	Company's Handling for Opinions of Audit Committee: Approved by all attending directors.		
17th meeting of 1st term 2022.2.18	1. ACTife Hi-Tech Co., Ltd. executed the capital increase of NT\$20 million. 2. Vietnam Wonderful Wire Cable Co., Ltd. executed the capital increase of USD 2.1 million 3. Loaned fund of USD 2 million to Vietnam Wonderful Wire Cable Co., Ltd., a subsidiary of Wonderful Hi-Tech Co., Ltd.	V V V	None
	Resolution result of the Audit Committee: For Proposal 1, independent Director Huang recommended (1) request ACTife Hi-Tech to review the business plan of product type, etc. on a monthly basis. (2) employ additional salespersons to cope with the business expansion needs. For Proposal 2, independent director Tseng recommended to enhance the management on the number of days of inventory and review whether it was reasonable, and CFO Yang replied that improvement plan would be submitted after the meeting. With regard to the extraordinary motions, independent director Tseng recommended to request the auditor to perform evaluation on the reasonableness of the financial ratios of Thai Wonderful Wire Cable for further understanding in 2021. The auditor replied that audit on the subsidiary had been scheduled for execution in March 2022. After the chair requested for consents of all attending committee members, the proposal was passed without objection.		
	Company's Handling for Opinions of Audit Committee: Approved by all attending directors.		
II. For the execution status of recusal of independent directors due to conflicts of interest, the name of independent directors, proposal content, reasons of recusal and participation in voting shall be described: None.			
III. Status of Communication of Independent Directors and Internal Audit Officer and CPA			
(I) Policy for Communication of Independent Directors and Internal Audit Officer and CPA			
1. Independent directors maintain proper two-way communication with CPA, and the communication matters include: Communication plan, role and responsibility of the accountant in charge, audit plan, independence of CPA, and other matters. All information helpful to the audit operation, and particularly, any fraud previously occurred, suspected or heard, or any matters nonconforming to the regulatory requirements and abnormal operation or unusual transactions. For such matters, the CPA or Assistant Manager in charge shall be informed timely, or further interviews shall be arranged.			
2. The internal audit officer and independent directors convene meeting at least once quarterly and to submit report on the internal audit execution status and internal control operation status of the Company. In case of material abnormal events, meeting may be convened at any time.			
(II) Summary on Status of Communication of Independent Directors and Internal Audit Officer			
Independent Directors and Internal Audit Officer Communication Seminar			
Date: 2022/03/18			
Communication matter: 1. Communication on the implementation of the audit plan from November 2021 to January 2022. 2. According to Article 24 of the "Regulations Governing Establishment of Internal Control Systems by Public Companies", "2021 Statement of Internal Control System" was submitted. No opinions from independent directors at this meeting			
Date: 2022/05/13			
Communication matter: Communication on the implementation of the audit plan from February 2022 to March 2022. No opinions from independent directors at this meeting			
Date: 2022/08/09			
Communication matter: Communication on the implementation of the audit plan from April 2022 to June 2022. No comments from independent directors at this meeting			
Date: 2022/12/20			
Communication matter: 1. Communication on the implementation of the audit plan from July 2022 to October 2022. 2. 2023 Audit plan No opinions from independent directors at this meeting.			
(III) Summary on Status of Communication of Independent Director and CPA			
Date: 2022/12/20			
Subject: CPA financial statements audit planning and governance unit communication matters			
A. Audit plan communication timetable			
B. Role and responsibility of accountant in charge			
C. Audit plan			
D. Updates on Company Act and Securities Act			
E. Reminder of corporate governance implementation matters			
F. AQI and non-certified service communication matters			
G. Other regulatory updates			

own discretion?				committees according to the actual development status and future needs.
(III) Has the Company established a set of policies and assessment tools to evaluate the board's performance? Is performance evaluated regularly at least on an annual basis? In addition, has the result of the performance assessment been submitted to the board of directors' meeting and used as reference for the remuneration and nomination or reelection of individual director?	V		(III) The Company has established the "Regulations for Board of Directors Performance Evaluation" and has implemented self-evaluation for the board of directors and individual directors. In addition, the result of performance evaluation has been reported to the board meeting held on 2023.3.17, which is also used as the reference for distribution of remuneration of directors, nomination and consecutive term of office of directors. The Company has reported the performance evaluation result before the first quarter of 2023 according to the regulations.	(III) No major difference
(IV) Are external auditors' independence assessed on a regular basis?	V		(IV) The Company evaluates the CPA's independence and competency once annually during the board meeting. For the evaluation process, please refer to Note 3 for details.	(IV) No major difference
IV. Has the publicly listed company designated a department or personnel that specializes (or is involved) in corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, convention of board meetings and shareholder meetings, company registration and changes, preparation of board meeting and shareholder meeting minutes etc.)?	V		The position of corporate governance staff of the Company was concurrently held by Yu-Ling Cheng, Secretary of Chairman's Office, and she is equipped with the working experience in meeting affairs management for ten years. The main responsibilities include handling matters of board of directors' meetings and assisting matters related to shareholders' meetings according to the laws, preparing meeting minutes of the board of directors' meetings and shareholders' meetings, assisting assumption of office and continuing education of directors, providing documents necessary for directors to perform duties, assisting directors in legal compliance, etc. Duty execution status is as follows: 1. Assist independent directors and general directors to perform job duties, provide necessary documents and arrange the training for the directors. 2. For the amendment and development of the latest laws and regulations in the corporate operation field and corporate governance relevant field, provide such information to the board members timely and to update information periodically. 3. Examine the confidentiality level of relevant information and provide company information necessary for directors, maintain the smoothness of communication and exchange among directors and all business supervisors. 4. Inquire opinions of all directors before the board of directors' meeting and prepare meeting agenda, and also inform all directors for attendance at least seven days before the meeting and provide sufficient meeting documents, in order to facilitate directors to understand the content of relevant proposals. When any proposal content involves conflict of interest with stakeholder and recusal is required, the counterparty is informed in advance, and the board of directors' meeting minutes is also completed within 20 days after the meeting. 5. Confirm the shareholders' meeting date according to the time-limit specified by the law, and prepare shareholders' meeting handbook and shareholders' meeting minutes.	No major difference
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	V		The Company has established the spokesperson system, and communication information is provided on the Company's website. In addition, public information system is also properly utilized, thereby allowing shareholders and stakeholders to sufficiently understand the financial status and corporate governance implementation status of the Company. The Company, based on the principles of ethics and transparency, provides sufficient information to correspondent banks and other creditors to facilitate their understanding of the operational status of the Company, in order to make judgement and decisions.	No major difference
VI. Has the Company commissioned professional stock agency institution to handle shareholders' meeting affairs?	V		The Company commissions professional stock agency institution to handle shareholders' meeting affairs.	No major difference
VII. Information disclosure				

<p>(I) Has the Company established a website that discloses financial, business, and corporate governance-related information?</p> <p>(II) Has the Company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)?</p> <p>(III) Has the Company made public announce and report the annual financial statements within a period of two months after the end of each fiscal year, and has the Company also made announcement and provided report of the first, second and third quarter financial statements as well as the monthly business operation status?</p>	<p>V</p> <p>V</p> <p>V</p>	<p>(I) The Company has established website to disclose information on finance, sales and shareholders' meeting affairs. Other relevant information required to be reported can be obtained from the Market Observation Post System (MOPS) website.</p> <p>(II) The Company has established the Chinese and English websites, and dedicated personnel have been assigned to be responsible for the collection and disclosure of company information. In addition, the investor and stakeholder sections have also been set up, and the spokesperson system is implemented, in order to provide diverse information disclosure channels to investors.</p> <p>(III) The Company declares the annual financial report within the time-limit.</p>	<p>(I) No major difference</p> <p>(II) No major difference</p> <p>(III) The Company declares the annual financial report within the time-limit; however, early announcement within two months after the end of accounting fiscal year and declaration of annual financial report are not made.</p>
<p>VIII. Does the Company has other important information (including but not limited to, such as, employees' benefits and rights, employee care, investor relationship, supplier relationship, rights of stakeholders, educational training status of directors and supervisors, implementation of risk management policy and risk measurement standards, customer policy implementation status, purchase of liability insurance for directors and supervisors of the Company etc.) helpful to the understanding of the corporate governance operation status of the Company?</p>	<p>V</p>	<p>(I) Employees' benefits and rights: The systems adopted by the Company are handled in accordance with the laws, and the "Work Rules" and relevant management regulations have explicitly specified employees' rights, obligations and benefits. In addition, Employee Welfare Committee has also been established according to the regulations, along with the implementation of the pension system, in order to protect the benefits of employees.</p> <p>(II) Employee care: The Company provides the benefits of group insurance, employee travel, employee bonus, year-end bonus, external training subsidy, etc. In addition to the convention of labor-management meetings periodically, the Company has also set up employee mailbox in order to provide complaint filing channel to employees.</p> <p>(III) Investor relations: The Company designates dedicated personnel to be responsible for the disclosure of the financial and business status of the Company on the Company's website and MOPS. In addition, the spokesperson and deputy spokesperson have been established in order to provide smooth communication channel to investors.</p> <p>(IV) Supplier relations: The Company has stipulated the "Supplier Management Regulations" in order to ensure that the delivery, quality and price of suppliers satisfy the demands of the Company, and proper communication and coordinating partnership have also been established.</p> <p>(V) Stakeholders' rights: The Company's website (www.wontex.com) is established with the investor section in order to disclose financial, business related information. In addition, the Company's website is also linked to the "MOPS" website in order to provide reference to stakeholders. Furthermore, the stock affairs agency institution "Stock Registration Department of Fubon Securities Co., Ltd." also provide assistance to the handling of relevant questions and recommendation consultation for shareholders and stakeholders.</p> <p>(VI) Status on continuing education of directors: The Company provides legal and continuing education course information requiring attention to directors, and the "Explanation on Continuing Education Status of Directors" is disclosed in the annual report on an annual basis.</p> <p>(VII) Implementation of risk management policy and risk measurement criteria: The Company has established a risk management policy, and all material proposals related to major operational policy, investment cases, endorsements/guarantees, loaning of funds, derivatives, and bank financing, etc., are evaluated and analyzed by appropriate responsible departments and</p>	<p>No major difference</p>

			<p>executed according to the resolution of board meetings. The Audit Office also establishes the annual audit plan according to the risk assessment result and executes the audit properly, such that the supervisory mechanism and risk control management are implemented properly.</p> <p>(VIII) Customer policy implementation status: The Company is committed to quality and professional skill improvement, and has set up the Foreign Trade Department and Sales Department to be responsible for the products and after-sale service of overseas and domestic customers. In addition, the quality abnormality and product exchange/return process have also been established. The Quality Assurance Department is responsible for handling customer complaint cases, in order to protect the rights and interests of customers.</p> <p>(IX) Status of liability insurance purchased by the Company for the directors and supervisors: The Company has purchased liability insurance for directors and independent directors.</p>	
--	--	--	---	--

IX. Please provide explanation on the improvement status of the corporate governance evaluation announced by Taiwan Stock Exchange (TWSE) in the most recent year, and provide priority enhancement and measures for matters yet to be improved.

(I) Corporate Governance Evaluation Result

According to the evaluation result of the 9th Term of Corporate Governance Evaluation System announced by the Securities and Futures Institute on April 27, 2023, the Company is a company ranked at top 51% to 65%.

(II) Status of improvement made:

No.	Evaluation indicator	Improvement measure adopted
1.7	Does the Company upload the shareholders' meeting handbook and meeting supplementary information 30 days before the convention of general shareholders' meeting?	The Company uploads information 30 days before the convention of general shareholders' meeting.
1.9	Does the Company upload the English version of meeting notice 30 days before the convention of general shareholders' meeting?	The Company will entrust a translation company to assist the completion of English version of meeting notice.
2.5	Is the number of directors who are employees of the Company, its parent, subsidiary or brother company less than (including) one-third of the total number of directors?	The 16th term of 9 board members of the Company have met the requirements of the governance evaluation score.
2.6	Does the Company's Board of Directors include at least one female director?	The 16th term of 9 board members of the Company have met the requirements of the governance evaluation score.
2.8	Does the Company have more than one-half of its independent directors who will serve no more than three consecutive terms of office?	The 16th term of 9 board members of the Company have met the requirements of the governance evaluation score.

(III) Priority enhancement and measures for matters yet to be improved:

9th Term of Corporate Governance Evaluation Indicator (Evaluation Year of 2022)

No.	Evaluation indicator	Improvement measures
1.10	Does the Company upload the English version of meeting handbook and supplementary information 30 days before the convention of general shareholders' meeting?	The Company will entrust a translation company to assist the completion of an English version of the meeting handbook and supplementary information.
1.11	Does the Company upload the English version of annual report 7 days before the convention of general shareholders' meeting? [If the English version of annual report is uploaded 16 days before the convention of general shareholders' meeting, one additional point is added to the total score.]	The Company will entrust a translation company to assist the completion of English version of annual report.
2.9	Does the Company establish the succession planning for board members and important management, and disclose its operation status on the Company's website or in the annual report?	The Company discloses the succession planning for board of directors and important management on the Company's website and in the annual report.
3.5	Does the Company upload the English version of annual financial report 7 days before the convention of general shareholders' meeting? [If the English version of annual financial report is uploaded 16 days before the convention of general shareholders' meeting, one additional point is added to the total score.]	The Company will entrust a translation company to assist the completion of English version of annual financial report.

Note 1: Regardless of whether “Yes” or “No” is checked for the operation status, a description shall be provided in the summary explanation field.

Note 2: The “Corporate Governance Self-evaluation Report” refers to evaluation and explanation conducted by the Company individually according to the corporate governance self-evaluation items, and report is then made with respect to the present operation and implementation status of the Company for the self-evaluation items.

Note 3: The Company evaluates the CPA’s independence once annually during the board meeting, and the evaluation process is as follows:

1. According to Article 29 of the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, the independence and competency of the CPA retained shall be evaluated periodically.
2. According to the Ethics for Professional Accountants No. 10 “Integrity, Objectivity and Independence”, the Financial Department of the Company reviews the independence and competency of CPA.
3. Up to the review report issuance date, CPA and relevant personnel of the Company are not found to be subject to any incompetency and violation of independence. (Please refer to the following table)
4. After the independence and competency evaluation of CPA described in the preceding paragraph, the Company plans to retain CPA Shu-Chung Chang and CPA Po-Chuan Lin of PwC) Taiwan to be the 2022 financial and taxation CPAs of the Company.
5. The Chairman of the Board is authorized to approval the CPA retention contract signing and payment of remuneration.

Wonderful Hi-Tech Co., Ltd.
CPA Review Evaluation Form
Review Date: March 10, 2023

(I) Basic Information Subject of Review: CPA: Po-Chuan Lin

Currently retained Candidate for retention

(II) Evaluation content: Evaluation content is established according to Article 47 of the Certified Public Accountant Act and the Ethics for Professional Accountants No. 10:

Item	Please select		
	Yes	No	Remarks
1. Up to the most recent certification operation, there is no occurrence of CPA without change for 7 years.	V		
2. CPA has no material financial interests with the trustor.	V		
3. CPA prevents to have any inappropriate relationship with the trustor.	V		
4. CPA shall request its assisting personnel to properly comply with the requirements for integrity, fairness and independence.	V		
5. The financial statements of the institutions serviced within two years before practice shall not be audited and certified.	V		
6. The name of CPA shall not be provided to others for use.	V		
7. CPA does not hold shares of the Company and associates.	V		
8. CPA does not engage in any loan or borrowing with the Company and associates.	V		
9. CPA does not engage in any relationship of joint investment or share of profit with the Company and associates.	V		
10. CPA does not concurrently hold a routine job position at and receive a fixed	V		

salary from the Company or associates.			
11. CPA does not involve in the management position or function for decision making of the Company or associates.	V		
12. CPA does not concurrently operate other business that may cause the loss of his/her independence.	V		
13. CPA is not in any relationship of spouse, lineal relative by blood or by marriage with the management of the Company.	V		
14. CPA does not collect commission related to any business.	V		
15. Up to the present day, there has been no sanction or violation of the principle of independence.	V		

(III)

- I. Complete the certification of financial statements of each period of the Company timely.
 II. Provide financial and taxation consulting service to the Company periodically.

(IV) Evaluation Result:

The CPA is independent from the Company, and the CPA's services of financial and taxation consultation and certification provided to the Company are considered appropriate.

Wonderful Hi-Tech Co., Ltd.
 CPA Review Evaluation Form
 Review Date: March 10, 2023

(1) Basic Information Subject of Review: CPA: Shu-Chung Chang

Currently retained Candidate for retention

(II) Evaluation content: Evaluation content is established according to Article 47 of the Certified Public Accountant Act and the Ethics for Professional Accountants No. 10:

Item	Please select		
	Yes	No	Remarks
1. Up to the most recent certification operation, there is no occurrence of CPA without change for 7 years.	V		
2. CPA has no material financial interests with the trustor.	V		
3. CPA prevents to have any inappropriate relationship with the trustor.	V		
4. CPA shall request its assisting personnel to properly comply with the requirements for integrity, fairness and independence.	V		
5. The financial statements of the institutions serviced within two years before practice shall not be audited and certified.	V		

6. The name of CPA shall not be provided to others for use.	V		
7. CPA does not hold shares of the Company and associates.	V		
8. CPA does not engage in any loan or borrowing with the Company and associates.	V		
9. CPA does not engage in any relationship of joint investment or share of profit with the Company and associates.	V		
10. CPA does not concurrently hold a routine job position at and receive a fixed salary from the Company or associates.	V		
11. CPA does not involve in the management position or function for decision making of the Company or associates.	V		
12. CPA does not concurrently operate another business that may cause the loss of his/her independence.	V		
13. CPA is not in any relationship of a spouse, lineal relative by blood or by marriage with the management of the Company.	V		
14. CPA does not collect commission related to any business.	V		
15. Up to the present day, there has been no sanction or violation of the principle of independence.	V		

(III)

- | |
|--|
| <p>I. Complete the certification of financial statements of each period of the Company timely.
 II. Provide financial and taxation consulting service to the Company periodically.</p> |
|--|

(IV) Evaluation Result:

<p>The CPA is independent from the Company, and the CPA's services of financial and taxation consultation and certification provided to the Company are considered appropriate.</p>

(IV) Formation, responsibilities and implementation status of Remuneration Committee

The responsibility of the committee is to, based on the professional and objective approach, establish and periodically review the remuneration, performance goal, policy and system of directors and managerial officers of the Company, and to submit recommendations to the board of directors as reference for its decision making.

(1) Information of Remuneration Committee members:

Identity	Condition Name	Professional qualification and experience	Independence status	The number of public companies where the person also holds positions in their remuneration committees
Convener Independent Director	Kuei-Sen Huang	Please refer to the relevant contents of Director Information (I) on page 7 and of Director Information (II) Disclosure of professional qualification of directors and independence of independent directors on page 9.	<ol style="list-style-type: none"> 1. Not an employee of the Company or any of its affiliates. 2. Not a director or supervisor of the Company or any of its associates. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the company or ranks as one of its top ten shareholders. 4. Not a managerial officer listed in (1) or not a spouse, relative within second degree of kinship or direct blood relative within third degree of kinship of personnel listed in (2) and (3). 5. Not a director, supervisor or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or of a corporate shareholder that ranks among the top five in shareholdings, or of a proxy appointed according to Paragraph 1 or Paragraph 2 of Article 27 of the Company Act. 6. Not a director, supervisor or employee of other company not controlled by the same parties holding a majority of the number seats of directors of the Company or a majority of shares with voting rights. 7. Not a director (managing director), supervisor (managing supervisor) or employee of other company or institution being the same person holding the position of Chairman, President or equivalent position in the Company or a spouse thereof. 8. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company. 9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any associate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any associate of the Company for which the provider in the past two years has received compensation, or a spouse thereof. 10. Not a person subject to any conditions defined in Article 30 of the Company Act. 	0
Independent Director	Ching-Feng Sun			3
Others	Tu-Tsun Tsai	Equipped with the working experience in commerce, legal, finance and accounting. Previously acted as the Vice Chairman of Institute of Internal Auditors-Chinese Taiwan, Chairman of Computer Audit Association, Financial Department Manager of Ford Motor Company Taiwan, Vice President of Westinghouse Electric Taiwan, Chief Auditor of Acer Group. Presently act as the Responsible Person of Xing Ye Jia Business Consultant Co., Ltd.		1

(2) Operation Status of Remuneration Committee

I. The Company's Remuneration Committee consists of 3 members.

II. Term of office of the current committee members: From June 30, 2022 to June 29, 2025, and from 2022 to April 30, 2023. The Remuneration Committee held 5 meetings (A), and details of members' eligibility and attendance are as follows:

Title	Name	Actual number of attendance (B)	Number of attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Kuei-Sen Huang	5	0	100	
Committee Member	Ching-Feng Sun	5	0	100	
Committee Member	Tu-Tsun Tsai	5	0	100	

Other matters required to be recorded:

I. In the event where the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the agenda, the board's resolution, and how the company had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.

II. In case where any member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the agenda, the entire members' opinions, and how their opinions were addressed:

Remuneration Committee Meeting Convention Date	Proposal content	Resolution result	Company's handling for opinions of Remuneration Committee
3st meeting of 5th term 2023.04.28	Review of 2022 distribution of staff bonus of the Company	Agreed and approved by all attending members	None
2st meeting of 5th term 2023.01.10	1. Reviewed the salary of the President and Vice President of Finance of the Company 2. Review of 2022 distribution of year-end bonus of the Company 3. Discussion on the proposal of appropriation ratio of 2022 remuneration of employees and remuneration of directors and supervisors of the Company 4. Proposal for amendment to the Procedures for Transferring Repurchased Shares to Employees 5. Proposal for amendments to the Procedures for Employee Share Subscription of the Company	Agreed and approved by all attending members	None
1st meeting of 5th term 2022.07.12	1. Review of 2021 distribution of employees' remuneration of the Company 2. Review of 2021 distribution of remuneration of directors of the Company 3. The Remuneration Committee resolved the remuneration for the 16th term of board members	Agreed and approved by all attending members	None
10th meeting of 4th term 2022.05.11	1. Review of 2021 distribution of staff bonus of the Company 2. Amended the "Regulations for Employee Stock Ownership Trust Committee" of the Company.	Agreed and approved by all attending members	None

9th meeting of 4th term 2022.01.18	1. Review of 2021 distribution of year-end bonus of the Company 2. Discussion on the proposal of appropriation ratio of 2021 remuneration of employees and remuneration of directors and supervisors of the Company 3. Proposal for amendment to the Procedures for Transferring Repurchased Shares to Employees 4. Proposal for amendments to the Procedures for Employee Share Subscription of the Company 5. Review of distribution of treasury shares transferred to employees of the Company 6. Review of proposal for adjustment of remuneration of managerial officers of the Company	Agreed and approved by all attending members	None
---------------------------------------	---	--	------

(3) Nomination committee member information and operation status: The Company has not established the nomination committee; therefore, this is not applicable.

(V) Deviation of the Company's actual promotion of sustainable development execution status from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof

Implementation items	Status of implementation (Note 1)			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause thereof
	Yes	No	Summary	
I. Has the Company established the governance structure for promoting the sustainable development, and set up a unit that specializes (or is involved) in the promotion of sustainable development, and does the board of director authorize the senior management for handling such mater, and the supervision status of the board of directors? (TWSE Listed and TPEX Listed Companies should fill in the implementation status, not follow or explain.)		V	Although the Company has not yet established a governance full-time (part-time) unit or personnel to be in charge of the corporate governance affairs, the responsibility for promoting the sustainable development is handled by all departments according to their job duties.	It will be executed according to the regulatory requirements in the future.
II. Has the Company implemented the risk assessment of environmental, social, and corporate governance issues related to corporate operation, and has the Company established relevant risk management policies or strategies based on the principle of materiality? (Note 2) (TWSE Listed and TPEX Listed Companies should fill in the implementation status, not follow or explain.)		V	Relevant environment, society and corporate governance issues have no material impacts on the investors and other stakeholders of the Company. No relevant risk management policy or strategy was not formulated. The Company upholds the philosophy of sustainable development and fulfills the responsibility of corporate citizen, in order to actively promote energy saving, carbon and waste reduction, thus contributing effort in the common improvement of sustainability and long-term existence with respect to corporate growth, ecological balance, social development.	It will be executed according to the regulatory requirements in the future.
III. Environmental Issues (I) Has the Company established environmental policies suitable for the Company's industrial characteristics?	V		(I) Status of the Company's establishment of environmental management system suitable for its industrial characteristics. The Company has formed the green partner alliance with SONY [SS-00259] in order to establish appropriate	No major difference It will be executed according to the

(II) Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?

V

(III) Does the Company evaluate the climate change on the present and future potential risks and opportunities of the corporation, and does the Company adopt relevant responsive actions?

V

(IV) Does the Company statistically analyze the greenhouse gas emission, water usage and waste total weight over the past years, and does the Company establish policies for reduction of greenhouse gas emission, reduction of water usage or other waste management?

V

environmental management system.

(II) Status of the Company's commitment in achieving efficient use of resources, and using renewable materials that produce less impact on the environment. For recyclable objects specified by the Environmental Protection Administration, further classification is performed for submission to qualified resource recycle vendor.

(III) The Company has not evaluated the climate change on the present and future potential risks and opportunities of the corporation, and has not adopted responsive actions on climate change related issues; however, the Company will improve in the future.

(IV)

1. Please describe the statistical data for the following items in the most recent two years:

(1) Greenhouse gas: Carbon dioxide emissions, directly from the emission source owned or controlled by the company (factory).

Unit: product box/emissions kg

Year	Total electricity expense	Carbon emissions from power consumption	Number of boxes of sales	Carbon dioxide emissions per box
2021	23,475,520	4,510,549	451,781	9.983928054
2022	25,314,028	4,518,549	592,668	7.624081273
Increase (decrease) difference	1,838,508	8,000	140,887	(2.35984678)

(2) Water consumption: Total water consumption in the most recent two years (all plant sites)

Unit: tons/product box

Year	Total water consumption	Number of boxes of sales	Unit product water consumption
2021	18,661	451,781	0.041305
2022	19,568	592,668	0.033017
Increase (decrease) difference	907	140,887	(0.00829)

(3) Wastes: Total volume of wastes in the most recent two years (all plant sites)

Unit: kg/product box

Year	Industrial wastes	Number of boxes of sales	Unit product output volume
2021	53,452	451,781	0.118314
2022	52,475	592,668	0.08854
Increase (decrease) difference	(977)	140,887	(0.02977)

2. Description of the greenhouse gas reduction, water consumption reduction or other waste management policies:

According to the "Energy Saving Diagnosis Report" issued by the Taiwan Energy Saving Patrol in July 2015 for power consumption overview and greenhouse gas emissions, with regard to the recommendations related to the air conditioning system energy saving, lighting system energy saving, power system and other power consuming equipment energy saving, the factory is expected to save energy of 490,412KWh year and the maximum reduction of

regulatory requirement adjustments in the future.

		<p>carbon emissions can reach 256 tons CO2/year, and the Company will use such amount as the achievement target. The Company has established the energy saving and carbon reduction policy, and has also promoted employees to cooperate with the execution of such policy. The specific method of energy saving and environmental protection is described in the following</p> <ol style="list-style-type: none"> 1. Air conditioning temperature is set to 27-28 degree Celsius. 2. Turn of lights when not in use. 3. Save energy and water consumption. 4. Use own chopsticks and cups. 5. Recycle and use of papers. 6. Without wearing of tie. <p>The reduction of electricity consumption and electricity bill target achievement status are tracked monthly, and the specific method includes the following:</p> <ol style="list-style-type: none"> 1. Replace all old and obsolete T8 light tubes to LED light tubes, and change the power source to alternating switch, “for example: Nos 1, 3 and 5 lamps are turned on while Nos 2, 4 and 6 lamps are turned off. “ 2. Use solar power for dormitory electricity consumption.. 3. Change air conditioners to split type variable frequency air conditioner (with energy saving mark). 4. Enhance the repair and maintenance of air compressor and motor to increase the efficiency. 5. Change the power source switch to alternating type of switch. 6. Waste resource classification and recycle 7. Waste battery recycle. 8. Set up the energy saving mode for the multi-function office machine, such that it automatically enters the lower power consumption and sleep state when it is not in use for 5~10 minutes. 9. Cooperate with the lunch break time to turn off unnecessary basic lighting. 10. Perform annual maintenance for all machines and appliances, and replace all old and obsolete parts with new ones in order to increase product performance efficiency. 11. Install additional power control switch (thermal energy) on the cooling tower such that when the temperature reaches a certain level, continuous operation is stopped for cooling. 12. Change the public area to thermal sensor activating power source such that when heat source is not detected, the power is cut off automatically. 	
<p>IV. Social Issues</p> <p>(I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights?</p> <p>(II) Has the Company developed and implemented reasonable employee welfare measures (including compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in employees' compensation?</p>	<p>V</p> <p>V</p>	<p>(I) The Company respects the basic human rights of employees, such as property right and privacy. In addition, the Company also handles relevant matters according to relevant government's labor laws of the Labor Standards Act and Act of Gender Equality in Employment, etc.</p> <p>(II) 1. The Company conducts employee performance evaluation semi-annually, explicitly specifies the reward and punishment standards, includes relevant performance evaluation items and establishes relevant benefits and the Employee Welfare Committee according to the Labor Standards Act. Furthermore, the Company also provides three-holiday gifts and gift money and birthday gift money, stipulates budget for annual travel and year-end party, birthday party and group insurance. In addition, according to the Employee Welfare Committee Charter, employees may apply for retirement and employment benefits of maternity allowance, marriage/funeral subsidy and education subsidy, etc. In addition, the Article 26 of the Articles of Incorporation of the Company specifies that if the Company has a profit at the end of a fiscal year, an amount equivalent to 2% to 4% of the profit shall be appropriated as the employees' remuneration. Workplace diversity and equality: For 2023Q1, the average ratio of female employees was approximately 31%, and the average ratio of female officers was approximately 5%.</p> <p>2. The Company appropriately reflects the operational performance or outcome in the remuneration of employees, and the policy establishment and implementation status are as follows: Remuneration issuance subject according</p>	<p>No major difference</p>

<p>(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?</p>	<p>V</p>	<p>to the Regulations for Issuance of Employee Remuneration: All current official on-job employees of the Company during remuneration calculation year, and the remuneration calculation refers to the year audited and certified by CPA, and the remuneration of employees is issued in the following year.</p> <p>[Employee stock option] is to allow employees to participate in the operation of the Company and to share the business outcome, in order to establish a harmonic labor-management relationship, thus contributing effort to achieve the goal of sustainable operation jointly. Employees are entitled to receive the corresponding subscription right proportional to one's job rank, seniority and performance.</p> <p>[Regulations for Transferring Repurchased Shares to Employees] has been established to encourage employees and to improve the cohesion of employees. The Company has established the Regulations for Transferring Repurchased Shares to Employees according to Subparagraph 1 of Paragraph 1 of Article 28-2 of the Securities and Exchange Act and the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies announced by FSC, Executive Yuan and relevant regulations. The Company's repurchase of shares for transferring to employees, in addition to compliance with relevant laws, is handled according to the aforementioned regulations. Number of subscribable shares for employees: For official employees on-board of the job for one full year, the number of subscribable shares is calculated according to the job rank, seniority and performance standard, and the average price of actual repurchase is used as the transfer price.</p> <p>[Regulations for Bonus Sharing of Staff] is to provide rewards to employees with contribution, in order to improve employees' work performance. Accordingly, these regulations are established as the basis for the issuance of bonuses to the staff of the Company. The receivable amount is calculated according to the employee's job rank, seniority and performance in order to obtain the conversion weight, following which the distributable bonus to staff is multiplied by such weight in order to obtain the receivable amount.</p> <p>[Regulations for Issuance of Holiday Bonuses] is to encourage employees to achieve the annual profit target, and the regulations for issuance of holiday bonuses during the Dragon Boat Festival and Mid-Autumn Festival. Holiday bonuses are issued according to the main business net profit target achievement percentage.</p> <p>[Employee Stock Ownership Trust] refers to that for the purpose of caring the post-retirement life of employees, and to achieve co-existence and co-prosperity of employees with the Company, employees jointly form the Stock Ownership Trust Committee, and a certain amount of the salary of each member is appropriated according to the 40%~60% additional bonus voluntarily agreed by the member for submission to the trustee (third party financial institution) for benefit management and utilization of all members, thus assisting members to accumulate wealth and to protect their future living and security.</p> <p>(III) The Company implements fire drills and audits the group meal hygiene and drinking water safety. In addition, the Company also implements industrial safety training for field operators, and provides health examination to all on-job employees annually free of charge. Relevant information on specific employee working environment and personnel safety protection measures is as follows:</p> <ol style="list-style-type: none"> 1. Access security control: Rigorous access security surveillance system is installed round the clock, and security guards are available during the nighttime and holiday in order to maintain the safety of the Company and dormitory. 2. Factory operation safety: According to the "Factory Act", "Enforcement Rules of Factory Act", "Occupational Safety and Health Act" and other relevant laws, the Company supervises the factory affairs personnel to enhance the promotion of labor safety and health education and training. In addition, the Company has established various machine and equipment standard operation procedures, and safety operation methods and also installs safety protection equipment, in order to train operators to use machines and equipment properly and to implement management and prevention of hazards. 3. Maintenance and inspection of equipment: According to the Regulations for Inspecting and Reporting Building Public Safety, the Company entrusts a professional company to perform public safety inspection every two or four years. In addition, according to the Fire Services Act, the Company also entrusts external vendor to perform fire inspection, and 	
---	----------	---	--

		<p>various machines and equipment, including air conditioner and fire equipment, are maintained and inspection periodically according to the Occupational Safety and Health Act. Moreover, fire safety protection drill is implemented periodically. External professional vendor is entrusted to perform inspection on the elevators, and inspection result is also recorded.</p> <p>4. Environmental sanitation: The workplace shall be maintained clean at all times, and garbage is disposed daily. Water supply and drainage as well as lighting equipment are maintained properly. The drinking water is inspected and the filter is replaced periodically in order to ensure the drinking water health of employees.</p> <p>5. Physiological and psychological hygiene: According to the promotion of government's laws and policies, the Company prohibits smoking at the workplace and also posts up non-smoking slogan to notify employees to not smoke at the workplace, in order to maintain the quality of the working environment. Furthermore, the Company also arranges regular and irregular employee health examination, in order to maintain the physical and mental health of employees.</p> <p>6. Insurance: The Company applies for labor insurance (including occupational accident insurance), health insurance and group insurance according to the law. In case of any occurrence of injury or death of employee, the personnel unit will assist the handling of relevant insurance related affairs.</p> <p>Describe the number of employee occupational accident(s) of the current year, number of people and its ratio to the total number of employees, and relevant improvement measures: None.</p>	
(IV) Does the Company have an effective career capacity development training program established for the employees?	V	(IV) The department heads of the Company encourage employees to participate in the internal and external education and training according to the on-job competence of employees. In addition, the promotion of outstanding employees is also organized. For relevant information, please refer to the employee continuing education and training status on pages 62~63.	
(V) Has the Company complied with laws and international standards with respect to customers' health, safety and privacy, marketing and labeling in all products and services offered, and implemented consumer protection policies and complaint procedures?	V	(V) The Company complies with the laws and international standards with regard to the marketing and labeling of products and services. In addition, customer complaint handling standard has been established.	
(VI) Has the Company established a supplier management policy, and requested suppliers to comply with relevant regulations with regards to the issues of environmental protection, occupational safety and health or labor rights etc., and the implementation status thereof?	V	(VI) The Company has established the "Supplier Management Procedure" and "Environmental Management Substance Operation Control Audit" for the management of suppliers. In addition, the evaluation team is formed by the R&D, Quality Assurance and Procurement, in order to perform written and field evaluations on suppliers. The focus of the audit includes the assurance of quality and product safety. For all suppliers with transactions, regular and irregular audits on quality management and hazardous substance management are performed, in order to ensure that suppliers comply with environmental protection, safety and health related regulations. Furthermore, for raw material suppliers, the Company also requests them to issue the "Green Product Declaration" in order to declare that their raw materials comply with the regulations, thus ensuring usage safety. Suppliers are requested to properly comply with laws and social norms. Most of the domestic and foreign suppliers of the Company have been in long-term cooperation relationships with the Company. In case of any supplier has material environmental, labor condition, human rights and social related negative impacts, the Company will request for termination or rescission of contracts.	
V. Has the Company stipulated standards or guidelines according to the internationally accepted report, prepared sustainability report and reports for disclosing non-financial information of the Company? Has the aforementioned reports obtained the assurance or guarantee opinions from a third verification unit?	V	Presently, the Company has not yet prepared the Corporate Social Responsibility Report.	It will be executed according to the regulatory requirement adjustments in the future.
VI. If the Company has established its own sustainable development principles in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" please describe its current practices and any discrepancies from the Best Practice Principles: The Company has not yet established the Corporate Social Responsibility Best Practice Principles; therefore, this is not applicable.			
VII. Other important information to facilitate the understanding of the execution status of promotion of sustainable development:			

Since 2009, the Company has consecutively donated funds to the Taiwan Fund for Children and Families, and the donation amount has reached NT\$3,210 thousand, in order care and make contribution to the disadvantaged group.

Since 2020, the Company has consecutively donated funds to Taiwan Good Neighbors Association, and the donation amount has reached NT\$ 300 thousand.

Since 2020, the Company has consecutively participated in the Baishatun Event, and a total of 2,250 thousands of masks has been donated.

The Company donated 100 thousand masks to the Republic of Somaliland, demonstrating the Company's responsibility and passion in return to the international society.

The Company also donated 20 thousand medical masks to Taoyuan City Government, 96 thousand masks to all schools in Taoyuan, and 60 thousand masks to all schools in New Taipei City, in order to contribute effort in the care of teachers' health and school epidemic control and safety jointly.

The Company also donated 100 thousand masks to New Taipei City Hospital.

Donated 20,000 masks to Ukraine, 98,956 masks to primary and secondary schools, 120,890 masks to New Taipei City Sport Bureau (National Secondary School Games), 50,000 masks to Chiayi City Epidemic Prevention Project (Social Bureau), 940,436 masks to New Taipei City Epidemic Prevention Project (Social Bureau)

Note 1: If the Implementation Status is selected as "Yes," please explain the key policies, strategies, measures taken and execution status; if Implementation Status is selected as "No," please explain deviation and reasons in the field of "Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons", and explain any relevant policy, strategy and measure planned for the future.

Note 2: Materiality principle refers to relevant environment, society and corporate governance issues having material impacts on the investors and other interested parties of the company.

(VI) Ethical Corporate Management Practices, and Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

Assessment Item	Implementation Status			Discrepancies with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
I. Establish ethical corporate management policy and solution				
(I) Has the company established ethical management policies approved by the board of directors' meeting and stated in its memorandum or external correspondence about the policies and practices it has to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment?	V		(I) The Company has established the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" approved by the board of directors, and relevant content has been disclosed on the Company's website, in order to promote ethical management policy. It is executed properly for the internal management and external business activities of the Company, in order to comply with the operation of ethical corporate management best practice of the Company.	Compliance with Articles 4, 5, 8, 18 and 21 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(II) Has the Company established an assessment mechanism for unethical conduct risk, performed periodic analysis and assessed operating activities of relatively higher unethical conduct risk in the scope of business, and has established unethical conduct solution accordingly, and at least covering the preventive measures for the conducts described in each subparagraph of Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(II) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" according to the provisions of "Ethical Corporate Management Best Practice Principles" and relevant laws. In addition, operation procedure, code of conduct, disciplinary actions for violation and complaint system have also been specified. Furthermore, unethical conducts are also explicitly defined in order to regulate matters requiring attention during the execution of duties by the Company's personnel. In addition, the Chairman's Office has also reported the ethical management status to the board of directors on March 17, 2023.	Compliance with Articles 2, 6 and 10~14 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(III) Has the company defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?	V		(III) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and reviews predefined plans periodically. In addition, the Chairman's Office coordinates and prevents any occurrence of violation, and the mechanisms of the audit of internal auditors and communication channels of stakeholders are implemented in order to prevent occurrence of unethical conducts.	Compliance with Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
II. Implement ethical management				
(I) Has the Company evaluated the record of the counterparties on	V		(I) Prior to establishing business relationship with others, the Company will assess the legality of the	Compliance with Article 9 of the

business ethics, and explicitly stated business integrity as an integral part of the contracts when entering into agreements with counterparties of trade?			
(II) Has the Company established a dedicated unit directly under the board of directors and responsible for the promotion of corporate ethical management, and reporting its ethical management policy and proposal for prevention of unethical conducts as well as supervision of implementation status to the board of directors' meeting periodically (at least once annually)?	V	(II) The Company designates the Chairman's Office to be in charge of the promotion and supervision of the execution of relevant works, and the ethical management policy and prevention of unethical conducts as well as the supervision execution status have been reported to the board of directors on March 17, 2023. In addition, the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" have also disclosed on the Company's website, in order to promote the implementation and execution of ethical management policy of all employees and stakeholders.	Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies Compliance with Article 17 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(III) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	V	(III) To prevent conflict of interests, the Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and the "Rules of Procedure for Board of Directors Meetings", in order to regulate method and handling procedure, and relevant channels are also provided. Directors, supervisors, and managerial officers of the Company also exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.	Compliance with Articles 19 and 23 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(IV) Has the Company established effective accounting and internal accounting and control systems for the implementation of ethical corporate management policies, prepared audit plans according to the evaluation results of dishonesty risks, and have the results been audited by internal auditors or CPAs?	V	(IV) The Company has established effective accounting and internal accounting and control systems for the implementation of ethical corporate management policies, has prepared audit plans according to the evaluation results of dishonesty risks, and the results have been audited by internal auditors. In addition, PwC Taiwan also audits the financial statements, and inspection on the internal control has been performed, in order to reasonably assure the design and execution effectiveness of the international control system.	Compliance with Article 20 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(V) Has the Company provided internal and external training on topics of business integrity?	V	(V) The Company actively assigns personnel to participate in external education and training as well as seminars related to ethical management. The Company also shares successful stories of other enterprises during regular meeting, in order to convey and educate employees the importance of ethical management.	No major difference
III. Implementation status of the Company's reporting system			
(I) Has the Company established a substantive reporting and reward and punishment system and convenient channels for reporting, and appointed designated personnel for handling the targets of reports?	V	(I) The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" approved by the 21st meeting of the 13th term of board of directors on March 23, 2016, and it has specified the acceptance unit, reporting channel, handling procedure, reward/disciplinary action and complaint filing system. Please refer to the Company's website (http://www.wontex.com)→Investment→Corporate Governance→Company Procedures and Regulations. The spokesperson's contact method and email channels are also disclosed on the Company's website. In case of discovery of any personnel of the Company violating the ethical corporate conduct, a report can be submitted directly. The Company has also set up the employee mailbox, allowing employees and relevant personnel to report any improper conducts.	Compliance with Article 23 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
(II) Has the Company established standard operation procedures for responding to reports and complaints, the measures to be taken after the investigation, and related mechanisms for confidentiality?	V	(II) The "Procedures for Ethical Management and Guidelines for Conduct" of the Company has explicitly specified the reporting system, and dedicated personnel are responsible for handling report cases according to procedures specified. In addition, the written statement also specifies that reporter's identity and report content shall be kept confidential. In case where a violation is verified to be true, the	Compliance with Article 23 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

(III) Has the Company taken any measures for the protection of the informants from suffering undue treatment?	V		<p>individual being reported will be requested to stop relevant actions immediately, and appropriate disposition will also be made. When it is considered necessary, indemnification is claimed through legal proceedings, and disciplinary action is also imposed according to relevant laws or the "Work Rules" of the Company.</p> <p>(III) According to the "Procedures for Ethical Management and Guidelines for Conduct" established by the Company, the Company keeps the reporter's identity and report content confidential, and the Company also guarantees to protect the reporter such that the reporter is not subject to improper disposition due to his/her reporting.</p>	Compliance with Article 23 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
<p>IV. Enhance information disclosure</p> <p>Has the Company disclosed the Ethical Management Principles and effect of implementation thereof on its website and Market Observation Post System?</p>	V		<p>The Company has disclosed the "Corporate Ethical Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" on the Company's website. In addition, the ethical management implementation status and measures adopted are also disclosed on the Company's website and in the annual report. For the relevant provisions of the "Corporate Ethical Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct", please refer to the Company's website (http://www.wontex.com)→Investment→Corporate Governance→Company Procedures and Regulations. For the ethical management implementation status, please refer to the Company's website (http://www.wontex.com)→Investment→Corporate Governance→Ethical Management.</p>	Compliance with Article 25 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
<p>V. If the Company has formulated its own Corporate Governance Best Practice Principles as per the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, please specify the difference between its operation and the principles:</p> <p>To enhance the corporate culture of ethical management and the operating environment of sustainable development, the Company has established the "Corporate Ethical Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" according to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", in order to provide a basis for specifying requirements for execution of duties by the Company's personnel. There was no major difference in the principle and method adopted.</p>				
<p>VI. Other important information that is helpful in understanding the ethical management operation of the Company:</p> <ol style="list-style-type: none"> 1. Directors, managerial officers and other stakeholders attending or invited to attend board meetings of the Company also exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter. Directors shall exercise a high degree of self-discipline, and improper mutual support is not acceptable. 2. The Company has established the "Corporate Internal Material Information Handling Operation Procedure" specifying that directors, managerial officers and employees of the Company shall act as a prudent administrator with due care and fulfill the obligation of loyalty in order to exercise duties based on the principle of good faith, and shall also sign the non-disclosure agreement. Directors, managerial officers and employees being aware of or knowing internal material information of the Company must not disclose such internal material information to others. For relevant provisions of the "Corporate Internal Material Information Handling Operation Procedure", please refer to the Company's website (http://www.wontex.com)→Investment→Corporate Governance→Company Procedures and Regulations. 				

(VII) If the Company establishes corporate governance principles and relevant regulations, the inquiry method thereof shall be disclosed: None.

(VIII) Other information material to the understanding of corporate governance within the Company: None.

(IX) Internal Control System Implementation Status:

1. Statement of International Control System

Wonderful Hi-Tech Co., Ltd.
Statement of Internal Control System

Date: March 17, 2023

The Company hereby states the results of the self-evaluation of the internal control system for 2022 based on the findings of the self-assessment:

- I. The Company acknowledges and understands that establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managerial officers, and that such a system has already been established throughout the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc.), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. The internal control system has its inherent limitations, and regardless of how perfect the design is, the effectiveness of the internal control system can only provide reasonable assurance to the achievement of the aforementioned three objectives. In addition, due to the change of the environment and circumstances, the effectiveness of the internal control system may be changed. Only if the internal control system of the Company features a self-monitoring mechanism, can any shortcomings be corrected immediately once they are identified.
- III. The Company evaluates the effectiveness of its internal control policy design and execution based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria introduced by the "Regulations" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each of the elements in turn contains certain audit items. For more information on the items, please refer to the "the Criteria".
- IV. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.
- V. Based on the results of the assessment in the preceding paragraph, the Company is of the opinion that, as of December 31, 2022, the internal control system (including the supervision and management of its subsidiaries), including the understanding the effectiveness of operations and the extent to which efficiency targets are achieved, reliable, timely, and transparent reporting, and compliance with applicable rules and applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing objectives.
- VI. This statement will form the main content of the Company's annual report and prospectus and will be made public. If the disclosed content above is false or there is material information concealed deliberately or otherwise, the Company will be legally liable pursuant to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement has been approved by the Company's board of directors on March 17, 2023. Among the nine directors present, none of them expressed objections. All the others agreed with the content of this statement. Therefore, this statement is hereby declared.

Wonderful Hi-Tech Co., Ltd.

Chairman: Ming-Lieh Chang

Signature/Seal

President: Chang Cheng Po

Signature/Seal

2. If the internal control system was reviewed by CPA, the CPA's review report shall be disclosed: None.

(X) Penalties imposed against the Company and its internal personnel for regulatory violation, or penalties imposed by the Company against its employees for violation of internal control policy in the most recent year up till the publication date of this annual report; if the penalty result may have material impact on the shareholders' equity or stock price, it is necessary to describe the penalty content, areas of weakness and improvement status: None.

(XI) Important resolutions made by the shareholders' meetings and the board of directors' meetings during the latest financial year and up to the printing date of this annual report:

1. Important resolution and implementation status of shareholders' meetings:

Date of shareholders' meeting	Important resolution of shareholders' meeting	Implementation status
2022.6.8	I. Adoption of proposal for 2021 distribution of earnings with issuance of cash	1.The Company's 2021 earnings distribution proposal was approved for the distribution of cash dividend of NT\$214,667 thousand (NT\$1.39347734 per share was distributed). 2.August 7, 2022 was set to be the ex-dividend base date, and the dividends were distributed completely on August 23, 2022.
	II. Approved the proposal for amendment to the "Procedures for Loaning Funds to Other".	It was announced on the Company's website on June 30, 2022 and handled according to the procedures after amendment.
	III. Proposal for election of 16th term of directors List of elected directors: Ming-Lieh Chang, Ming-Hua Chang, Cheng-Po Chang, Lung-Chih Chung, Dang-Wu Yang List of elected independent directors: Kuei-Sen Huang, Ching-Feng Sun, Shih-Yang Chen, Chun-Chi Yang	The lists have been approved for registration by the MOEA on June 23, 2022 and announced on the Company's website.
	IV. Approved the proposal for cancellation of non-competes restriction for new directors of the Company.	Voting result: Affirmative votes represented 94,642,904 of voting rights (99.16%), dissenting votes represented 203,187 voting rights, and abstention votes and no votes represented 595,221 voting rights.

2. Important resolutions of the board of directors' meetings and resolution result :

Board meeting session	Important resolution	Matters specified in Article 14-3 of Securities and Exchange Act
1th meeting in 2023 (9th meeting of 16th term) March 17, 2023	1. Approved the 2022 consolidated and parent company only financial statements prepared according to IAS.	Yes
	2. Approved the 2022 earnings distribution proposal.	No
	3. Approved the proposal for distribution of 2022 remuneration of employees and remuneration of directors.	No
	4. Approved the handling of financial derivatives.	Yes
	5. Approved the CPA independence and competency evaluation and appointment.	Yes
	6. Approved the sixth issuance of domestic unsecured convertible bonds for conversion into new shares and the establishment of capital increase base date.	No
	7. Approved the evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others.	Yes
	8. Approved a letter of support was issued to Taiwan Taishin Bank for its subsidiary - Vietnam Wonderful Hi-Tech Group, Vietnam, to facilitate its credit application.	No
	9. Approved the proposal for amendment to the "Procedures for Transferring Repurchased Shares to Employees" of the Company.	No
	10. Approved the proposal for amendments to the "Procedures for Employee Share Subscription" of the Company. Approved the proposal for amendments to the "Procedures for Employee Share Subscription" of the Company.	No
	11. Approved the amendment to some provisions of the "Articles of Incorporation" of the Company.	No
	12. Approved the 2022 statement of Internal control system.	Yes
	Opinion of independent directors: None. Company's handling for the opinions of independent directors: None. Result of resolution: Approved by all attending directors.	

13th meeting in 2022 (8th meeting of 16th term) December 20, 2022	<p>1. Approved the Company's 2023 operating plan.</p> <p>2. Approved the Company's 2023 audit plan.</p> <p>3. Approved the handling of financial derivatives.</p> <p>4. Approved a letter of support was issued to Hong Kong Taishin Bank for its subsidiary - Le Hao Hong Kong, to facilitate its credit application.</p> <p>5. Approved the loaning of fund of USD 2 million to Thai Wonderful Wire Cable Co., Ltd., a subsidiary of Wonderful Hi-Tech Co., Ltd.</p> <p>Opinion of independent directors: None.</p> <p>Company's handling for the opinions of independent directors: None.</p> <p>Result of resolution: Approved by all attending directors.</p>	No No Yes No Yes
12th meeting in 2022 (7th meeting of 16th term) November 11, 2022	<p>1. Approved the 2022 third quarter consolidated financial statements.</p> <p>2. Approved the evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others.</p> <p>3. Approved purchase of 80 shares in (Hong Kong) Le Hao from Director Dang-Wu-Yang at a price of HK\$738,989.</p> <p>4. Approved the amendment to the "Articles of Incorporation" of the Company.</p> <p>5. Approved the amendment to the "Rules of Procedure for Shareholders' Meetings".</p> <p>Opinion of independent directors: None.</p> <p>Company's handling for the opinions of independent directors: None.</p> <p>Result of resolution: Approved by all attending directors.</p>	Yes Yes Yes No No
11th meeting in 2022 (6th meeting of 16th term) September 6, 2022	<p>1. Approved the appointment of the President of the Company with CEO Cheng-Po Chang assuming the position.</p> <p>2. Approved the Company's sixth issuance of domestic unsecured convertible bonds of the Company.</p> <p>3. Approved the amendment to parts of provisions of the "Procedures for Acquisition or Disposition of Assets" of the Company.</p> <p>4. Approved the amendment to parts of provisions of the "Rules of Procedure for Board of Directors Meetings" of the Company.</p> <p>Opinion of independent directors: None.</p> <p>Company's handling for the opinions of independent directors: None.</p> <p>Result of resolution: Approved by all attending directors.</p>	No Yes Yes No
10th meeting in 2022 (5th meeting of 16th term) August 9, 2022	<p>1. Approved the 2022 second quarter consolidated financial statements.</p> <p>2. Approved the handling of financial derivatives.</p> <p>3. Approved the evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others.</p> <p>Opinion of independent directors: None.</p> <p>Company's handling for the opinions of independent directors: None.</p> <p>Result of resolution: Approved by all attending directors.</p>	Yes Yes Yes
9th meeting in 2022 (4th meeting of 16th term) July 14, 2022	<p>1. Approved the establishment of cash dividend distribution ex-dividend date related matters.</p> <p>2. Approved the fifth issuance of domestic unsecured convertible bonds for conversion into new shares and the establishment of capital increase base date.</p> <p>Opinion of independent directors: None.</p> <p>Company's handling for the opinions of independent directors: None.</p> <p>Result of resolution: Approved by all attending directors.</p>	No No
8th meeting in 2022 (3th meeting of 16th term) June 30, 2022	<p>1. Approved the fifth issuance of domestic unsecured convertible bonds for conversion into new shares and the establishment of capital increase base date.</p> <p>2. Approved the proposal for election of the 5th term of Remuneration Committee members.</p> <p>Opinion of independent directors: None.</p> <p>Company's handling for the opinions of independent directors: None.</p> <p>Result of resolution: Approved by all attending directors.</p>	No No
7th meeting in 2022 (2th meeting of 16th term) June 16, 2022	<p>Approved the appointment and discharge of the finance officer and accounting officer of the Company.</p> <p>Opinion of independent directors: None.</p> <p>Company's handling for the opinions of independent directors: None.</p> <p>Result of resolution: Approved by all attending directors.</p>	Yes
6th meeting in 2022 (1th meeting of 16th term) June 8, 2022	<p>Approved the proposal for election of Chairman and Vice Chairman of the Company.</p> <p>Opinion of independent directors: None.</p> <p>Company's handling for the opinions of independent directors: None.</p> <p>Result of resolution: Approved by all attending directors.</p>	No
5th meeting in 2022 (26th meeting of 15th term) May 13, 2022	<p>1. Approved the handling of financial derivatives.</p> <p>2. Established the Company's "fifth issuance of domestic unsecured convertible bonds" of the Company redemption right exercise related matters.</p> <p>3. Approved the evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others.</p> <p>4. Approved the proposal for 2021 bonus distribution for managerial officers and staff and submitted for ratification.</p> <p>5. Approved the amendments to the "Regulations for Employee Stock Ownership Trust Committee" of the Company.</p> <p>Opinion of independent directors: None.</p> <p>Company's handling for the opinions of independent directors: None.</p> <p>Result of resolution: Approved by all attending directors.</p>	Yes No Yes No No

<p>4th meeting in 2022 (25th meeting of 15th term) April 20, 2022</p>	<p>1. Approved the review of the candidate nomination list and qualification of candidates for the 2022 election of directors (including independent directors) of the Company. 2. Approved the proposal for cancellation of non-compete restriction for new directors. Opinion of independent directors: None. Company's handling for the opinions of independent directors: None. Result of resolution: Approved by all attending directors.</p>	<p>No No</p>
<p>3th meeting in 2022 (24th meeting of 15th term) March 18, 2022</p>	<p>1. Approved the 2021 consolidated and parent company only financial statements prepared according to IAS. 2. Approved the 2021 earnings distribution proposal. 3. Approved the proposal for distribution of 2021 remuneration of employees and remuneration of directors. 4. Approved the handling of financial derivatives. 5. Approved the CPA independence and competency evaluation and appointment. 6. Approved the fifth issuance of domestic unsecured convertible bonds for conversion into new shares and the establishment of capital increase base date. 7. Approved the amendment to parts of the provisions of the "Procedures for Loaning Fund to Others" of the Company. 8. Approved the evaluation on whether loans exceeding the credit extension period and amount considered to be major shall be recognized as loaning of fund to others. 9. Approved the proposal of the subsidiary- Le Hao Hong Kong applying for loan with Taiwan Cooperative Bank and planning to request for endorsement and guarantee of the Company. 10. Approved the 2021 statement of Internal control system Opinion of independent directors: Independent Director Tseng expressed that the consolidated financial statements indicated the debt ratio was too high for Proposal 1, and recommended that operating activities and cash flow were to be improved. Independent Sun recommended to review whether the number of turnover days of the inventory and accounts receivable of each plant of the Group were normal, and the improvement status was to be reported during the board of directors' meeting quarterly. With regard to Proposal 8, Independent Director Tseng indicated that the salary paid by Elitech Technology should be listed as the loaning of fund, and Independent Director Huang recommended that Shanghai Elitech Technology should reduce the repayment period as much as possible. Company's handling for the opinions of independent directors: Proposal 1 was to be handled according to the recommendations of Independent Directors Tseng and Sun. With regard to Proposal 8, it would change the recognition of the loaning of funds subsequently and announced the status monthly. In addition, the Company had engaged in negotiation with Shanghai Elitech Technology to request for increase of the monthly repayment amount according to the operation status. Result of resolution: Approved by all attending directors.</p>	<p>Yes No No Yes Yes No Yes Yes Yes Yes</p>
<p>2th meeting in 2022 (23th meeting of 15th term) February 18, 2022</p>	<p>1. Approved ACTife Hi-Tech Co., Ltd. execution of the capital increase of NT\$20 million. 2. Approved Vietnam Wonderful Wire Cable Co., Ltd. execution of the capital increase of USD 2.2 million. 3. Approved the loaning of fund of USD 2 million to Vietnam Wonderful Wire Cable Co., Ltd., a subsidiary of Wonderful Hi-Tech Co., Ltd. Opinions of independent directors: For Proposal 1, Independent Director Huang indicated (1) ACTife Hi-Tech requested to prepare 2022 business plan according to the product, customer and quarter types and to review monthly. (2) Employ additional salespersons to cope with the business expansion needs. For Proposal 2, independent director Tseng recommended to enhance the management on the number of days of inventory and review whether it was reasonable. For Proposal 3, Independent Director Sun recommended that if the subsidiary had the long-term needs, it might consider amendment to the Procedures for Loaning Funds to Others in order to increase the fund loaning limit. Company's handling for the opinions of independent directors: Proposals were to be handled according to the recommendations of independent directors. Result of resolution: Approved by all attending directors.</p>	<p>No Yes Yes</p>
<p>1th meeting in 2022 (22th meeting of 15th term) January 14, 2022</p>	<p>1. Proposal for amendment to the "Procedures for Transferring Repurchased Shares to Employees" of the Company. 2. Proposal for amendments to the "Procedures for Employee Share Subscription" of the Company. Opinion of independent directors: None. Company's handling for the opinions of independent directors: None. Result of resolution: Approved by all attending directors.</p>	<p>No No</p>

(XII) Documented opinions or declarations made by Directors or Supervisors against board resolutions in the most recent year, up till the publication date of this annual report: None.

(XIII) Resignation or dismissal of the Chairman, President, head of accounting, head of finance, chief internal auditor, corporate head of governance or head of R&D in the most recent year up till the publication date of this annual report: None.

Summary Table for Resignation and Dismissal of Relevant Staff of the Company

Title	Name	Date of Job Assumption	Date of Dismissal	Reason of Resignation or Dismissal
Chairman-cum-President	Ming-Lieh Chang	2019.08.09	2022.09.06	Resigned as President due to post adjustment
Head of Financial and Accounting	Dang-Wu Yang	2000.09.21	2022.07.01	Retired

V. Information on Independent Auditor's Fee

(I) The content of the amounts of both audit and non-audit fees and the details of the non-audit services for non-audit fees paid to the CPA, to the accounting firm of the CPA, and to associates shall be disclosed

Amount Unit: NT\$ thousand

Name of Accounting Firm	Name of CPA	CPA's Audit Period	Audit Fee	Non-Audit Fee	Total	Remarks
PwC Taiwan	Po-Chuan Lin	2022.1.1~2022.12.31	3,460	1,439	4,899	
	Shu-Chiung Chang					

Please describe the non-audit fee service content:

1.business registration 2.Human resource. 3.Tax compliance audit. 4.Transfer pricing. 5.convertible bonds.

For any one of the following, the matters below shall be disclosed:

1. When the accounting firm is changed and the audit fees paid for the financial year in which the change took place are less than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: Since there is no change, this is not applicable.
2. When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10 percent or more, the amount and percentage of and reason for the reduction in audit fees: None.

(II) The audit fee described in the preceding Item refers to the fee paid by the Company to the CPA in relation to the financial report audit, review, verification and financial forecast review.

VI. Change of CPA's Information: None.

VII. The Company's Chairman, President and Managers in charge of its finance and accounting operations holding any positions within the independent audit firm or its affiliates in the most recent year: None.

VIII. Transfer or pledge of shares owned by directors, managerial officers, shareholders with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

Equity transfer and change status of directors, managerial officers and major shareholders

Title (Note 1)	Name	Up to April 30, 2023		2022	
		Increase (decrease) of shareholding	Increase (decrease) of pledged shares	Increase (decrease) of shareholding	Increase (decrease) of pledged shares
Chairman	Ming-Lieh Chang	(80,000)	0	1,648,000	1,500,000
Vice Chairman	Ming-Hua Chang	0	0	(575,000)	(961,000)
Director/ President	Cheng-Po Chang	0	0	60,000	500,000
Director	Lung-Chih Chung	0	0	0	0
Director (Date of Inauguration: 2022/6/8)	Dang-Wu Yang	(6,000)	0	28,970	0
Independent Director	Kuei-Sen Huang	0	0	0	0
Independent Director	Ching-Feng Sun	0	0	10,000	0
Independent Director (Date of Dismissal: 2022/6/8)	Tseng-Tien Yun	0	0	0	0
Independent Director (Date of Inauguration: 2022/6/8)	Shih-Yang Chen	0	0	0	0
Independent Director (Date of Inauguration: 2022/6/8)	Chun-Chi Yang	0	0	0	0
Vice President	Cheng-Ya Chang	0	0	(6,000)	0
Vice President	Yu-Hsiu Hsu	0	0	0	0

Note 1: A shareholder holding more than 10% of the total share amount of the Company shall be indicated as a major shareholder and listed separately.

Note 2: When the counterparty of share transfer or pledge is a related party, the following table shall be completed.

Equity transfer information

Name (Note 1)	Reason of equity transfer (Note 2)	Transaction date	Transaction counterparty	Relationship of transaction party with the Company, directors, managerial officers and shareholders with shareholding percentage exceeding 10%	Number of shares	Transaction price
Ming-Lieh Chang	Disposal (gift)	2022/03/08	Cheng -Chin Chang	Father-son relationship with the Chairman	80,000	0
Ming-Hua Chang	Disposal (gift)	2022/02/22	Cheng-Kai Chang	Father-son relationship with the Vice Chairman	75,000	0
Ming-Hua Chang	Disposal (gift)	2022/02/22	Hsiu-Chin Wu	Spouse relationship with the Vice Chairman	500,000	0

Note 1: Information on the name the Company's directors, managerial officers and shareholders with shareholding percentage exceeding 10% is provided.

Note 2: Information on acquisition or disposal.

Equity pledge information

Unit: thousand shares / NT\$ thousand

Name	Reason of change of pledge	Date of change	Transaction counterparty	Relationship of transaction party with the Company, directors, supervisors and shareholders with shareholding percentage exceeding 10%	Number of shares	Shareholding percentage %	Ratio of pledge %	Pledge (redemption) amount
The counterparty of equity pledge is not a related party; therefore, this is not applicable.								

IX. Information of shareholders of top ten shareholding percentage for related parties or spouse, relative relationship within second degree of kinship among themselves

Information on relationship among shareholders of top 10 highest shareholder percentages

Name (Note 1)	Personal Shareholding		Holding of shares by spouse, underage children (Note 2)		Total shares held under the name of others		Information on the relations among the top 10 shareholders if anyone is a related party, a spouse, or a relative within second degree of kinship of another and their names. (Note 3)		Remarks
	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Company name (or individual name)	Relationship	
Ming-Lieh Chang	12,624,911	8.20	1,145,748	0.74	0	0	Ming-Hua Chang Cheng-Po Chang Cheng-Chin Chang Ming-Liang Liang Lien-Tsai Chung	Brothers Father-son Father-son Relative by marriage Relative by marriage	
Investment Co., Ltd. Responsible Person: Cheng-Po Chang	12,576,070	8.16	0	0	0	0	Ming-Lieh Chang Cheng-Chin Chang	Father-son Brothers	
Wanshih Electronic Co., Ltd. Chairman: Cheng-Chin Chang	9,282,121	6.03	0	0	0	0	Ming-Lieh Chang Cheng-Po Chang	Father-son Brothers	
Lieh Ying Investment Co., Ltd. Chairman: Ming-Liang Liang	2,000,000	1.30	0	0	0	0	Ming-Lieh Chang	Relative by marriage	
Ming-Hua Chang	1,924,605	1.25	886,017	0.58	0	0	Ming-Lieh Chang	Brothers	
Cheng-Po Chang	1,540,443	1.00	328,799	0.21	0	0	Ming-Lieh Chang Cheng-Chin Chang	Father-son Brothers	
Fu San Machinery Co., Ltd. Responsible Person: Lien-Tsai Chung	1,528,512	0.99	0	0	0	0	Lien-Tsai Chung	Relative by marriage	
Chao-Tsun Chan	1,483,859	0.96	0	0	0	0	None	None	
Lien-Tsai Chung	1,389,000	0.90	710,000	0.46	0	0	Ming-Lieh Chang Fu San Machinery Co., Ltd.	Relative by marriage Same as the Responsible Person	
Ming-Liang Liang	1,264,047	0.82	0	0	0	0	Ming-Lieh Chang Lieh Ying Investment Co., Ltd.	Relative by marriage Same as the Responsible Person	

Note 1: The names of all top 10 shareholders shall be indicated completely, and for corporate shareholders, corporate shareholders' name and representative shall be indicated separately.

Note 2: The calculation of the shareholding percentage refers to the shareholding percentage of the person and his/her spouse, minors, or by the person under others' names respectively.

Note 3: The shareholders listed above include judicial and natural persons, and the relationship among the shareholders shall be disclosed according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. Number of shares held by the company, the company's directors, managerial officers and the number of shares invested in a single company which are held by the entities directly or indirectly controlled by the company, and calculating the consolidated shareholding percentage of the above categories

Comprehensive Shareholding Percentage

March 31, 2022

Unit: thousand shares/%

Investee	Investment of the Company		Investment by directors, supervisors, managers, or any companies controlled either directly or indirectly by the Company (Remarks)		Consolidated investment		Remarks
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	
Wonderful Holding (Cayman) Co., Ltd.	9,374	100.00	-	-	9,374	100.00	
Wonderful International (Cayman) Co., Ltd.	-	-	9,374	100.00	9,374	100.00	Held by subsidiary
Thai Wonderful Wire Cable Co., Ltd.	-	-	1,429	73.50	1,429	73.50	Held by subsidiary
Wonderful Holding (Thailand) Co., Ltd.	-	-	0.49	100.00	0.49	100.00	Held by subsidiary
ABA INDUSTRY INC.	92	56.10	72	43.90	164	100.00	Held by subsidiary
Vietnam Wonderful Wire Cable Co., Ltd.	-	50.00	-	50.00	-	100.00	Held by subsidiary
Le Hao International Co., Ltd.	14,925	74.625	0.697	3.485	15.62	78.11	Held by directors
Le Hao Co., Ltd.	-	-	41,401	100.00	41,401	100.00	Held by subsidiary
Wonderful Photoelectricity (Dongguan) Co. Ltd.	-	-	-	100.00	-	100.00	Held by subsidiary
Yi-Tai Technology Co., Ltd.	21,377	100.00	-	-	21,377	100.00	
Shanghai Elitech Technology Co., Ltd.	-	-	-	100.00	-	100.00	Held by subsidiary
Wonderful Cabling Systems Corporation	2,000	80.00	-	-	2,000	80.00	
Wanshih Electronic Co., Ltd.	17,816	24.55	34	0.05	17,850	24.60	Held by directors
Wan Shih (Hong Kong) Co., Ltd.	3,068	17.04	9,593	53.29	12,660	70.33	Held by associate
Suzhou Wanshih Optical Communication Co., Ltd.	-	2.56	-	87.26	-	89.82	Held by associate
Saga YesFamily Healthcare Co.	283	28.30	434	43.40	717	71.70	Held by directors
Inga Nano Technology Co., Ltd.	2,450	28.00	1,853	21.18	4,303	49.18	Held by directors
ACTife Hi-Tech Co., Ltd.	2,000	100.00	-	-	2,000	100.00	
Leading LOHAS International Trading Company	100	100.00	-	-	100	100.00	
ALPHA TREASURE INVESTMENTS LIMITED	350	35.00	-	-	350	35.00	
PT ALPHA GLOBAL TECHNOLOGY	-	-	1.96	56.00	1.96	56.00	Held by associate

Four. Fundraising Status

I. Capital and Shares

(I) Source of Capital:

1. Source of capital

Date	Par value per share (NT\$)	Registered capital		Paid-in capital		Remarks			
		Number of shares (thousand)	Amount (NT\$ thousand)	Number of shares (thousand)	Amount (NT\$ thousand)	Source of capital (NT\$ thousand)	Those who use assets other than cash to offset the share price	Others	
1978/06/19	1,000	10	10,000	5	5,000	Cash capital increase registration	5,000	None	
1979/06/19	1,000	20	20,000	20	20,000	Cash capital increase	15,000	None	
1981/01/31	1,000	30	30,000	30	30,000	Cash capital increase	10,000	None	
1981/07/29	1,000	60	60,000	60	60,000	Cash capital increase	30,000	None	
1983/12/16	1,000	90	90,000	90	90,000	Cash capital increase	30,000	None	
1986/10/30	1,000	120	120,000	120	120,000	Cash capital increase	30,000	None	
1988/11/04	1,000	150	150,000	150	150,000	Cash capital increase	30,000	None	
1989/10/17	10	19,500	195,000	19,500	195,000	Cash capital increase	45,000	None	
1992/01/08	10	60,000	600,000	30,000	300,000	Cash capital increase	105,000	None	
1992/10/23	10	60,000	600,000	40,200	402,000	Cash capital increase Capital increase by surplus earnings Capital increase by employee bonuses	40,000 60,000 2,000	None	
1995/10/27	10	60,000	600,000	45,000	450,000	Capital increase by surplus earnings Capital increase by employee bonuses	40,200 7,800	None	Note 1
1996/08/30	10	60,000	600,000	50,000	500,000	Capital increase by surplus earnings Capital increase by employee bonuses	45,000 5,000	None	Note 2
1997/07/14	10	60,000	600,000	58,000	580,000	Capital increase by surplus earnings Capital increase by employee bonuses	75,000 5,000	None	Note 3
1998/10/02	10	88,000	880,000	67,200	672,000	Capital increase by surplus earnings Capital increase by employee bonuses	87,000 5,000	None	Note 4
2004/07/14	10	88,000	880,000	80,220	802,200	Overseas unsecured convertible bonds	130,200	None	
2005/02/14	10	88,000	880,000	85,837	858,368	Overseas unsecured convertible bonds	56,168	None	
2006/10/19	10	120,000	1,200,000	86,695	866,952	Capital increase by surplus earnings	8,584	None	Note 5 Note 6
2007/05/09	10	120,000	1,200,000	92,234	922,340	Domestic unsecured convertible bonds	55,388	None	Note 7
2007/08/03	10	200,000	2,000,000	97,778	977,780	Domestic unsecured convertible bonds	55,440	None	Note 8
2007/09/06	10	200,000	2,000,000	106,357	1,063,568	Capital increase by surplus earnings Capital increase by employee bonuses	73,788 12,000	None	Note 9
2007/10/30	10	200,000	2,000,000	109,996	1,099,959	Domestic unsecured convertible bonds	36,391	None	Note 10
2008/02/12	10	200,000	2,000,000	111,125	1,111,251	Domestic unsecured convertible bonds	11,292	None	Note 11

Date	Par value per share (NT\$)	Registered capital		Paid-in capital		Remarks			
		Number of shares (thousand)	Amount (NT\$ thousand)	Number of shares (thousand)	Amount (NT\$ thousand)	Source of capital (NT\$ thousand)	Those who use assets other than cash to offset the share price	Others	
2008/04/18	10	200,000	2,000,000	111,710	1,117,109	Domestic unsecured convertible bonds	5,858	None	Note 12
97/07/22	10	200,000	2,000,000	112,439	1,124,392	Domestic unsecured convertible bonds	7,283	None	Note 13
2008/08/20	10	200,000	2,000,000	114,694	1,146,943	Capital increase by surplus earnings Capital increase by employee bonuses	10,551 12,000	None	Note 14
2009/02/04	10	200,000	2,000,000	112,694	1,126,943	Cancellation of treasury shares	(20,000)	None	Note 15
2010/01/13	10	200,000	2,000,000	112,701	1,127,014	Domestic unsecured convertible bonds	71	None	Note 16
2010/04/19	10	200,000	2,000,000	117,573	1,175,727	Domestic unsecured convertible bonds	48,712	None	Note 17
2010/07/23	10	200,000	2,000,000	117,587	1,175,870	Domestic unsecured convertible bonds	143	None	Note 18
2010/09/02	10	200,000	2,000,000	119,673	1,196,727	Capital increase by surplus earnings	20,857	None	Note 19
2010/10/18	10	200,000	2,000,000	117,473	1,174,727	Cancellation of treasury shares	(22,000)	None	Note 20
2010/12/27	10	200,000	2,000,000	132,573	1,325,727	Cash	151,000	None	Note 21
2011/01/24	10	200,000	2,000,000	131,361	1,313,608	Cancellation of treasury shares Domestic unsecured convertible bonds	(20,000) 7,881	None	Note 22
2011/02/11	10	200,000	2,000,000	129,361	1,293,608	Cancellation of treasury shares	(20,000)	None	Note 23
2011/09/16	10	200,000	2,000,000	125,861	1,258,608	Cancellation of treasury shares	(35,000)	None	Note 24
2012/04/16	10	200,000	2,000,000	125,261	1,252,608	Cancellation of treasury shares	(6,000)	None	Note 25
2014/04/17	10	200,000	2,000,000	123,261	1,232,608	Cancellation of treasury shares	(20,000)	None	Note 26
2016/04/06	10	200,000	2,000,000	120,761	1,207,608	Cancellation of treasury shares	(25,000)	None	Note 27
2016/10/31	10	200,000	2,000,000	122,780	1,227,804	Domestic secured convertible bonds	20,196	None	Note 28
2017/01/18	10	200,000	2,000,000	123,535	1,235,353	Domestic secured convertible bonds	7,549	None	Note 29
2017/04/21	10	200,000	2,000,000	137,182	1,371,823	Domestic secured convertible bonds	136,470	None	Note 30
2017/07/28	10	200,000	2,000,000	140,369	1,403,685	Domestic secured convertible bonds	31,862	None	Note 31
2021/11/22	10	200,000	2,000,000	149,569	1,495,685	Cash capital increase	92,000	None	Note 32
2022/02/08	10	200,000	2,000,000	159,105	1,591,048	Domestic unsecured convertible bonds	95,362	None	Note 33
2022/05/04	10	200,000	2,000,000	161,012	1,610,120	Domestic unsecured convertible bonds	19,072	None	Note 34
2022/08/11	10	200,000	2,000,000	161,665	1,616,652	Domestic unsecured convertible bonds	6,532	None	Note 35

Note 1: Securities Management Commission of Ministry of Finance (84) Tai-Tsai-Zheng(1) No. 39161 Letter dated July 6, 1995.

Note 2: Securities Management Commission of Ministry of Finance (85) Tai-Tsai-Zheng(1) No. 41679 Letter dated July 8, 1996.

Note 3: Securities Management Commission of Ministry of Finance (86) Tai-Tsai-Zheng(1) No. 44086 Letter dated June 2, 1997.

Note 4: Securities Management Commission of Ministry of Finance (87) Tai-Tsai-Zheng(1) No. 49170 Letter dated June 8, 1998..

Note 5: Financial Supervisory Commission of Executive Yuan Jin-Guan-Yi-Zi No. 0950134445 Letter dated August 4, 2006.
 Note 6: Jing-Shou-Shang-Zi No. 09501235220 Letter dated October 19, 2006.
 Note 7: Jing-Shou-Shang-Zi No. 09601100250 Letter dated May 9, 2007.
 Note 8: Jing-Shou-Shang-Zi No. 09601085790 Letter dated August 3, 2007.
 Note 9: Financial Supervisory Commission of Executive Yuan Jin-Guan-Yi-Zi No. 0960036825 Letter dated July 16, 2007.
 Jing-Shou-Shang-Zi No. 09601219630 Letter dated September 6, 2007.
 Note 10: Jing-Shou-Shang-Zi No. 09601264980 Letter dated October 30, 2007.
 Note 11: Jing-Shou-Shang-Zi No. 09701031050 Letter dated February 12, 2008.
 Note 12: Jing-Shou-Shang-Zi No. 09701091550 Letter dated April 18, 2008.
 Note 13: Jing-Shou-Shang-Zi No. 09701177370 Letter dated July 22, 2008.
 Note 14: Financial Supervisory Commission of Executive Yuan Jin-Guan-Yi-Zi No. 09700321395 Letter dated June 27, 2008.
 Jing-Shou-Shang-Zi No. 09701209670 Letter dated August 20, 2008.
 Note 15: Jing-Shou-Shang-Zi No. 09801018420 Letter dated February 4, 2009.
 Note 16: Jing-Shou-Shang-Zi No. 09901006620 Letter dated January 13, 2010.
 Note 17: Jing-Shou-Shang-Zi No. 09901078410 Letter dated April 19, 2010.
 Note 18: Jing-Shou-Shang-Zi No. 09901161760 Letter dated July 23, 2010.
 Note 19: Jing-Shou-Shang-Zi No. 09901198920 Letter dated September 2, 2010.
 Note 20: Jing-Shou-Shang-Zi No. 09901232710 Letter dated October 18, 2010.
 Note 21: Jing-Shou-Shang-Zi No. 09901286450 Letter dated December 27, 2010.
 Note 22: Jing-Shou-Shang-Zi No. 10001010680 Letter dated January 24, 2011.
 Note 23: Jing-Shou-Shang-Zi No. 10001027780 Letter dated February 11, 2011.
 Note 24: Jing-Shou-Shang-Zi No. 10001216410 Letter dated September 16, 2011.
 Note 25: Jing-Shou-Shang-Zi No. 10101066670 Letter dated April 16, 2012.
 Note 26: Jing-Shou-Shang-Zi No. 10301070280 Letter dated April 17, 2014.
 Note 27: Jing-Shou-Shang-Zi No. 10501065030 Letter dated April 16, 2016.
 Note 28: Jing-Shou-Shang-Zi No. 10501243630 Letter dated October 31, 2016.
 Note 29: Jing-Shou-Shang-Zi No. 10601007100 Letter dated January 18, 2017.
 Note 30: Jing-Shou-Shang-Zi No. 10601049250 Letter dated April 21, 2017.
 Note 31: Jing-Shou-Shang-Zi No. 10601102900 Letter dated July 28, 2017.
 Note 32: Jing-Shou-Shang-Zi No. 11001204710 Letter dated November 22, 2021.
 Note 33: Jing-Shou-Shang-Zi No. 11101008260 Letter dated February 8, 2022.
 Note 34: Jing-Shou-Shang-Zi No. 11101063270 Letter dated May 4, 2022.
 Note 35: Jing-Shou-Shang-Zi No. 11101139580 Letter dated August 11, 2022.

2. Share Type

Unit: shares April 10, 2023

Share type	Registered capital			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Registered common shares	161,665,230	38,334,770	200,000,000	TPEX listed stocks on February 4, 1998

Note: Treasury shares of 7,614,000 shares are included.

(II) Shareholder Structure

Unit: shares April 10, 2023

Shareholder structure	Government agencies	Financial institutions	Other juridical persons	Individuals	Foreign institutions and natural persons	Total
Quantity						
Number of shareholders	0	1	173	35,650	49	35,873
Number of shares held	0	1,000	27,995,429	124,140,606	1,914,195	154,051,230
Shareholding percentage %	0	0.00	18.17	80.58	1.25	100.00

(III) Equity ownership dispersion status

April 10, 2023

Shareholding range	Number of shareholders	Number of shares held	Shareholding percentage %
1 ~ 999	17,936	501,005	0.33
1,000 ~ 5,000	14,359	28,881,919	18.74
5,001 ~ 10,000	1,998	16,022,907	10.40
10,001 ~ 15,000	546	6,980,253	4.53
15,001 ~ 20,000	369	6,907,189	4.48
20,001 ~ 30,000	262	6,705,932	4.35
30,001 ~ 40,000	115	4,124,270	2.68
40,001 ~ 50,000	73	3,431,501	2.23
50,001 ~ 100,000	119	8,422,758	5.47
100,001 ~ 200,000	44	5,956,712	3.87
200,001 ~ 400,000	24	6,718,326	4.36
400,001 ~ 600,000	6	2,913,382	1.89
600,001 ~ 800,000	5	3,730,262	2.42
800,001 ~ 1,000,000	3	2,769,160	1.80
1,000,001 or more	14	49,985,654	32.45
Total	35,873	154,051,230	100.00

(IV) List of Major Shareholders

Name of major shareholders	Number of shares held	Shareholding percentage (%)
Ming-Lieh Chang Investment Co., Ltd.	12,624,911	8.20
Wanshih Electronic Co., Ltd.	12,576,070	8.16
Lieh Ying Investment Co., Ltd.	9,282,121	6.03
Ming-Hua Chang	2,000,000	1.30
Cheng-Po Chang	1,924,605	1.25
Fu San Machinery Co., Ltd.	1,540,443	1.00
Chao-Tsun Chan	1,528,512	0.99
Lien-Tsai Chung	1,483,859	0.96
Ming-Liang Liang	1,389,000	0.90
	1,264,047	0.82

(V) Market price, net worth, earnings, dividends per share and relevant information for the most recent two years

Item	Year		Up to March 31, 2023 for current year (Note 8)	2022	2021
Market price per share (Note 1)	Highest		33.60	44.50	47.30
	Lowest		28.75	27.85	16.80
	Average		31.70	37.64	33.57
Net value per share (Note 2)	Before distribution		17.27	16.90	13.99
	After distribution		-	-	12.55
Earnings per share	Weighted average shares outstanding		154,050	153,195	133,764
	Before retroactive adjustment - earnings per share		0.35	3.04	1.68
	After retroactive adjustment- earnings per share		-	-	-
Dividends per share	Cash dividends (Note 9)		-	2.00	1.40
	Stock dividends	Stock dividends appropriated from retained earnings (Note 3)	-	-	-
		Stock dividends from capital reserve		-	-
	Accumulated retained dividends (Note 4)			-	-
Return on Investment (ROI)	Price-to-Earnings Ratio (PER) (Note 5)		90.57	11.63	14.85
	Price-to-Dividend Ratio (PDR) (Note 6)		-	17.67	17.82

analysis	Cash dividend yield (Note 7)	-	5.66%	5.61%
----------	------------------------------	---	-------	-------

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: Indicates the highest and lowest market price of common shares in each year, and the average market price of each year is calculated according to the closing trading value and trading volume of each year.

Note 2: Please use the number of shares already issued by the end of year and provide information according to the distribution status of the board of directors' meeting or shareholders' meeting resolution of the following year.

Note 3: In case of any issuance of stock dividends such that there is a need for retroactive adjustment, the earnings per share before and after the adjustment shall be indicated.

Note 4: If the issuance criteria of equity securities specify that dividends undistributed in the current year are to be accumulated to the year with earnings for issuance, then the accumulated unissued dividends up to the current year shall be disclosed respectively.

Note 5: Price-to-Earnings Ratio (PER) = Average stock closing price of current year / Earnings Per Share (EPS)

Note 6: Price-to-Dividend Ratio (PDR) = Average stock closing price of current year / Cash dividend per share.

Note 7: Dividend yield = Cash dividend per share / Average stock closing price of the current year.

Note 8: The information of the first quarter of 2023 is based on the consolidated financial statements audited and certified by CPA.

Note 9: The 2022 earnings distribution proposal has not yet been approved by the shareholders' meeting.

(VI) Company Dividend Policy and Implementation Status:

1. Dividend policy specified in the Articles of Incorporation:

Article 26-1: When the Company has a profit after the closing account of a fiscal year, amount shall be appropriated to pay tax and make up losses for the preceding years first, followed by setting aside a legal reserve of 10% thereof. For the remaining amount, in addition to the distribution of dividends, If there is still remaining surplus, the distribution of shareholders' dividends shall be determined according to the resolution of the shareholders' meeting.

Article 26-2: According to the dividend policy of the Company, the factors of profit status, financial plan, future development of the Company and shareholders' interests are comprehensively considered, and the Board of Directors then establishes the dividend distribution proposal annually according to the law, and the distribution amount shall not be less than 50% of the earnings after tax of the current year, and at least 10% of the cash dividends is distributed among the dividends distributed for the current year.

2. Distribution of dividends proposed for resolution in the present shareholders' meeting

Wonderful Hi-Tech Co., Ltd.

2022

Earnings Distribution Table

Item	Unit: NT\$ Amount
Unappropriated retained earnings at beginning of the term	2,791,802
Add: Adjustment to retained earnings for 2022 (Note 1)	23,185,290
Add: Net profit after tax for 2022	<u>465,853,757</u>
Accumulated distributable earnings	491,830,849
Recognized item	
Legal reserve (10%)	48,903,905
Reversal of special reserve (Note 2)	<u>(49,900,779)</u>
Current distributable earnings	492,827,723
Distribution item	
Shareholders' dividends (NT\$2 per share)(Notes 3 and 4)	<u>308,102,460</u>
Ending undistributed earnings reserved	<u><u>184,725,263</u></u>

Note 1: It includes the adjustment of benefit plan actuarial benefit according to the actuarial report of NT\$7,519,222, the share of other comprehensive income or loss on associated companies and joint ventures accounted for using

equity method - defined benefit plan actuarial gain of Interest of NT\$1,365,985 and unrealized gains and losses on equity instruments measured at fair value through other comprehensive gains and losses on disposal of associates and joint ventures of NT\$14,300,083.

Note 2: Including the exchange gain of NT\$84,445,684 converted from the financial statements of foreign operating institutions, the provision for unrealized losses on financial assets measured at fair value through other comprehensive income of NT\$30,667,227, and the provision for fair value adjustment gain - investment property of NT\$3,877,678.

Note 3: This distribution plan was calculated based on the number of outstanding shares minus the number of treasury shares as of March 17, 2023.

Note 4: For the aforementioned earnings, the earnings of 2022 is distributed first in priority, followed by distributing the earnings of 2021.

(VII) Impact of the distribution of bonus shares proposed in the present shareholders' meeting on the business performance of the Company and earning per share:

There is no distribution of bonus shares in the current year; therefore, this is not applicable.

(VIII) Remuneration of employees and directors:

1. Information on the percentage or range of remuneration of employees and remuneration of directors specified in the Articles of Incorporation:

Article 26: When the Company has a profit for a fiscal year, 2% to 4% of the profit before tax and before the deduction of the distribution of remunerations of employees and directors shall be set aside as the remuneration of employees and no higher than 2% thereof shall be set aside as the remuneration of directors. However, when the Company has accumulated losses, amount shall be reserved for making up the accumulated losses first.

2. The estimation basis for the remunerations of employees and directors of the Company refers to that 2% of the profit before tax and before the deduction of the distribution of remunerations of employees and directors is set aside as the remuneration of employees and 1% thereof is set aside as the remuneration of directors. When there is difference between the actual distribution amount and the estimation amount, such difference is recorded under the current expense for the year of distribution.

3. Remuneration distribution status approved by the board of directors:

The 2022 net income before tax of the Company is NT\$571,668,244, and the income before subtracting the distribution of remunerations of employees and directors from the net Income before tax is NT\$597,178,731. According to the Articles of Incorporation and the recommendation of the Remuneration Committee, remuneration of employees in cash of 3% for an amount of NT\$ 17,915,362 and remuneration of directors in cash of 1.5% for an amount of NT\$8,957,681 are proposed for distribution.

4. Status on the actual distribution of the remuneration of employees remunerations and remuneration of directors in the last year:

Unit: NT\$

Item	March 18, 2022 Approval through resolution of board of directors' meeting	June 8, 2022 Approval through resolution of shareholders' meeting	Difference
Remuneration of directors	4,228,057	4,228,057	0
Employees' remuneration distributed in cash	8,456,114	8,456,114	0
Employees' remuneration distributed in stocks	0	0	0

(IX) Status on repurchase of the Company's shares:

(1) Repurchase executed completely:

April 30, 2022

Session of repurchase	16th (session)	17th (session)	18th (session)
Purpose of repurchase	Transfer shares to employees	Transfer shares to employees	Transfer shares to employees
Period of repurchase	Monday, October 28, 2019 to Friday, December 27, 2019	Friday, August 14, 2020 to Monday, October 12, 2020	Thursday, May 20, 2021 to Friday, July 16, 2021
Price range of repurchase (NT\$)	11.66~25.86	10.43~22.50	15.02~36.27
Type and quantity of shares repurchased (shares)	4,000,000	2,600,000	1,014,000
Amount of shares repurchased (NT\$)	67,194,093	40,663,484	25,816,962
Ratio of repurchased quantity over the predefined repurchase quantity (%)	100.00	86.67	72.43
Number of shares canceled and transferred (shares)	0	0	0
Accumulated number of company shares held (shares)	4,000,000	6,600,000	7,614,000
Ratio of accumulated number of company shares held to total number of shares issued (%)	2.48	4.10	4.73

(2) Currently under execution: None

II. Issuance of Corporate Bonds:

(I) Status of corporate bonds issued but not yet redeemed

Corporate bond type	Sixth domestic unsecured convertible corporate bond
Issuance (processing) date	October 31, 2022.
Face Value	NT\$ 100,000
Issuance and transaction place	Not applicable.
Issue price	101.00 of par value adopted for issuance (issue at premium)
Total amount	Total par value of issuance of NT\$800,000,000 Total amount of issuance of NT\$810,092,410
interest rate	0%
Maturity	Three years Maturity date: October 31, 2025.
Guarantee institution	Not applicable.
Trustee	Taiwan Cooperative Bank Commercial Bank Co., Ltd.
Underwriting institution	MasterLink Securities Corporation
Review attorney	Handsome Attorneys-at-law Attorney Yang-Wen Chiu
CPA for financial statement of most recent year	PwC Taiwan CPA Pei-Ling Tu, CPA Po-Chuan Lin
Repayment Methods	In addition to conversion or redemption according to the issuance and conversion method, bonds are redeemed all at once in cash according to the par value of the bonds.
Outstanding principal	NT\$800,000,000 (up to April 30, 2023.)

Covenants for redemption or early repayment	Please refer to Regulations for Corporate Bond Issuance and Conversion	
Restrictive covenants	Please refer to Regulations for Corporate Bond Issuance and Conversion	
Name of credit rating agency, rating date, rating result of corporate bonds	None	
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	Up to April 30, 2023, none conversion.
	Issuance and conversion, exchange or subscription method	Please refer to Regulations for Corporate Bond Issuance and Conversion
Issuance and conversion, exchange or subscription method, issuing condition dilution and impact on existing shareholders' equity	Please refer to the description of (III) for details	
Name of transfer agent for the transfer subject matter	Not applicable.	

(II) Information on corporate bond conversion

Unit: NT\$

Corporate bond type		Sixth domestic unsecured convertible corporate bonds	
Item	Year	Up to April 17 date, 2023 for the current year	2022
	Market price of the corporate bond	Highest	103.60
Lowest		96.70	96.10
Average		100.80	100.10
Conversion price		NT\$36.2 per share	
Issue date and conversion price at issuance		10 month 31 date, 2022 NT\$36.2 per share	
Performance of conversion obligation method		Issuance of new shares	

(III) Issuing condition dilution on equity and impact on shareholders' equity:

Sixth domestic unsecured convertible corporate bonds:

Unit: NT\$ thousand; thousand shares

Item	Conversion of corporate bonds (conversion in full)
Fundraising	810,092
Number of outstanding shares at issuance (without deduction of treasury shares)	161,665
Expected additional number of shares for issuance	22,099
Expected number of shares issued after financing	183,764
Maximum dilution of equity	12.03%

Note 1: The conversion price after conversion of corporate bonds during the convertible period is assumed to be NT\$36.2.

Note 2: Maximum dilution of equity = 1-(Number of issued shares/Expected number of shares issued after financing), and the original shareholders participating in the subscription of cash capital increase or corporate bond conversion is not considered.

III. Issuance of preferred shares: None.

IV. Issuance of global depository receipts: None.

V. (I) Issuance of employee stock options: None

(II) Issuance of new restricted employee shares: None.

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

VII. Financing plans and implementation status: None.

Five. Overview of Operations

I. Business Activities

(I) Business Scope

1. Main content of business operation:

- (1) Electric Wires and Cables Manufacturing.
- (2) Wholesale of Household Appliance.
- (3) Retail Sale of Household Appliance.
- (4) Wholesale of Electronic Materials.
- (5) Retail Sale of Electronic Materials
- (6) International Trade.
- (7) Manufacturing Output.
- (8) Electronic Parts and Components Manufacturing.

2. Business weights

Unit: NT\$ thousand

Product name	2022 operating income	Ratio %
LAN cables	3,691,845	41
Electronic cables	2,154,064	24
Paige cables	403,940	4
Automotive wires	797,294	9
Power cables	243,447	3
Computer cables	160,700	2
High temperature wires	25,019	0
Others	1,551,976	17
Total	9,028,285	100

3. Present products and service items of the Company

- (1) LAN cables
- (2) Optical fibers
- (3) Electronic cables
- (4) RF High frequency coaxial cables

- (5) Power cables
- (6) High temperature wires
- (7) Ultra-fine high temperature wires
- (8) Network copper cables and optical fiber peripherals and accessories
- (9) Automotive cables
- (10) Paige cables

4. New products planned for development

- (1) Driven by the development of AI, the demand for high-speed computing and high-speed transmission is increasing, and the construction of data centers continues to expand. In response to irreversible market demand, Cat6A high-end products will become the mainstream of future applications. Wonderful Hi-Tech Group will develop corresponding high-end transmission cables for various indoor and outdoor environments to meet the needs of industrial development.
- (2) Power over Ethernet (POE) technology has been applied to many devices, such as: Internet phones, routers, IP cameras, LED lighting, point-of-sale terminals, external signage and various products utilizing IoT functions. Due to the wide range of applications, the required wire functions and designs are also different. Wonderful Hi-Tech Group will develop more different structural or composite cables to meet the construction needs of customers in different applications.
- (3) The development and application of low-orbit satellites are becoming more and more extensive. The Vietnam plant and Thailand plant will continue to develop and adapt to various environments for low-orbit satellite ground receiver transmission and power cables. The Company sees a more user-friendly design for low-orbit satellites as a development goal.
- (4) With the increasingly clear policy of abandoning oil and switching to electricity in various countries, the development of electric vehicles is unstoppable. The amount of copper used by electric vehicles is 4 times that of ordinary fuel vehicles. There is a huge demand for wires from external charging cables to internal batteries. The Thailand and Vietnam plant have upgraded their equipment, and will be more actively involved in the development of related wire rods.
- (5) In cable with the development of the two railways in mainland China, Dongguan plant continues to invest resources in the development of railway control and power supply system cables. At present, it has obtained CCRC, ISO/TS 22163 2017 railway certification. In the future, it will develop towards the field of two railway cables.
- (6) With the development of smart buildings, integrated wiring materials required in commercial offices or general residences, such as access control, temperature control cables, audio cables, fire alarm cables, central air-conditioning cables, etc., the demand for terminal application upgrades has increased. The Company will fully develop all kinds of corresponding wire rods to meet customer needs.
- (7) With the evolution of information technology and the growing shortage of workers in the world, more and more attention has been paid to the application and development of robots or robot arms. Various industries can find their application devices, which is one of the inevitable trends in the future industry. Dongguan plant has invested in the development of related robotic arm wires. The product is expected to go on sale in 2023.

(II) Industry overview: Please explain the current status and development of the industry, the

correlation among upstream, midstream and downstream in the industry, and various development trend and competition of products.

1. Industry Current Status and Development

Due to the unfavorable factors of increase of operating cost, competing suppliers from China and continuous impact of Europe's debt crisis, the business of wires and cables industry becomes tougher, and companies must seek lower production cost and continue to develop new products and markets in order to achieve corporate sustainable operation.

2. Correlation among upstream, midstream and downstream in the industry

<u>Upstream</u>	<u>Midstream</u>	<u>Downstream</u>
Copper plate processing operators	R&D	State-owned enterprises
PVC powder from Formosa Plastics Corporation (FPC)	Processing	Schools, buildings
Polymeric materials	Manufacturing	Channels, telecommunication Information integrators

For the Company's products, after copper materials and polymeric materials or PVC powder from FPC are purchased and verified by R&D, manufacturing and processing are performed for the sales of products at the end. Some of the sales to the overseas markets are made through dealers or the OEM method is adopted for direct sales to all major branded companies worldwide. For domestic market, products are sold to telecommunication agency's processing factories, network constructors directly, or processing is outsourced for direct sales to business operators for their use of products.

3. Overall economic and industrial development trend

(1) Development of 5G and AIOT

With the vigorous development of 5G and AIOT technology, faster, lower latency and high-definition audio and video transmission are now a prerequisite for network communication. The transmission speed of CAT6A is 10Gbps, and its 500MHz high bandwidth feature can solve the problem of delay and stuttering. In recent years, CAT6A has developed towards a smaller OD to meet the need for space-saving wiring construction. In addition, CAT7 is equipped with the functions of high transmission rate (10Gbps) and enhanced anti-electrical interference. Its structural design has strong shielding and is less affected by other devices. It can provide the best solution for equipment manufacturers, professional audio-visual industry, etc. In addition to the transmission function, the copper cable can also provide power (PoE), which is more suitable for the wiring needs of weak current equipment.

(2) Development of low orbit satellite communication

Low-orbit satellites have the characteristics of high speed, large capacity, low delay and high coverage, which can improve the quality of communication in an all-round way. In the future, even in remote areas without base stations, users can send messages to mobile phones through satellite communications. The dead angle of communication can be solved. In the future, it can use its advantages to provide the best solution for the Internet of Things. The governments of various countries have invested in the basic network construction of low-orbit satellite communications. In recent years, Wonderful Hi-Tech Group has also been committed to the development and supply of ground receiving end wires for satellite communications. The future business opportunities are unlimited.

(3) Development of smart buildings

Smart buildings are the future trend of residential development. The integrated cable system in the building covers telecommunications, local area network, broadband coaxial cable, control of various devices, sensing and security systems, etc. In the future, more functional wire structures will be developed through various application areas. The ultimate goal is to integrate all cabling systems to achieve facility automation. Each plant of Wonderful Hi-Tech Group has different wiring products that support smart buildings, and is moving towards the direction of industrial development.

(4) Industrial 4.0 Smart Manufacturing

Industrial Internet of Things and smart manufacturing are inevitable development trends of the manufacturing industry. M2M communication requires the collection and generation of huge amounts of data through the construction of network entity systems and the reengineering of production processes. Real-time, quantified and transparent management will replace the management model of traditional manufacturing to achieve the purpose of assisting manufacturing transformation and enhancing industrial competitiveness. Industrial wires usually have to be able to withstand various harsh environments. In recent years, Wonderful Hi-Tech Group has also devoted itself to the application and development of materials to meet different environmental requirements.

(5) Trends in New Energy Infrastructure

The world is promoting low-carbon and decarbonization policies, and advanced countries have also set their completion time one after another. This move has accelerated governments and private enterprises to actively promote the improvement and development of infrastructure to implement new energy policies. Representatives of new energy development include electric vehicles and renewable energy and other areas. Driven by green energy, the demand for solar cables produced by the Thailand plant continues to increase, which also brings business opportunities into the development of new energy. Thailand and Vietnam plant have been developing wire rods for vehicles for many years, and they can produce wires for irradiation of vehicles to meet the needs of car manufacturers. Dongguan plant follows China's economic policy to develop high-speed rail and subway cables. It has obtained relevant railway certification and is developing towards the two railway fields. In addition, Dongguan plant has also developed peripheral wires for wind power generation equipment in the new energy sector, which are mainly used in control systems and power supply systems.

(6) Development and application of unmanned aerial vehicle industry

The scope of application of unmanned aerial vehicle is beyond imagination, especially in the era of lack of labor. Unmanned aerial vehicles (UAV) are widely in the industries and markets of logistics, agriculture, entertainment, disaster rescue, field inspection, national defense security and industrial automation, such that their business opportunity is enormous. UAV is also an option for overcoming labor and performing hazardous work in the future. Wonderful Dongguan Plant has successfully developed wires and cables for UAV, and has started to engage in mass production and delivery. In the future, the supply chain is expected to continue to expand.

4. Product competition status

- (1) In 2022, due to the impact of the supply chain, the delivery period of the supply will be long, and the shipping cost rate will reach an all-time high. Most companies over-

purchase to avoid stock-outs. However, as the shipping problem improved in the second half of the year, customers received a large number of goods one after another. At the same time, the fourth quarter is the traditional off-season, and the speed of picking goods has slowed down, resulting in a large amount of inventory hoarding. In the context that market supply exceeds demand, various cable manufacturers have formed a competitive situation of low-price competition in order to fill production capacity. However, there is a shortage of workers across the globe. The manufacturing industries in advanced countries in Europe and the United States have management problems such as lack of workers, low efficiency, and high costs. Therefore, it is an inevitable trend to shift part of demand to overseas procurement. The plants of Wonderful Hi-Tech Group can support each other in production, which also improves the flexibility of production capacity allocation.

- (2) To respond to market demand and achieve continuous short-chain supply, Vietnam plant is expected to set up a warehouse in the south to serve South Vietnamese customers nearby and save the time required for transportation from the northern plant to the south. The Vietnamese plant tried to cooperate with Japanese trading companies, using the trading company's numerous sales bases in Southeast Asia to fully promote the sales share of Wonderful Hi-Tech Group and OEM-related products. Faced with the massive relocation of Chinese electric wire plants into Vietnam, and the situation that existing electric wires (UL, AV) have fallen into vicious price competition, it is proposed to set up irradiation equipment in Vietnam to provide irradiation cables and high-temperature cables. This will be the third in Vietnam and the first non-Japanese irradiation equipment to break the monopoly of Japanese wires and differentiate it from the general local wire factories. In addition, end-user recognition is also being sought to maintain the plant's basic production capacity.
- (3) Dongguan plant of Wonderful Hi-Tech Group has been affected by the US-China trade war and the epidemic in the past few years, and its export business has been hindered. However, the Southeast Asian and European markets still maintain stable supply. In addition, Chinese government will promote new economic policies every five years to drive the demand of domestic demand market. Dongguan Plant follows this trend and actively develops corresponding industrial cables, such as high-speed rail, subway, new energy, etc., to bring stable performance into Dongguan Plant.
- (4) Thailand Plant of Wonderful Hi-Tech Group has a wide range of product cables, the radiation machine in Thailand Plant is the only non-Japanese supplier in Southeast Asia, we have been recognized by Japanese customers and have fully replaced the supply of the original Japanese cable plant. And the radiation cable has been recognized by the Australian truck plant and continues to be shipped in mass production. In addition to radiation cables, Thailand Plant have increased the demand for air-conditioning wires in the European market in recent years due to the extreme weather conditions.

(III) Technology and Research and Development Overview

Annual research and development expense and technology and product developed successfully in the current year:

In 2022, the research and development (R&D) expense was NT\$47.23 million, and for 2023, the expected R&D expense is NT\$38.32 million. In 2023, the first year of the post-pandemic era, with the global administration of coronavirus vaccines, countries across the world have removed policy restraints. Technological progress will continuously promote global economic and social development. Various emerging technologies continue to evolve, including AI, 5G, the Internet of Things, electric vehicles (autonomous driving), intelligent buildings, etc.

Wonderful Hi-Tech Co., Ltd. is committed to integrating the resources and advantages of different factories and constantly developing new products to seize market opportunities. It will continue to focus on quality enhancement and cost reduction by improving product design and developing new raw materials and through other efforts.

Details of the main business outcomes are summarized in the following table:

Item	Project item	Summary
1	HDBaseT 3.0 certification	HDBaseT is a digital signal transmission technology for video and audio that transmits high-resolution video, audio, power, network and control signals over a single LAN cable. HDBaseT 3.0 offers higher bandwidth and more features for a wider range of applications. Wonderful Hi-Tech Group is the first to obtain HDBaseT 3.0 Standard cable certification, leading the industry.
2	CMX OUTDOOR CMP special LAN cable	In addition to excellent electrical performance transmission, the indoor specially designed wire rod is more in cable with the highest fire-resistant standard CMP, while the outdoor specially designed wire has the functions of resisting high and low temperature special climate, UV, oil, water and moisture, and can be applied to various special environments.
3	CMX OUTDOOR Direct Burial fire-resistant direct buried cable	The demand for outdoor direct buried cable is increasing, and the development of new products with heavy pressure resistance, water resistance, and good flame resistance is meeting the various needs of our customers.
4	SPE research and development	SPE is an emerging Ethernet technology that uses a single pair of cables to transmit Ethernet data signals, which can provide high-speed, low-power and low-cost data transmission solutions for industrial automation, automotive electronics, smart buildings and other fields.

(IV) Long/Short-Term Business Development Plan

In the past three years, in addition to the impact of the epidemic, the Russian-Ukrainian war, energy shortages, geopolitics, and great power politics have all affected the development of the industry chain, relatively speaking, many new industries have also emerged in response. The impact of the epidemic has changed people's living habits and communication patterns, and network communications are developing rapidly, both on the ground and in the air. Especially in the post-epidemic period, people's time at home and in the office has become more flexible, and there are unlimited opportunities to upgrade the network in both home and business office buildings. In addition, the extreme climate has created the green energy industry, and the low fertility has led to the development of technologies such as AI, Industry 4.0, and unmanned air vehicle. These industry trends are created to provide more convenient and comfortable lifestyles for people.

To cope with the continuous development of industries, Wonderful Hi-Tech has stipulated the short and long term business development plans, in order to sufficiently utilize the production capacities of all plants and to improve research and development capability, thereby establishing the leading position in the industry. The short and long term business plans of the Company are summarized in the following:

- Short-term development
 - (1) Continue to pay attention to global industry development trends and develop new products accordingly.
 - (2) Seize the business opportunities related to the infrastructure construction of the two main countries of the US and China, and collaborate with customers to seek project

- orders.
- (3) Understand the capacity utilization rate of U.S.A. manufacturing plants and seek opportunities for customers to purchase overseas.
 - (4) Seek new product cable supply opportunities from existing OEM customer product cables.
 - (5) Promote cross-plant projects, track the progress of new product development in each plant, and expand business opportunities.
 - (6) Continuously strengthen the education and training of the business on the products of each plant to improve the performance.
 - (7) Integrate the production capacity of each plant, increase the flexibility of production and marketing, and improve customer service.
 - (8) Collect import and export information to grasp the market and competitor status.
 - (9) Add marketing tools - website, catalog, and company profile production updates.
 - (10) Participating exhibitions, visiting exhibitions and making routine customer visits to keep abreast of market trends and customer dynamics.
- Long-term development
 - (1) Deeply engaged in the communications industry, as well as actively developing business opportunities in other industries.
 - (2) Participate in industry seminars, in order to increase the exposure of Wonderful Hi-Tech Group and to establish professional image.
 - (3) Enhance collaboration with international certification companies in order to eliminate products of poor quality from the market, thus maintaining fair market competition.
 - (4) Depending on each plant's unique products, professional processes, certifications, and trade advantages, expand the international market.
 - (5) Develop symbiotic relationship with customers to achieve a win-win situation and increase the overall market share.
 - (6) Increase local supply in the U.S.A. to shorten delivery time and improve customer service.
 - (7) Strengthen customer cooperation, assist in developing new products, and enhance R&D capabilities.
 - (8) Continue new product testing and certification, and also increase productivity, in order to maintain market competitiveness.
 - (9) Integrate the group's R&D talents, and head toward the development direction of innovative products and improvement of technical capability.
 - (10) Enhance the new market development capability of the sales team, and continue to promote sales revenue growth of the group.

II. Market Profile and Production and Sales

(I) Market analysis

1. Main product sales region

Region	2022 operating revenue	Ratio (%)
U.S.A.	3,447,249	38.18
Thailand	2,015,177	22.32
Vietnam	1,166,806	12.92
China and Hong Kong	1,180,359	13.08
Taiwan	597,602	6.62
Others	621,092	6.88
Total	9,028,285	100.00

2. Market share

Benefit from the booming development of network technology, driving the demand for data center construction. In addition, in the post-epidemic period, the demand for network upgrades is growing significantly in both the home and business office markets. Besides terrestrial infrastructure, global satellite communication is also developing towards more applications, with huge potential business opportunities. In 2022, Wonderful Hi-Tech Group's LAN cables were directly exported to the U.S.A market, with sales growth of 20%, and more purchase orders are expected to be received as U.S.A manufacturers upgrade their production capacity.

Vietnam Plant of Wonderful Hi-Tech Group has benefited from the US-China trade war, and the LAN cables used for satellite communication has been shifted from Dongguan to Vietnam for production, and the procurement becomes stabilized in 2023, which is expected to create significant performance to the Vietnam plant. In addition, the U.S.A manufacturers have gradually discontinued the production of temperature control, security, coaxial and other cables, and began to purchase from foreign countries. The benefits of switching to Vietnamese plant will be a potential opportunity point.

Dongguan Plant of Wonderful Hi-Tech Group is committed to the development of wire rod related to the two railways, which has obtained IRIS certification, and mass-produced and supplied to Canadian and German Frankfurt subway cables. Dongguan is also developing transportation cables for public transportation systems and has already received a project for a German bus, which is expected to be delivered in 2025.

Besides the share of the local air-conditioning and appliance market is continuously increasing, Thailand Plant has also seen an increase in demand for air-conditioning in the European market due to the extreme weather last year, which has created a lot of performance for the Thailand Plant. In addition, the irrigation cable market becomes stabilized, while Thailand plant remains the main supplier to U.S.A customers. Delivery of automotive and solar cables continues, with market growth underway.

3. Market future supply and demand status and growth

Internet is as important as water in human life nowadays, affecting people's lives all the time and even changing the country's leadership in the global economy. For example, in the past, we used to use GOOGLE to collect information, but this year, the development of AI is more surprising and gives more room for imagination of convenient life in the future. There is no end to the future development of the Internet, and there is no limit to the huge business opportunities it can bring.

In recent years, the global economy has been hit hard by the epidemic, and governments have been promoting infrastructure projects to stimulate the economy, and broadband and satellite communications are inevitable items in these infrastructure projects. The new lifestyle after the epidemic has increased the demand for Internet upgrades and further pushed the market for huge business opportunities. Wonderful Hi-Tech Group has been involved in the information and communication industry for decades, and is deeply engaged in the U.S.A market. It is familiar with the upstream and downstream sales channels and supports the product needs of different industries, especially in the development and production of high-end LAN cables. With

its rich experience and product quality, Wonderful Hi-Tech Group has won the attention of U.S.A major system vendors and continues to grow its business.

In addition to the communications industry, Wonderful Hi-Tech Group also supplies cables for temperature control, security, audio-video, sprinkler and landscape lighting in the integrated wiring market, with a wide range of products. As more smart buildings are built, the demand for system integration and cables will grow in the future. Vietnam and Thailand plant of Wonderful Hi-Tech Group have been receiving transfer orders since the US-China trade war and have been supplying steadily since then.

The global development of clean energy, such as solar energy, wind power, or new energy vehicles, are the focus of national industries to invest resources in development, and the market is in short supply. Thailand Plant of Wonderful Hi-Tech Group has been producing and supplying domestic solar cables for many years and the demand is increasing year by year. Currently, it is also dedicated to the development of electric vehicle charging pile cables, which has a promising future driven by the global green energy trend.

4. Favorable, unfavorable factors for competition niche and development outlook and countermeasures

- Competition advantages

- (1) Wonderful Hi-Tech has been deep-rooted in the wires and cables industry for more 40 years, and all plants are equipped with mature technologies and experienced production teams committed to the research and development of solutions for overcoming signal interference and processing signal decay, and the number of relevant communication cable technical documentations and test reports has exceeded 2500 papers. Accordingly, the Company is able to provide comprehensive technical solutions achieving high cable communication quality.
- (2) Wonderful Hi-Tech has set up production sites in numerous countries of Taiwan, Thailand, Vietnam and China, can support the production capacity of each other. Over the past 5 years, from the US-China trade war, COVID to geopolitical issues, Wonderful Hi-Tech has been able to provide continuous chain services to our customers and strengthen their confidence.
- (3) North America is the largest market for the global communication industry, and Wonderful Hi-Tech has outputted products to the US for nearly 30 years, and has engaged in collaboration with numerous international giant business operators and manufacturers. In addition, the Company's factory is also equipped with the UL certified laboratory in order to provide stable product quality, thus allowing the products and services of the Company to receive great recognition and trust from customers, and establishing an excellent reputation in the industry.
- (4) Wonderful Hi-Tech actively participates in various international wire and cable industrial organizations, and also assigns personnel to participate in standard establishment or seminars periodically, in order to obtain the latest standards or product development information. In addition, Wonderful Hi-Tech is also the only overseas member enrolled in the US Communications Cable and Connectivity Association (CCCA), the quality of products are recognized by the U.S.A market.
- (5) The product lines of the group is broad, and each plant has its characteristic products with

complete certifications. In addition to providing products supporting the industries of communication, electronics, appliance and automotive, in recent years, the Company has also expanded the manufacturing of control wires and cables for multimedia, security and irrigation, in order to increase the breadth of customer service.

- (6) With an average of more than 30 years of technical experience in each plant, Wonderful Hi-Tech not only provides OEM business, but also ODM service to assist customers in developing new products.
 - (7) Establishing a short chain supply model for raw materials to reduce the risk of out-of-stock, shorten delivery time and stabilize prices.
 - (8) Taiwan is a member of TAA and Made In Taiwan products are available for U.S.A government bidding.
 - (9) Provide U.S. localized services and logistics and warehouse services at west coast areas to shorten delivery times and support customers in securing project orders. Integrate business teams to provide more timely communication and services.
- Competition disadvantages
 - (1) The price range for products of good and poor qualities in the market is great. However, except that professional manufacturers are able to test the cable quality, the end customers cannot determine the product quality adequately. Specially when the market is oversupplied, the market is easy to fall into the price-oriented, quality is more difficult to judge, for the manufacturers to follow the regulations, unfair market competition is caused.
 - (2) After the U.S.-China trade war, Chinese manufacturers shifted their export business to other non-U.S. regions, making international market competition more intense and business expansion more difficult.
 - (3) In the past three years, the epidemic caused global supply chain chaos and the Russian-Ukrainian war triggered an energy crisis, which were uncontrollable factors but made production costs rise and affected competitiveness.
 - (4) The US-China trade war and the geopolitical risks in Taiwan and China indirectly affect the development of export trade of Dongguan and Taiwan Plants.
 - Responsive Strategy
 - (1) Continue to engage in collaboration with international certification companies, identify products of poor quality and distinguish inadequate manufacturers, in order to maintain the market fairness and justice. In addition, enhance customer education and training, in order to establish proper product image.
 - (2) Pay attention to the international situation and flexibly adjust the sales strategy and increase the flexibility of production capacity to reduce the operating risks caused by uncontrollable factors to the lowest level.
 - (3) Establishing a shortcut supply model and integrating procurement resources with the goal of improving procurement flexibility and reducing costs.
 - (4) Actively participate in industrial seminars in order to increase research and development capability and to increase the exposure of Wonderful Hi-Tech in the industry.
 - (5) Through the ODM sales model, to increase customer adhesion and stabilize performance.
 - (6) Utilize the sales channels of existing customers, and expand market and develop new products.
 - (7) Increase the number of exhibition visits, participation in exhibitions, and routine customer

visits to understand industry development trends and revitalize sales methods.

- (8) Properly use various of marketing tools, in order to increase network exposure and expand potential business opportunities. (II) Important purpose and manufacturing process of main products

(II) Important purpose and manufacturing process of main products

1. LAN cables

(1) Main purpose

Cables for Local Area Network (LAN) or Ethernet, and data transmission and receipt cables, such as signal cables for offices, computer networks of different floors, server rooms or data centers.

(2) Production process: Core extrusion→strand assembly→sheath extrusion.

2. RF high frequency coaxial cables

(1) Main purpose

Cables for satellite positioning GPS, broadcast station transmitting antenna connection satisfying the demand for decreasing signal decay. High frequency coaxial cables are also widely used in wireless transmission connectors, mobile phones, notebook computers, PDAs and automotive satellite navigation system, and other products.

(2) Production process: Core extrusion→silver (tin) plating and weaving→sheath extrusion.

3. High temperature wires

(1) Main purpose:

Ultra-fine high temperature wires are one of the main wires for 3C products, and such wires are widely used for the connection assembly internal wires of notebook computers, LCD and mobile phones, conventional electronic products, 3C products, appliances, cashiers, counters, and medical device wires.

(2) Production process: Tin or copper plated strands→sheath extrusion.

4. Electronic cables

(1) Main purpose:

Appliance, electronic equipment and multi-function office machine internal wires.

(2) Production process: Tin or copper plating+PVC material→sheath extrusion.

5. Automotive cables

(1) Main purpose:

Cable bundles for various internal control cables of vehicles.

(2) Production process: Tin or copper plating+PVC material→sheath extrusion.

6. Optical fibers

(1) Main purpose:

Optical fibers used for transmission in the FTTX optical communication network, and particularly for indoor optical fibers, user optical fiber and jumpers.

(2) Production process: Optical filaments→sheath extrusion.

(III) Primary raw material supply

Primary raw material name	Supplier	Supply status
Copper	Walsin, Cuprime Material, LS-VINA, STEC	Excellent
PVC powder	FPC, TPC, KOKI	Excellent
PTFE (Teflon)	Molecule, JIN	Excellent
PE	USI	Excellent
Plasticizers	THAI, VAN, ZHON,UPC, Yuan Jen	Excellent
Chemical materials	Yongqiang, Jhungi, Key Crown, Hengshun	Excellent

(IV) Name of customers accounted for more than 10% of total purchase (sales) amount of the company in the last two years or in any year and the purchase (sales) amount and ratio thereof, and please explain the reason of changes thereof:

1. Information on main suppliers of the Company in the most recent two years

Item	Up to the first quarter of 2023 (Note 2)				2022				2021			
	Name	Amount	Net purchase percentage up to the current quarter (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer
1	LS	216,237	16.34	None	STEC (RM)	1,122,254	23.17	None	STEC(RM)	1,116,506	20.14	None
2	GUANG	209,305	15.82	None	LS	1,118,059	23.09	None	LS	940,049	16.96	None
3	STEC (RM)	127,205	9.61	None	Dongguan Walsin	636,190	13.14	None	Dongguan Walsin	800,019	14.43	None
4	Dongguan Walsin	101,420	7.66	None	Cuprime Materia	400,595	8.27	None	Cuprime Material	466,709	8.42	None
5	Others	669,316	50.57	None	Others	1,565,592	32.33	None	Others	2,220,731	40.05	None
	Net purchase amount	1,323,483	100		Net purchase amount	4,842,690	100		Net purchase amount	5,544,014	100	

Note 1: The name and purchase amount and ratio of suppliers with the total purchase amount reaching 10% or more in the last two years are listed; however, due to the contract terms and restrictions, it is prohibited to disclose the supplier names and transaction counterparties as individuals and non-related party. Accordingly, codes are used for the disclosure of main suppliers.

Note 2: The information of the first quarter of 2023 has been reviewed by CPA.

2. Information on main customers of sales of the Company in the most recent two years

Up to the first quarter of 2023 (Note 2)					2022				2021			
Item	Name	Amount	Net sales percentage up to the current quarter (%)	Relationship with the issuer	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer
1	S Company	147,508	9.08	None	S Company	670,045	7.42	None	P Company	852,654	11.31	None
2	P Company	139,712	8.60	None	P Company	604,962	6.70	None	S Company	501,172	6.65	None
3	I Company	49,457	3.04	None	ALEXasia	490,102	5.43	None	IC Company	435,510	5.78	None
4	IC Company	44,361	2.73	None	I Company	384,086	4.25	None	I Company	229,581	3.05	None
5	Others	1,244,099	76.55	None	Others	6,879,090	76.20	None	Others	5,519,084	73.21	None
	Net sales	1,625,137	100		Net sales	9,028,285	100		Net sales	7,538,001	100	

Note 1: The name and sales amount and ratio of customers with the total sales amount reaching 10% or more in the last two years are listed; however, due to the contract terms and restrictions, it is prohibited to disclose the customer names and transaction counterparties as individuals and non-related party. Accordingly, codes are used for the disclosure of main customers.

Note 2: The information of the first quarter of 2023 has been reviewed by CPA.

(V) Production quantity table for the most recent two years

Unit: KM/NT\$ thousand

Production volume and value Main product	2022			2021		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
LAN cables	2,036,039	1,420,592	3,689,940	1,527,161	1,125,330	2,910,198
Electronic cables	953,372	454,679	1,011,284	910,655	662,747	1,187,328
Computer cables and high temperature wires	47,533	15,278	156,212	51,405	21,839	171,673
Power cables	120,273	30,488	292,801	122,109	45,186	410,307
Automotive cables	339,120	336,110	747,188	507,600	304,226	572,254
Paige cables	19,804	16,757	323,311	50,227	42,500	689,281
Others	548,354	564,083	1,626,596	470,812	289,621	1,063,092
Total	4,064,495	2,837,987	7,847,332	3,639,969	2,491,449	7,004,133

Note 1: The production capacity refers to the quantity that can be manufactured by the Company after evaluation of necessary suspension of work, holidays and other factors, and with the use of the existing production equipment and under normal operation.

Note 2: When the production of products can be substituted with each other, the production capacity can be combined for calculation, and explanation is also provided in the notes.

(VI) Sales volume and value table for the most recent two years

Unit: KM/NT\$ thousand

Sales volume and value Main product	Year		2022				2021			
			Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value		
LAN cables	21,570	211,603	861,657	3,480,242	21,729	186,449	874,008	2,041,827		
Electronic cables	38,126	141,732	332,646	2,012,332	56,512	191,726	404,580	1,975,653		
Computer cables and high temperature wires	4,911	41,834	10,616	143,885	8,748	60,911	9,467	103,553		
Power cables	17	245	22,935	243,202	7	83	27,870	283,904		
Automotive wires	0	0	360,091	797,294	0	0	307,248	591,957		
Paige cables	0	0	15,234	403,940	0	0	38,636	664,778		
Others	8,878	202,188	391,044	1,349,788	8,143	256,465	402,447	1,180,695		
Total	73,502	597,602	1,994,223	8,430,683	95,139	695,634	2,064,256	6,842,367		

III. Employee Service Overview

Number of employees in the last two years and the number of employees, average service year, average age and educational level distribution ratio up to the printing date of the annual report:

Year		March 31, 2023	2022	2021
Number of employees	Direct labor	937	949	930
	Indirect labor	347	344	348
	Management personnel	134	135	127
	Total	1,418	1,428	1,405
Average age		40	41	40
Average service year		8	8	8
Educational background distribution ratio (%)	PhD	0.00	0.00	0.00
	Master	5.15	4.55	6.78
	University/College	52.81	54.12	52.68
	Senior high school	21.71	20.45	24.05
	Under high school	20.33	20.88	16.49

IV. Environmental Expenses

(I) Information on environmental protection expenses

Any losses suffered by the Company in the most recent year and up to the annual report publication date due to environmental pollution (including compensation and violations of environmental protection laws and regulations found in environmental protection audit results, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: The Company has not been penalized with administrative fine due to environmental pollution.

(II) Future responsive strategy

1. Enterprise controlled wastes: According to the environmental protection law, wastes are outsourced to Class A waste disposal contractor approved by the Environmental Protection Administration for disposal, classification and reuse. Report is also filed online 24 hours before the treatment and after leaving the plant, the correct weight is also reported online again for control. In addition, the weight is verified again online 4 days after the treatment in order to obtain the three-copy form and proper treatment documents for preservation and review.
2. Municipal garbage and wastes: According to the environmental protection law, wastes are outsourced to Class B waste disposal contractor approved by the Environmental Protection Administration for disposal and transportation to an incinerator for treatment. A report is also filed online 24 hours before the treatment and after leaving the plant. Once the report is filed online correctly, the correct weight is also reported online again for control. In addition, the weight is verified again online 4 days after the treatment in order to obtain the three-copy form and proper treatment documents for preservation and review.
3. Domestic sewage of factory: Sewage is drained in separate pipes for diversion and flowing into the Zhongli Industrial Park sewage treatment center for centralized treatment. Once it complies with effluent standard, it is then drained off uniformly.
4. The Company cooperates and complies with relevant regulations of the EU Restriction of Hazardous Substances in Electrical and Electronic Equipment (ROHS).

(III) Possible future expenditures: It is expected to have no major environmental protection expenditures.

(IV) Environmental management dedicated unit or personnel establishment status:

For the environmental management responsible unit of the Company, the Factory Affairs Section of Zhongli Plant assigns dedicated personnel to be responsible for the environmental management works. For the Wugu office, the Chairman's Office assigns general affairs personnel to be responsible for the environmental management works.

V. Labor-Management Relations

(I) Company's employee welfare measures, continued education, training, retirement system and implementation thereof, and labor management agreement and various employee benefit protection measures status

1. Employee benefit measures:

The Company establishes the Employee Welfare Committee, and provides three-holiday

(Mid-Autumn Festival, Labor Day and Dragon Boat Festival) gifts and gift money and birthday gift money, and also stipulates budget for annual travel and year-end party, birthday party and group insurance. In addition, according to the Employee Welfare Committee Charter, employees may apply for retirement and employment benefits of maternity allowance, marriage/funeral subsidy and education subsidy, etc.

2. Continuing education and training status:

To increase the professional knowledge and competency of employees, the Company promotes the life-time learning of all employees, and organizes various management and employee education and training. Courses are listed according to the annual education demand of each unit, and the education and training unit arranges internal and external trainings. Employees are also assigned to participate in external courses depending upon the needs. As a result, the operation quality of the Company is increased, and the work performance is improved, thus achieving the operational management outcome of the Company.

(1) 2022 continuing education and training status related to corporate governance participated by managerial officers of the Company is as follows:

List of managerial officers under training	Training course	Training hours (hours)	Fees (NT\$)
Financial Department Vice President, Yu-Hsiu Hsu	Organized by the Securities & Futures Institute: Non-financial information reporting under ESG development trend	3	1,800
	Organized by the Accounting Research and Development Foundation: 1. Explanation of common deficiencies and important internal control regulation practices in "Financial Report Review"	6	3,500
	2. ESG information disclosure trends and related regulations	3	2,000
Financial Department Manager, Shu-Mei Huang	Organized by the Accounting Research and Development Foundation: ISSB S2 Standard "Climate Related Information Disclosure" concept analysis	3	2,000
	Organized by the Securities & Futures Institute: 1. Shareholder meeting dispute practice case analysis	3	1,800
	2. Perspective on the practical course of fraudulent practices in financial statements	6	3,500

(2) The company's 2022 foreign training situation is as follows:

Participating department personnel	Course content name	Number of course hours (hours)	Fees (NT\$)
Financial Department	Institute of Internal Auditors-Chinese Taiwan: 1. Cross-strait tax audit and regulatory analysis practice	6	3,300
	2. Audit practice that the audit committee operates in compliance with the law	6	3,500
Audit Office	Institute of Internal Auditors-Chinese Taiwan: 1. A new position of internal audit from a case study - the intersection of ethics and law	6	3,000
	2. "Manufacturing Material System" audit practice	6	3,000
Human Resource Department	Chinese Personal Executive Association: Salary manager certification course	48	15,190
	Taiwan Institute for Sustainable Energy: Corporate sustainability manager certification course	80	38,095
Manufacturing Department	Yu Da Technical Consultant Co.,Ltd. etc.: Dust operation supervisor recurrent training, first-aid personnel recurrent training, fire prevention management personnel recurrent training, crane operator recurrent training, ISO 9001 correction of measuring instruments and management practices	26	6,380
Finance, Information, Human Resource, Foreign	APROS INTERNATIONAL CO., LTD. and Kailue Enterprise Management Consulting Co., Ltd.: 2022 Strategic Objectives Seminar	16	197,638

Trade, Audit, Procurement, Production Management, Manufacturing, Factory Affairs, Quality Assurance, R&D			
The whole Company	CommonWealth Magazine Co., Ltd.: CommonWealth Innovation College-Oncable Audio and Video Course	The whole year	274,286

3. Pension system and implementation status of the Company:

The Company has established the pension appropriation rules according to the “Labor Pension Act”, and for employees that choose to apply the Labor Pension Act, the Company makes a contribution equal to 6% of the monthly salary to employees’ individual pension account at the Bureau of Labor Insurance.

By adhering to the requirements set forth in the Labor Standards Act, the Company has established its own defined retirement benefits plan, which is applicable both to the service years of all regular employees rendered before the enforcement of the Labor Pension Act, and to the service years of all employees who elected to continue applying the Labor Standards Act after the implementation of the Labor Pension Act. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the Independent Retirement Fund Committee. For all employees satisfying the retirement criteria specified in the Labor Standards Act, retirement is approved and pension is issued.

4. Labor management agreement and various employee benefit protection measures status:

The Company is committed to achieve harmonic operation for both labor and management jointly, and in the future, the Company will continue to uphold the open and democratic communication model, comply with labor laws and value employee benefits, in order to maintain excellent labor-management relations continuously.

(II) Any losses suffered by the Company in the most recent year and up to the annual report printing date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: The Company complies with relevant requirements of the Labor Standards Act and promotes comprehensive benefit measures. As both the labor and management are able to communicate sufficiently, there has been no labor-management dispute. In the future, the Company will also continue to seek greater benefits for all employees via continuous effort, in order to allow labor and management to achieve greater performance and profit jointly.

VI. Cyber Security Management

(I) Describe the cyber security risk management architecture, cyber security policy, specific management solution and resources invested in cyber security management:

The Company has established relevant computerization and information system operation handling regulations, in order to implement internal control system and information security protection policy.

Through annual review and evaluation of security regulations and procedures, the appropriateness and effectiveness are ensured. Key aspects of the information security policy are described in the following:

(1) Personnel education and training

External learning: For each information system administrator, professional information courses are arranged annually for continuing education in order to sufficiently understand the latest information security control key aspects, and to evaluate and analyze responsive actions for handling various information risks.

Internal promotion: Information security promotion is implemented on internal employees periodically, in order to inform employee various potential risks and to teach them to properly comply with the requirements of the Company's information security policy during computer and information system operations, thus preventing any incidents that may cause damages to the data or system.

(2) Stable operation of service

A. All types of computer servers and personal computer equipment are managed by dedicated personnel such that any unauthorized use, removal and change is prohibited.

B. The Company respects intellectual property rights, and prohibits the use of any unauthorized or unknown software and hardware.

C. All computers are installed with anti-virus software, and the virus code is updated periodically by the control supervisor uniformly.

D. For all types of computers, program patch is implemented according to the update notice announced by the system operator, in order to reduce system vulnerability.

E. The Company signs maintenance service contracts with SI professional vendor, in order to ensure that server abnormality is resolved timely, thus reducing the service suspension and machine shutdown time.

F. For system files and data, local and remote backups are performed daily. In addition, system data recovery test drill is performed annually, in order to ensure the normal operation and data security of information system. Accordingly, the risk of data loss due to unexpected natural disaster and man-made accidents can be reduced.

(3) Outsourced service management

A. For all types of vendors of system construction and maintenance personnel, the Company specifies and restricts the accessible scope of system and data by such vendors and personnel, and also prohibits the issuance of long-term type of system accounts and access passwords. In case of actual operational needs, the Company may issue short-term and temporary system account and access password for their use, and their use authority is canceled immediately after their use is complete.

B. The construction or maintenance of Important software and hardware facilities performed by outsourced vendor shall only be performed under the supervision and participation of the personnel of the system management personnel of the Company.

(4) Network security management

A. Except that the external website of the Company may be opened for external personnel for access, the rest of information services are limited to the access through internal network or intranet. External network is isolated such that direct access cannot be made. In addition, multiple network security defense systems have been adopted, the firewall at the front end of the network, the intrusion defense connection screening system, and the mail content security control system capable of filtering network connection access content, are able to defend against the threats of external network attacks and to block latest malicious software, harmful website links and junk emails timely.

B. The Company's external website allows the access of information for public reading only, and it contains no confidential and sensitive information and documents.

C. Personnel visiting the Company are prohibited to connect to the intranet unless prior

application is submitted and approved. For users authorized to use the network, they are permitted to access network resources within the authorized scope only, and it is prohibited to provide relevant use information to others for use.

(5) System access control

According to different business scope, the user account and authority are set up according to the responsibility and duty. For data access, approval procedure is required, and application must be submitted to relevant responsible supervisor for approval in order to use and change data. When a user leaves his/her original job duty, account and authority of such user is canceled immediately, in order to prevent any unauthorized use. Each unit is requested to review whether the use authorities of its personnel are appropriate annually, and adjustments are made timely according to the actual use needs.

(II) For most recent year and up to the printing date of the annual report, the loss due to major cyber security events, possible impacts and countermeasures. If it cannot be reasonably estimated, explanation of facts for such failure of reasonable estimation shall be described: None.

VII. Important Contracts

Contract type	Contracting parties	Contract starting and end date	Main content	Restrictive covenants
Purchase of SCR continuous cast copper rods	Cuprime Material Co., Ltd.	From 2023/03/01 to 2023/12/31	Supply of 2.6mm copper wires for approximately 80-120 tons per month	None
Purchase of SCR continuous cast copper rods	Walsin Lihwa Corporation	From 2023/03/01 to 2023/12/31	Supply of 2.6mm copper wires for 80-120 tons per month	None
Purchase of DIP continuous cast copper rods	Hua Eng Wire and Cable Co., Ltd.	From 2023/01/01 to 2023/12/31	Supply of 2.6mm copper wires for approximately 20-40 tons per month	None

Six. Financial Information Overview

I. Condensed Balance Sheets and Statement of Comprehensive Income in the Most Recent Five Years

(I) Condensed Balance Sheet and Comprehensive Income Statement

Condensed Balance Sheet - Consolidated Financial Statements

Unit: NT\$ thousand

Item	Year	Financial information up to March 31, 2023 for the current year (Note 3)	Financial information for the most recent five years (Note 1)				
			2022	2021	2020	2019	2018
Current assets		4,208,640	4,203,980	4,427,953	3,031,814	2,489,212	2,662,255
Property, plant and equipment		1,166,363	1,177,505	1,048,570	872,624	835,035	765,977
Intangible assets		159,400	162,145	170,861	183,310	193,068	202,444
Other assets		769,920	763,829	808,936	634,543	623,402	526,141
Total assets		6,304,323	6,307,459	6,456,320	4,722,291	4,140,717	4,156,817
Current liabilities	Before distribution	2,036,592	2,084,559	3,583,649	2,321,031	1,876,493	1,879,254
	After distribution	-	Note 4	3,798,316	2,453,155	1,984,272	2,017,978
Non-current liabilities		1,168,199	1,188,595	414,430	447,433	249,344	221,537
Total liabilities	Before distribution	3,204,791	3,273,154	3,998,079	2,768,464	2,125,837	2,100,791
	After distribution	-	Note 4	4,212,746	2,900,588	2,233,616	2,239,515
Equity attributable to owners of parent company		2,660,809	2,602,846	2,095,785	1,606,003	1,655,213	1,714,363
Share capital		1,616,652	1,616,652	1,591,048	1,403,685	1,403,685	1,403,685
Capital surplus		383,538	383,677	258,139	16,858	9,009	10,061
Retained earnings	Before distribution	806,865	752,660	478,288	394,752	366,099	357,981
	After distribution	-	Note 4	263,621	262,628	258,320	219,257
Other equity		(17,714)	(21,611)	(75,389)	(78,808)	(33,760)	(34,738)
Treasury shares		(128,532)	(128,532)	(156,301)	(130,484)	(89,820)	(22,626)
Non-controlling interests		438,723	431,459	362,456	347,824	359,667	341,663
Total equity	Before distribution	3,099,532	3,034,305	2,458,241	1,953,827	2,014,880	2,056,026
	After distribution	-	Note 4	2,243,574	1,821,703	1,907,101	1,917,302

* If the Company has prepared individual financial report, the Individual Condensed Balance Sheet and Comprehensive Income Statement for the Most Recent Five Years shall be prepared.

Note 1: The financial information of the most recent five years indicated above has been audited and certified by the CPAs.

Note 2: Up to December 31, 2022, the Company has not yet executed asset revaluation.

Note 3: The financial information of March 31, 2023 has been audited and certified by CPAs.

Note 4: The 2022 earnings distribution proposal has not yet been approved by the shareholders' meeting through resolution.

Condensed Statement of Comprehensive Income - Consolidated Financial Statements

Unit: NT\$ thousand

Item	Year	Financial information up to March 31, 2023 for the current year (Note 2)	Financial information for the most recent five years (Note 1)				
			2022	2021	2020	2019	2018
Operating revenue		1,625,137	9,028,285	7,538,001	4,789,608	4,910,993	5,019,133
Gross profit		260,101	1,578,065	1,083,183	739,464	788,532	763,742
Operating income or loss		102,835	708,305	359,360	245,375	273,358	275,205
Non-operating income and expenses		(7,136)	42,122	9,479	(10,267)	(37,335)	27,522
Net profit (loss) before income tax		95,699	750,427	368,839	235,108	236,023	302,727
Net income of continuing business unit		65,434	538,070	269,692	176,623	173,508	231,854
Loss on discontinued operations		-	-	-	-	-	-
Net income (loss) for the period		65,434	538,070	269,692	176,623	173,508	231,854
Other comprehensive income for the period (net amount after tax)		2,768	105,576	(25,403)	(57,304)	4,164	27,812
Total comprehensive income for the period		68,202	643,646	244,289	119,319	177,672	259,666
Net income attributable to owners of parent company		53,729	465,854	224,760	137,753	147,169	189,550
Net income attributable to non-controlling interests		11,705	72,216	44,932	38,870	26,339	42,304
Total comprehensive income attributable to owners of parent company		58,248	542,817	219,079	94,003	147,820	210,891
Total comprehensive income attributable to non-controlling interests		9,954	100,829	25,210	25,316	29,852	48,775
Earnings (loss) per share		0.35	3.04	1.68	1.03	1.06	1.41

* If the Company has prepared individual financial report, the Individual Condensed Balance Sheet and Comprehensive Income Statement for the Most Recent Five Years shall be prepared.

Note 1: The financial information of the most recent five years indicated above has been audited and certified by the CPAs.

Note 2: The financial information of March 31, 2023 has been audited and certified by CPAs.

Condensed Balance Sheet - Parent Company Only Financial Statements

Unit: NT\$ thousand

Item	Year	Financial information for the most recent five years (Note 1)				
		2022	2021	2020	2019	2018
Current assets		1,716,764	2,044,895	1,070,578	1,069,297	1,155,623
Property, plant and equipment		211,089	228,808	194,531	211,220	226,009
Intangible assets		592	972	1,112	1,433	1,147
Other assets		2,465,030	2,083,964	1,884,034	1,752,592	1,614,988
Total assets		4,393,475	4,358,639	3,150,255	3,034,542	2,997,767
Current liabilities	Before distribution	802,951	2,011,346	1,180,351	1,214,616	1,153,393
	After distribution	Note 2	2,226,013	1,312,475	1,322,395	1,292,117
Non-current liabilities		987,678	251,508	363,901	164,713	130,011
Total liabilities	Before distribution	1,790,629	2,262,854	1,544,252	1,379,329	1,283,404
	After distribution	Note 2	2,477,521	1,676,376	1,487,108	1,422,128
Share capital		1,616,652	1,591,048	1,403,685	1,403,685	1,403,685
Capital surplus		383,677	258,139	16,858	9,009	10,061
Retained earnings	Before distribution	752,660	478,288	394,752	366,099	357,981
	After distribution	Note 2	263,621	262,628	258,320	219,257
Other equity		(21,611)	(75,389)	(78,808)	(33,760)	(34,738)
Treasury shares		(128,532)	(156,301)	(130,484)	(89,820)	(22,626)
Total equity	Before distribution	2,602,846	2,095,785	1,606,003	1,655,213	1,714,363
	After distribution	Note 2	1,881,118	1,473,879	1,547,434	1,575,639

Note 1: The financial information indicated above has been audited and certified by the CPAs.

Note 2: The 2022 earnings distribution proposal has not yet been approved by the shareholders' meeting through resolution.

Condensed Statement of Comprehensive Income - Parent Company Only Financial Statements

Unit: NT\$ thousand

Item	Year	Financial information for the most recent five years (Note 1)				
		2022	2021	2020	2019	2018
Operating revenue		4,098,856	3,720,507	1,869,751	2,162,870	1,902,562
Gross profit		610,597	375,512	194,125	257,989	206,636
Operating income or loss		247,388	124,212	46,657	103,706	67,061
Non-operating income and expenses		324,280	149,408	114,014	63,107	159,052
Net profit (loss) before tax		571,668	273,620	160,671	166,813	226,113
Net profit (loss) from continuing operations of the current period		465,854	224,760	137,753	147,169	189,550
Loss on discontinued operations		-	-	-	-	-
Net income (loss) of current period		465,854	224,760	137,753	147,169	189,550
Other comprehensive income for the period (net amount after tax)		76,963	(5,681)	(43,750)	651	21,341
Total comprehensive income for the period		542,817	219,079	94,003	147,820	210,891
Earnings (loss) per share		3.04	1.68	1.03	1.06	1.41

Note 1: The financial information indicated above has been audited and certified by the CPAs.

(II) Names of auditors and audit opinions for the most recent five years

Year	Name of accounting firm	Name of CPA	Audit report opinion
2022	PwC Taiwan	Po-Chuan Lin Shu-Chiung Chang	Unqualified opinion
2021	PwC Taiwan	Pei-Ling Tu Po-Chuan Lin	Unqualified opinion
2020	PwC Taiwan	Pei-Ling Tu Shu-Chiung Chang	Unqualified opinion
2019	PwC Taiwan	Pei-Ling Tu Shu-Chiung Chang	Unqualified opinion
2018	PwC Taiwan	Pei-Ling Tu Shih-Jung Weng	Unqualified opinion

II. Financial Analysis in the Most Recent 5 Years

Financial Analysis - Consolidated Financial Statements

Analysis item (Note 2)		Year (Note 1) Up to March 31, 2023 of the current year	Financial analysis for the most recent five years				
			2022	2021	2020	2019	2018
Financial structure (%)	Liabilities to assets ratio	50.83	51.89	61.93	58.63	51.34	50.54
	Ratio of long-term capital to property, plant and equipment	365.90	358.63	273.96	275.18	271.15	297.34
Solvency %	Current ratio	206.65	201.67	123.56	130.62	132.65	141.67
	Quick ratio	114.36	120.68	71.49	75.08	76.76	87.67
	Interest earned ratio	7.45	13.25	8.83	9.00	7.82	8.49
Operating performance	Accounts receivable turnover (times)	3.96	5.03	4.70	3.90	4.23	4.25
	Average collection period (days)	92.17	72.56	77.65	93.58	86.28	85.89
	Inventory turnover (times)	2.96	4.10	4.10	3.49	3.99	4.56
	Accounts payable turnover (times)	11.52	10.80	9.27	9.74	10.86	9.99
	Average days in sales	123	89	89	105	91	80
	Property, plant and equipment turnover (times)	5.55	8.11	7.85	5.61	6.13	6.58
Profitability	Total assets turnover (times)	1.03	1.41	1.35	1.08	1.18	1.22
	Return on asset (%)	4.90	9.20	5.50	4.52	4.85	6.42
	Return on equity (%)	8.53	19.59	12.23	8.90	8.52	12.01
	Pre-tax income to paid-in capital (%)	23.68	46.42	23.18	16.75	16.81	21.57
	Net profit margin (%)	4.03	5.96	3.58	3.69	3.53	4.62
Cash flows	Earnings (loss) per share (NT\$)	0.35	3.04	1.68	1.03	1.06	1.41
	Cash flow ratio (%)	(3.64)	50.31	(12.61)	6.55	8.21	21.31
	Cash flow adequacy ratio (%)	33.34	51.98	7.88	58.47	94.15	87.94
Leverage	Cash reinvestment ratio (%)	(1.15)	13.67	(14.16)	1.05	0.37	8.81
	Operating leverage	6.56	4.28	4.31	5.11	5.58	4.88
	Financial leverage	1.17	1.09	1.15	1.14	1.14	1.17

Reasons for changes in financial ratios for the most recent two years (If the change of increase/decrease is less than 20%, analysis may be exempted)

(I) Financial structure:

The ratio of long-term funds to property, plant and equipment compared with those of the previous period increased-

The main reason is the depreciation of the NT\$, the increase in product prices and combination, which led to an increase in net profit compared to that of last year. In addition, the issuance of convertible corporate bonds of NT\$800,000 thousand resulted in a significant increase in equity and non-current liabilities, resulting in an increase in the ratio compared to that of the previous period.

(II) Solvency:

Current ratio and quick ratio compared with that of the previous period increased -

The main reason is the issuance of corporate bonds to repay short-term borrowings. Short-term borrowings of Taipei Wonderful Hi-Tech decreased by NT\$850,926 thousand, followed by Vietnam and Thai Wonderful Hi-Tech Group's decrease of NT\$381,535 thousand, resulting in a significant decrease in current liabilities and an increase in quick and current ratios.

Interest earned ratio in comparison to last period increased -

The main reason is that the net profit of the current period increased by NT\$381,588 thousand compared with last year, which increased the interest protect

(III) Profitability:

Return on asset, return on equity, pre-tax income to paid-in capital and earnings per share in comparison to last period increased -

The main reason is that the net profit of the current period increased significantly by NT\$381,588 thousand compared with last year, and the profitability ratio increased with the previous period.

(IV) Cash flows:

Cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio in comparison to last period increased -

Due to the relief of shipping congestion, customers' receipts and shipments returned to normal, resulting in an increase of NT\$1,598,235 thousand in receivables and inventory changes compared with the previous period, and the cash flow from operating activities turned from negative to positive, resulting in an increase in the ratio.

* If the Company has prepared individual financial report, the Individual Financial Ratio Analysis of the Company shall be further prepared.

Financial Analysis - Parent Company Only Financial Statements

Analysis item (Note 2)		Financial analysis for the most recent five years					
		Year (Note 1)		2022	2021	2020	2019
Financial structure %	Liabilities to assets ratio		40.76	51.92	49.02	45.45	42.81
	Ratio of long-term capital to property, plant and equipment		1,700.95	1,025.88	1,012.64	861.63	816.06
Solvency %	Current ratio		213.81	101.67	90.70	88.04	100.19
	Quick ratio		156.31	80.34	62.39	64.21	78.16
	Interest earned ratio		36.05	21.05	14.97	17.90	21.52
Operating performance	Accounts receivable turnover (times)		3.55	3.91	3.02	3.55	3.42
	Average collection period (days)		102.82	93.35	120.86	102.82	106.73
	Inventory turnover (times)		7.70	8.76	5.40	6.83	6.35
	Accounts payable turnover (times)		5.30	5.63	5.68	5.82	4.86
	Average days in sales		47.40	41.67	67.59	53.44	57.48
	Property, plant and equipment turnover (times)		18.64	17.58	9.22	9.89	8.06
	Total assets turnover (times)		0.94	0.99	0.60	0.72	0.66
Profitability	Return on asset (%)		10.94	6.28	4.75	5.14	6.91
	Return on equity (%)		19.83	12.14	8.45	8.74	11.69
	Pre-tax income to paid-in capital (%)		35.36	17.20	11.45	11.88	16.11
	Net profit margin (%)		11.37	6.04	7.37	6.80	9.96
	Earnings per share (NT\$)		3.04	1.68	1.03	1.06	1.41
Cash flows	Cash flow ratio (%)		38.45	(0.70)	13.18	(7.49)	16.62
	Cash flow adequacy ratio (%)		54.63	31.70	58.42	84.60	162.75
	Cash reinvestment ratio (%)		2.18	(4.81)	1.78	(8.94)	4.70
Leverage	Operating leverage		7.73	15.15	19.46	8.88	10.29
	Financial leverage		1.07	1.12	1.33	1.11	1.20

Reasons for changes in financial ratios for the most recent two years (If the change of increase/decrease is less than 20%, analysis may be exempted)

(I) Financial structure:

Debt ratio to last period decreased -

This was mainly due to the repayment of short-term borrowings of NT\$805,926 thousand and the decrease in accounts payable of NT\$403,754 thousand resulting in a significant decrease in liabilities.

The ratio of long-term capital to property, plant and equipment-

The main reason is the depreciation of the NT\$, the increase in product prices and combination, which led to an increase in net profit compared to last year and the the issuance of convertible corporate bonds of NT\$800,000 thousand.

(II) Solvency:

Current ratio and quick ratio compared with the previous period increased-

The main reason is the issuance of corporate bonds to repay short-term borrowings. Short-term borrowings decreased by NT\$850,926 thousand, resulting in a significant decrease in current liabilities and an increase in quick and current ratios.

Interest earned ratio in comparison to last period increased-

The main reason is that the net profit of the current period increased by NT\$241,094 thousand compared with last year, which increased the interest protection multiple.

(III) Profitability:

Return on asset, return on equity, pre-tax income to paid-in capital and earnings per share in comparison to last period increased-

The main reason is that the net profit of the current period increased significantly by NT\$241,094 thousand compared with last year, and the profitability ratio increased compared with the previous period.

(IV) Cash flows:

Cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio in comparison to last period increased-

Due to the relief of shipping congestion, customers' receipts and shipments returned to normal, resulting in an increase of NT\$1,112,017 thousand in receivables and inventory changes compared with the previous period, and the cash flow from operating activities turned from negative to positive, resulting in an increase in the ratio.

(V) Leverage:

Operating leverage decreased -

As gross profit increased compared with last year, and expenses were properly controlled, net operating profit increased, which made the leverage ratio compared with the previous period.

Note 1: The financial information of the most recent five years indicated above has been audited and certified by the CPAs, and the financial information of March 31, 2023 has been reviewed by the CPAs.

Note 2: At the end of this able of the Annual Report, the following calculation equations shall be described:

1. Financial structure

(1) Liabilities to assets ratio = total liabilities / total assets.

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

plant and equipment.

2. Debt servicing capability

(1) Current ratio = Current assets / Current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Interest earned ratio = Net income before tax and interest expense/Interest expenses in this period.

3. Operating performance

(1) Accounts receivable turnover (including accounts receivable and notes receivable from operating activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and notes receivable from operating activities).

(2) Average collection period (days) = 365/Accounts receivable turnover.

(3) Inventory turnover = Cost of sales/Average inventory.

(4) Accounts payable (include payable amounts and payable bills from operation) turnover = Sales cost / Average accounts payable in each period (include payable amounts and payable bills from operation) balance.

(5) Average days in sales = 365 / Inventory turnover.

(6) Property, plant and equipment turnover = Net sales / Average net worth of property, plant and equipment.

(7) Total assets turnover rate = Net sales / Average total assets.

4. Profitability

(1) Return on assets = [after-tax profit and loss + interest expense × (1 - tax rate)] / average total assets.

(2) Return on equity = after-tax profit and loss / average net equity.

(3) Net profit rate = after-tax profit and loss / net sales.

(4) Earnings per share = (Earnings of parent company owner - Preference dividends) / weighted average number of shares outstanding. (Note 3)

5. Cash flows

(1) Cash flow ratio = Net cash flows from operating activities/Current liabilities.

(2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years.

(3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross property, plant and equipment + Long-term investment + Other non-current assets + Working capital). (Note 4)

6. Leverage:

(1) Operating leverage = (net sales - variable cost) / income from operations (Note 5).

(2) Financial balance = operating income / (operating income - interest expense).

Note 3: The aforementioned calculation equation for earnings per share, please be aware of the following during the measurement:

1. It is calculated based on the number of weighted average outstanding common shares, rather than based on the number of shares already issued by the end of year.
2. For cash capital increase or treasury stock transactions, the circulation period has been considered in order to calculate the number of weighted average shares.
3. For earning converting into capital increase or capital reserve converting into capital increase, during the calculation of the earnings per share for the previous year and semi-annually, retroactive adjustment has been made according to the ratio of the capital increase, but the issuance period of the capital increase is not yet considered.
4. If the preferred stocks refer to nonconvertible accumulated preferred stocks, the dividends of the current year (regardless whether dividends are distributed) shall be subtracted from the net income after tax, or the net loss after tax shall be added.
If preferred shares are non-cumulative in nature, where there is net income after tax, preferred share dividends shall be deducted from the net income after tax. If there is operating loss, then adjustment is not required.

Note 4: During the measurement of the cash flow analysis, please be aware of the following:

1. Net cash flow from operating activities refer s to the net cash inflow from operating activities in the cash flow table.
2. Capital expense refers to the cash outflow of capital investment in each year.
3. Inventory increase is only counted when the ending balance is greater than the opening balance. If the inventory at the end of year decreases, then it is counted as zero for the calculation.
4. Cash dividends include the cash dividends of common stocks and preferred stocks.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before deduction of accumulated depreciation.

Note 5: Issuer shall classify the operating cost and operating expense into fixed and variable. In case where estimation or subjective judgment is involved, issuer shall be aware of its reasonability and shall maintain the consistency of such cost and expense.

Note 6: In the case of the Company whose shares have no par value or a par value other than NT\$10, for the aforementioned relevant paid-in capital ratio calculation, it shall be changed to use the ratio of equity attributable to shareholders of the parent for the calculation.

III. Audit Committee's Report in the Most Recent Year

Wonderful Hi-Tech Co., Ltd.

Audit Committee's Review Report

The Board of Directors has prepared the 2022 financial statements, business report and the earnings distribution proposal of the Company, among which the 2022 financial statements were audited by PwC Taiwan, by whom an audit report was issued. We have reviewed the aforementioned 2022 financial statements, business report and the earnings distribution proposal, to which we have found no misstatement, and we hereby issue a review report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Submitted to

2023 Shareholders' Meeting of Wonderful Hi-Tech Co., Ltd.

Audit Committee Convener: Kuei-Sen Huang

March 17, 2023

IV. Financial Report of the Most Recent Year, Including Independent Auditor's Audit Report, Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes or Forms for Comparison of the Two Years: Please refer to Attachment 1.

V. Company's Parent Company Only Financial Statements of the Most Recent Year Audited by Auditors: Please refer to Attachment 2.

VI. Summary of any financial difficulty of the Company or Its affiliates in the most recent year and up to the printing date of the annual report. In case of any financial difficulty, the Impact of such difficulty on the Company shall be explained: None.

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Management

I. Financial Status:

Unit: NT\$ thousand

Item	Year		Difference		Analysis and explanation for change of ratio
	2022	2021	Amount	Change %	
Current assets	\$ 4,203,980	\$ 4,427,953	\$ (223,973)	(5.06)	
Investment accounted for under the equity method	291,268	343,228	(51,960)	(15.14)	
Property, plant and equipment	1,177,505	1,048,570	128,935	12.30	
Other assets	634,706	636,569	(1,863)	(0.29)	
Total assets	6,307,459	6,456,320	(148,861)	(2.31)	
Current liabilities	2,084,559	3,583,649	(1,499,090)	(41.83)	(II)1.
Long-term liabilities	79,320	25,667	53,653	209.03	(II)2.
Other liabilities	1,109,275	388,763	720,512	185.33	(II)3.
Total liabilities	3,273,154	3,998,079	(724,925)	(18.13)	
Share capital	1,616,652	1,591,048	25,604	1.61	
Capital surplus	383,677	258,139	125,538	48.63	(II)4.
Retained earnings	752,660	478,288	274,372	57.37	(II)5.
Other equity	(150,143)	(231,690)	81,547	(35.20)	(II)6.
Total equity attributable to the owners of the parent company	2,602,846	2,095,785	507,061	24.19	(II)7.
Non-controlling interests	431,459	362,456	69,003	19.04	
Total equity	3,034,305	2,458,241	576,064	23.43	(II)8.

(I) Description of increase/decrease change of ratio analysis: For change ratio reaching 20% or above, and the change amount reaching NT\$10 million, analysis is performed.

(II) Analysis is explained in the following:

1. The main reason of significant decrease in current liabilities is the issuance of corporate bonds to repay short-term borrowings. Short-term borrowings of Taipei Wonderful Hi-Tech decreased by NT\$850,926 thousand, followed by Vietnam and Thai Wonderful Hi-Tech Group's decrease of NT\$381,535 thousand.
2. The increase in long-term liabilities was attributable to an increase in borrowing by Thai Wonderful Hi-Tech Group of NT\$44,750 thousand and an increase in Wonderful Photo Electricity of NT\$34,570 thousand.
3. The increase in other liabilities was due to the issue of convertible corporate bonds of NT\$800,000 thousand by Taipei Wonderful Hi-Tech.
4. The increase in capital reserve was due to the recognition of conversion premium of NT\$28,908 thousand for the fifth phase of convertible corporate bonds and the issue of recognized share options of NT\$65,027 thousand for the sixth phase of convertible corporate bonds.
5. The increase in retained surplus was due to the substantial increase in net profit for the current period compared with last year.
6. The increase in other equity was due to an increase of NT\$84,445 thousand in cumulative conversion adjustments for the current period due to the depreciation of the NT\$.
7. The total increase in equity attributable to owners of the parent company is due to the increase in capital reserve and retained surplus in the current period. Please refer to (II) 4 and (II) 5 for details.
8. The increase in total equity is due to the increase in capital reserve and retained surplus in the current period. Please refer to (II) 4 and (II) 5 for details.

II. Financial Performance:

(I) Financial performance comparison

Unit: NT\$ thousand

Item	Year		Amount of increase (decrease)	Change ratio (%)	Analysis and explanation for change of ratio
	2022	2021			
Operating revenue	\$ 9,028,285	\$ 7,538,001	\$ 1,490,284	19.77	
Operating cost	(7,450,220)	(6,454,818)	(995,402)	15.42	
Gross profit	1,578,065	1,083,183	494,882	45.69	(III)1.
Operating expenses	(869,760)	(723,823)	(145,937)	20.16	(III)2.
Operating income	708,305	359,360	348,945	97.10	(III)3.
Other income	28,255	26,086	2,169	8.31	
Other gains and (losses)	99,859	42,080	57,779	137.31	(III)4.
Finance costs	(61,266)	(47,100)	(14,166)	30.08	(III)5.
Share of profits/losses of affiliated enterprises and joint ventures using the equity method	(24,726)	(11,587)	(13,139)	113.39	(III)6.
Total non-operating incomes and (expenses)	42,122	9,479	32,643	344.37	(III)7.
Net profit (loss) before tax	750,427	368,839	381,588	103.46	(III)8.
Income tax expense	(212,357)	(99,147)	(113,210)	114.18	(III)9.
Net income (loss) of current period	538,070	269,692	268,378	99.51	(III)10.
Other comprehensive income (loss), net	105,576	(25,403)	130,979	(515.60)	(III)11.
Total comprehensive income for the period	643,646	244,289	399,357	163.48	(III)12.

(II) Description of increase/decrease change of ratio analysis: For change ratio reaching 20% or above, and the change amount reaching NT\$10 million, analysis is performed.

(III) Analysis is explained in the following:

1. The main reason is the depreciation of the NT\$, the increase in product prices and combination, which led to an increase in net profit compared to last year, resulting in an increase in gross profit.
2. This is due to the year-end and dividend salary estimated according to the current profit, which increased by NT\$86,346 thousand compared with last year, followed by the high shipping expenses in H1/2022, which increased the overall sales expenses by NT\$41,786 thousand and increased the operating expenses.
3. Operating profit increased significantly, please refer to 1. and 2. for reasons.
4. Due to the depreciation of NT\$, the exchange interest increased by NT\$81,799 thousand compared with the previous period.
5. Interest increased by NT\$6,712 thousand due to the increase in long-term borrowings from Thai Wonderful Hi-Tech, followed by an increase of NT\$4,704 thousand from Taipei and Vietnam Wonderful Hi-Tech Group.
6. In the current period, it was recognized that the losses of Wan Shih (Hong Kong) Co., Ltd., an affiliated enterprise, were NT\$6,112 thousand and Inga Nano Technology Co., Ltd. NT\$5,362 thousand.
7. The increase in non-operating income and (expenses) over the previous period is due to the increase in other benefits and (losses) over the previous period, for which please refer to 4.
8. The increase in net profit (loss) before tax compared with the previous period is due to the increase in net operating profit compared with the previous period. Please refer to 3.
9. The increase in income tax expense compared with the previous period is due to the increase in net profit before tax compared with the previous period, resulting in an increase in current income tax.
10. The increase in net income (loss) for the current period compared with the previous period is due to the increase in net operating profit compared with the previous period. Please refer to 3.
11. Due to the impact of exchange rates, exchange differences on translation of financial statements of foreign operations increased NT\$222,429 thousand compared with the previous period.

12. The increase in comprehensive income (loss) for the current period compared with the previous period is due to the increase in net operating profit compared with the previous period. Please refer to 3.

(IV) Sales volume forecast for next year and basis of forecast:

The sales forecast volume is made based on the sales budget and estimated possible change in the market for 2023.

Product item	2023 sales volume forecast (thousand meters)
LAN cables	410,702
Electronic cables	1,072,516
Computer cables	17,380
High temperature wires	4,044
Power cables	18,665
Automotive cables	334,057
Paige cables	16,644
Others	366,889
Total	2,240,897

III. Cash flows

(I) Liquidity analysis for the most recent two years:

Item	Year		Increase (Decrease) Percentage %
	Saturday, December 31, 2022	Friday, December 31, 2021	
Cash flow ratio (%)	50.31	(12.61)	498.97
Cash flow adequacy ratio (%)	51.98	7.88	559.64
Cash reinvestment ratio (%)	13.67	(14.16)	196.54

For increase/decrease change of ratio reaching 20% or above, analysis is explained in the following:

1. Due to the relief of shipping congestion, customers' receipts and shipments returned to normal, resulting in an increase of NT\$1,598,235 thousand in receivables and inventory changes compared with the previous period, and the cash flow from operating activities turned from negative to positive, resulting in an increase in the ratio.
2. The increase in the allowable ratio of cash flow over the previous period is due to the net cash inflow from operating activities in the current period. Please refer to 1.
3. The cash reinvestment ratio changed from negative to positive due to the net cash inflow from operating activities in the current period. Please refer to 1.

(II) Cash flow analysis for the next year:

Cash balance at the beginning of the year (1)	Expected annual net cash flow from operating activities (2)	Expected annual cash outflows (3)	Expected cash surplus (deficit) amount (1)+(2)+(3)	Expected cash deficiency amount remedies	
				Investment plan	Financial management plan
\$ 717,008	\$ 300,000	(\$ 400,000)	\$ 617,008	\$ -	\$ -

1. Analysis of current year cash flow change:

- (1) Operating activities: It is expected that the operation and profit of the Company will continue to grow; therefore, there will be cash inflow from operating activities.
- (2) Investing activities: It is expected that Taipei Wonderful Hi-Tech will purchase equipment and make new long-term investment; therefore, there will be net cash outflow from investing activities.
- (3) Financing activities: It is expected that cash dividends of NT\$308,102 thousand will be issued; therefore, there will be net cash outflow from financing activities.

2. Analysis on remedy for estimated cash shortage and liquidity: None.

IV. Impact of Significant Capital Expenditures in the Most Recent Year on the Financial and Operating Conditions of the Company

- (I) Major capital expenditure utilization status and source of capital: None.
- (II) Expected benefits possibly generated:
1. Expected increase of production and sales volume, value and gross profit: None.
 2. Explanation of other benefits (such as product quality, pollution control, decrease of cost, etc.): None.

V. Investment policy for the most recent year, main causes of profits or losses, improvement plans and investment plans for the next year

- (I) Le Hao Hong Kong grasped the existing potential orders, continuously upgraded the network route project, and increased the types of new products such as industrial cables, automobile cables and new energy cables, which were put into trial production in early 2023.
- (II) Thai Wonderful Wire and Cable will invest in the development of irrigation cable and household cable, and a number of power cables have been tested to enhance the sales breadth and competitiveness of products.
- (III) As COVID-19 pandemic gradually warms up, Vietnam Wonderful Wire and Cable offers many car dealers with discounts and launches promotions to attract customers, make car wiring grow, and continues to develop high value-added wires.

VI. Risk Analysis and Assessment

- (I) Impact of interest rate, exchange rate fluctuation and inflation condition on the profit/loss of the company and future countermeasures:
1. Impact of interest rate fluctuation on the profit/loss of the Company and future countermeasures in the most recent year:

Unit: NT\$ thousand

Item	Amount
Net interest income (expenditure) (A)	(56,600)
Operating revenue (B)	9,028,285
Operating profit (loss) (C)	708,305
(A)/(B)	0.63%
(A)/(C)	7.99%

The 2022 net interest expense of the Company was NT\$56,600 thousand, accounted for 0.63% of the annual operating revenue, an increase of NT\$11,354 thousand from the net interest expense of 2022. For an increase of 1% of the market interest rate, the annual interest expense of the Company increases by approximately NT\$17,615 thousand. To prevent impact of the interest rate change, the Company continues to maintain close contact with banks, in order to seek preferable loan interest rate.

2. Impact of exchange rate fluctuation on the net profit/loss of the Company and future countermeasures:

Unit: NT\$ thousand

Item	Amount
Net foreign exchange gain (loss) (A)	94,421
Operating revenue (B)	9,028,285
Operating profit (loss) (C)	708,305
(A)/(B)	1.05%
(A)/(C)	13.33%

The 2022 net foreign exchange gain (loss) of the Company was NT\$94,421 thousand, accounted for 1.05% of the annual operating revenue. Such ratio is low. However, since the export sales market accounts a significant ratio of the revenue of the Company, USD depreciation and appreciation can affect the profit or loss of the Company. Accordingly, the Company has always monitored the exchange rate fluctuation in the international market, and continues to execute the following countermeasures:

- (1) Financial institutions maintains close contact with correspondent financial institutions, and collect exchange rate fluctuation related information at all time, in order to understand the exchange rate change trend.
- (2) Financial Department performs internal evaluation report on the foreign currency net assets periodically, and exchange rate meeting is convened monthly, in order to perform hedging operation according to the meeting conclusion.
- (3) The Company uses the sales income of the same currency for purchase expenditure as much as possible in order to achieve the effect of natural hedging.

3. Impact of inflation condition on the profit/loss of the company and future countermeasures in the most recent year: Although the price of raw materials fluctuates greatly in 2022, the sales quotation of the Company can be floated according to the copper price.

(II) Policies on engaging in high risk, high leverage investments, loaning funds to others, endorsement and guarantee as well as derivative transactions, main causes of profit and loss as well as future countermeasures:

1. The Company does not engage in high risk and high leverage investments.
2. The loaning of funds to others is executed according to the “Procedures for Loaning of Funds to Others” of the Company, and there has been no occurrence of exceeding the limit.
3. All endorsements and guarantees transactions are executed according to the “Procedures for Making Endorsements and Guarantees” of the Company, and there has been no occurrence of exceeding the limit.

(III) Future R&D plans and expected investment in R&D budget:

The R&D plans for the most recent year and the future, expected investment amount and factors affecting future R&D success of the Company are described in the following:

R&D plan for most recent year	Current progress	Necessary R&D budget for further investment (NT\$ thousand)	Expected mass production completion time	Main factors affecting success of R&D in the future
HDBaseT 3.0 Certification	<ul style="list-style-type: none"> ◎ Understand the specifications. ◎ Sample making, testing and correction. ◎ Certified. 	100	2023.Q1	It is the first to obtain certification. It has been published on the association's website. At present, only three manufacturers have obtained HDBaseT 3.0 certification, which is the first opportunity.
Obtained UL CMP certification for customer special specification cables	<ul style="list-style-type: none"> ◎ Open product design card. ◎ Tape condition and specification adjustment. ◎ Solve the problem of external printing. ◎ Sample making, testing and correction. ◎ Submit to UL for certification. 	1,000	2023.Q2	Collaborate with customers to develop special specification cables. Both the core cables and outer cover are made of FEP material, which has the function of Oil&Gas Resistor. After obtaining UL CMP certification, it is expected that there will be more orders.
New product design has obtained CMX OUTDOOR CMP certification	<ul style="list-style-type: none"> ◎ Open product design card. ◎ Special structure design and test. ◎ Adjustment of internal cable structure (copper wire, strand distance). ◎ Sample making, testing and correction. ◎ Submit to UL for certification. 	3,000	2023.Q3	Develop special wires for special environment applications, which can meet OUTDOOR and indoor CMP fire resistance grades, oil resistance and WET LOCATION environment.

Develop a new product, flame-resistant directly buried wire	<ul style="list-style-type: none"> ◎ Open product design card. ◎ Development of special raw materials. ◎ Adjustment of cable internal structure. ◎ Sample making, testing and correction. 	2,000	2023.Q4	Develop flame-resistant directly buried wire, which can meet UL Direct Burial and CMX Outdoor combustion grade, which can be used in outdoor or underground special environments.
---	---	-------	---------	---

(IV) Impacts of domestic/foreign important policies and changes of laws on the financial business of the company and countermeasures:

The management team of the Company continues to monitor any change of domestic and foreign important policies and laws, in order to sufficiently obtain relevant information and to timely adjust operation and profit model or relevant responsive measures, thus improving the continuous profitability and shareholders' interests.

(V) Impacts of changes in technology (including cyber security risk) and industry on the financial business of the Company and countermeasures:

Benefiting from the economic recovery of the United States and Southeast Asia, the rising demand has led to the substantial growth of cables rods such as network cables, automobile and locomotive cables and solar energy cables. However, this year, due to the energy crisis caused by the shipping chaos and the Russian-Ukrainian war, inflation in various countries remained high, which greatly increased the difficulty of the Company's operation. However, Wonderful Hi-Tech Co., Ltd. has been involved in various markets for a long time. Instead, it took advantage of such changes and actively carried out the research and development, production and order integration for the four factories, increasing different product cables to enhance the sales breadth and competitiveness of products.

In 2023, with the development of infrastructure, satellite industry, automobile and green energy industry in the United States, the network cable, automobile cable and solar energy cable industry will grow in the future. In addition, Wonderful Hi-Tech Co., Ltd. continues to develop new applications of products, such as security system cables including hotels, hospitals and banks, which are the main kinetic energy for the growth of the Company. Presently, the Company has implemented a certain level of control on the information security risk and considers that information security risk is a new emerging risk. In addition, since it involves the information security level classification and compensation identification measures, the Company is currently under the stage of evaluating the future applicability. All current procedures are implemented properly to ensure data integrity and security. The risk assessment result is also proper. Accordingly, for the most recent year and up to the printing date of annual report, technology change has no material adverse impact on the information security and there is no material operational risk.

(VI) Impacts of change of cooperate image on the cooperate crisis management and countermeasures:

The Company has always upheld the operational principle of active innovation and integrity, values corporate image and promotes internal control and risk control. Accordingly, up to the present day, there has been no potential change of corporate image that may cause crisis to the Company. In the future, the Company will continue to uphold such principle for operation, in order to ensure corporate sustainable development and the interests of shareholders and customers.

(VII) Expected benefits, possible risks, and countermeasures for mergers and acquisitions: None.

(VIII) Expected benefits and possible risks of plant expansions as well as the countermeasures: None.

(IX) Risks faced due to concentrated procurement or sales as well as countermeasures: None.

(X) Impacts, risks and countermeasures of directors, supervisors or major shareholders with shareholding percentage exceeding 10%, large equity transfer or change on the Company:

- None.
- (XI) Impacts, risks and countermeasures of change in management rights to the Company: None.
 - (XII) In the case of litigation case or non-contentious case, specify the names of the directors, supervisors, the President, the de facto responsible person, shareholders each holding more than 10% of company shares, and subsidiaries with final ruling made or still in major legal proceedings, non-contentious matters, or administrative disputes, and where the result thereof may significantly affect shareholders' equity or stock price, disclose the fact of the contentions, the amount involved, the commencement date of the proceedings, the major litigants in the proceedings, and the status as of the publication date of this report: None.
 - (XIII) Other significant risks and countermeasure: None.

VII. Other Important Matters:

- (I) Acquisition status of relevant licenses specified by competent authority for personnel related to financial information transparency:
Internal Auditor (R.O.C.): 1 staff of Audit Department.
- (II) Employee code of conduct or ethical rules:
The Company has established the "Employee Work Rules" and various personnel management regulations. All employees of the Company are required to comply with all regulations and announcements to perform duties properly and to follow the instructions and supervision of superior officers. Officers at all levels shall be aware of one's own quality and improve the emotion of employees at work in order to achieve common goals.
During the employment period, all employees shall comply with the following rules:
 1. Identify public and private matters properly, respect personality traits mutually, fair and honest treatment to others, and achieve corporate operational objectives jointly.
 2. Follow instructions and supervision of superior officers of all levels.
 3. Personal behavior shall comply with the principle of honesty and ethics, and any improper, extravagant, playful or gambling actions capable of damaging the integrity of the Company are prohibited.
 4. All units shall keep business or technical information confidential without disclosure to the external.
 5. Employees shall care all public assets without waste.
 6. Any horseplay at work is prohibited.
 7. Leaving one's job position arbitrarily during working hours without proper reasons is not acceptable.
 8. The field work order must not be hindered and the environmental hygiene shall not be damaged.
 9. External personnel are prohibited to enter the plant for visiting without permission.
 10. It is prohibited to bring hazardous objects into the plant.
 11. Taking advantages of others, concealing truth and engaging in fraud for personal benefits are prohibited.
 12. Any hostile attack, defamation against colleagues and false evidence causing disturbance are prohibited.
 13. Employees must not leave one's job position arbitrarily that may lead to accidents and major

loss of the Company

14. It is prohibited to intentionally cause wear of machineries, tools, raw materials, products or objects owned by other companies, or intentionally disclose technical or trade secrets.

15. It is prohibited to post or distribute seditious texts or books that may damage the labor-management relations.

16. It is prohibited to engage in any external fraud under the name of the Company such that the Company may suffer from major loss.

17. It is prohibited to drink alcohol at work and cause disturbance to the production order.

18. It is prohibited to engage in any violence or major insult against the responsible person, responsible person's relatives, management personnel at all levels or other colleagues of the Company.

(III) Whether the annual report of the Company discloses internal material information handling operation procedure:

The Company has established the “Wonderful Hi-Tech Co., Ltd. Internal Material Information Handling Operation Procedure” and announced on the Company's website. When the operation procedure is amended, the Company also informs all relevant personnel through e-mail and the latest information is published on the website for inquiries. In addition, the Chairman’s Office is also requested to arrange education and training on the operational procedure and relevant laws, insider trading prevention for directors, managerial officers, employees and new directors and managerial officers.

Eight. Special Disclosures

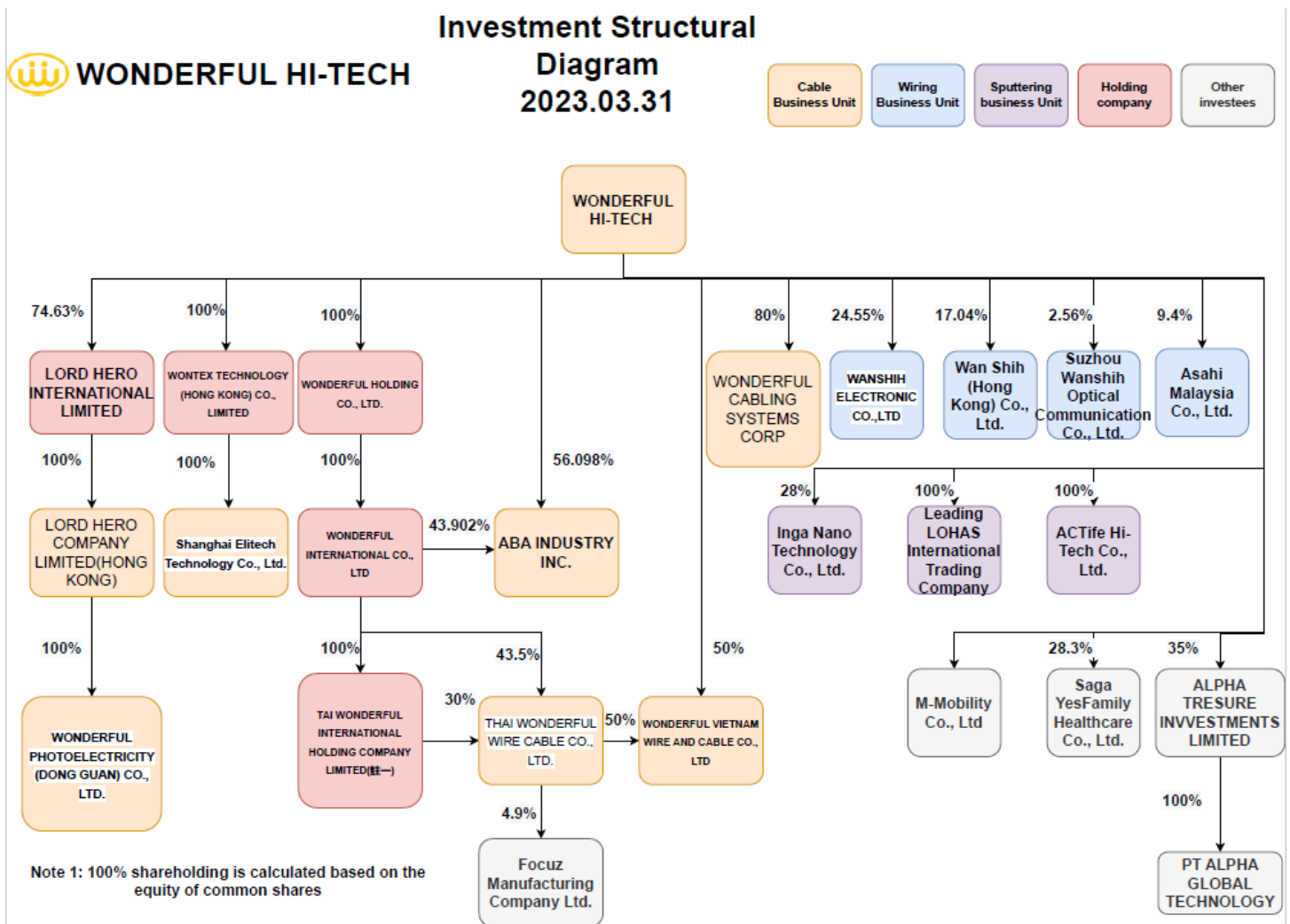
I. Information on Affiliated Enterprises

(I) Consolidated Financial Statements of Affiliated Enterprises

We hereby declare that we have confirmed the companies which shall be included in the consolidated financial statements of the affiliates and the ones which shall be included in the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) No. 10 are identical; the related information has been disclosed in consolidated financial statements and will hence not be included in consolidated financial statements of the affiliates for the year ended in 2022 (from January 1 to December 31, 2022), in accordance with "Criteria Governing Preparation of Affiliation Reports" and "Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises."

(II) Business Report of Affiliated Enterprises

1. Affiliated Enterprise Organizational Chart



Note 1: 100% shareholding is calculated based on the equity of common shares

2. Affiliated enterprise basic information

Unit: NT\$ thousand

Enterprise name	Establishment date	Address	Paid-in capital	Primary business or production item
Wonderful Holding (Cayman) Co., Ltd.	1996.12.10	Cayman Islands	USD 9,374	Holding company of investment
Wonderful International (Cayman) Co., Ltd.	1996.12.10	Cayman Islands	USD 9,374	Holding company of investment
Thai Wonderful Wire Cable Co., Ltd.	1990.04.24	947/23-24 THOSAPOL LAND BUILDING 4 6TH FLOOR, BANGNA-TRAD RD., KM. 3 BANGNA ,PHRAKHANONG, BANGKOK 10260 THAILANG.	THB 194,457	Sales and manufacturing of wires and cables
Le Hao International Co., Ltd.	1994.09.29	International Trust Building, P.O. Box 659, Road Town, Tortola, British Virgin Islands.	HKD 20	Holding company of investment
Le Hao Co., Ltd.	1985.09.06	Rm 14, 2/F., International Plaza, 20 Sheung Yuet Rd., Kowloon Bay, Kowloon, H.K.	HKD 41,401	Sales of wires and cables
Wonderful Photoelectricity (Dongguan) Co. Ltd.	2001.11.21	No. 51, 358 Dart, Loonge Yan, Hu-men, Dongguan, Guangdong, China	RMB 43,474	Sales and manufacturing of wires and cables
Wonderful Holding (Thailand) International Co., Ltd.	2005.01.04	947/23-24 THOSAPOLLAND BUILDING 4, 6 TH FLOOR, BANGNA TRAD RD., KM 3 BANGNA, BANGKOK, THAILAND	THB 100	Holding company of investment
Wonderful Cabling Systems Corporation	2006.03.16	1F, No. 72 Wugong 6th Rd., Wugu Dist., New Taipei City	NTD 25,000	Sales of wires and cables
Yi-Tai Technology Co., Ltd.	2009.11.19	RM.1702,SINO CENTRE,582-592 NATHAN RD.,MONGKOK,KLN.,H.K.	HKD 21,377	Holding company of investment
Shanghai Elitech Technology Co., Ltd.	2010.04.08	Room 201, Building 2, No.268, Taihong Road Minhang District, Shanghai, China	USD 2,700	Computer software development, manufacturing and sales of own products and surveillance equipment
Vietnam Wonderful Wire Cable Co., Ltd.	2010.05.20.	Lot XN 11B Dai An Industrial Zone, KM No.51, No.5 National road, Hai Duong Province, Vietnam	USD 15,000	Sales and manufacturing of wires and cables
ABA Industry, Inc.	1996.02.26	639 E WALNUT ST CARSON CA U.S.A 90746	USD 1,640	Sales of wires and cables
ACTife Hi-Tech Co., Ltd.	2020.07.08	2F, No. 72 Wugong 6th Rd., Wugu Dist., New Taipei City	NTD 20,000	Sales of non-woven fabric processing products
Leading International Company	LOHAS Trading 2020.07.08	2F, No. 72 Wugong 6th Rd., Wugu Dist., New Taipei City	NTD 1,000	Sales of non-woven fabric processing products

3. Information of identical shareholders for affiliates inferred to have control and dominance-subordination relationship: None.

4. Businesses covered by the business operated by the overall affiliated enterprises. For overall affiliated enterprises with business relation to each other, the status of business dealing allocation shall be explained:

Enterprise name	Industry type	Work allocation status
Wonderful Holding (Cayman) Co., Ltd.	Investment	None
Wonderful International (Cayman) Co., Ltd.	Investment	None
Thai Wonderful Wire Cable Co., Ltd.	Manufacturing	Business development
Le Hao International Co., Ltd.	Investment	None
Le Hao Co., Ltd.	Manufacturing	Business development
Wonderful Photoelectricity (Dongguan) Co. Ltd.	Manufacturing	Business development
Wonderful Holding (Thailand) Co., Ltd.	Investment	None
Wonderful Cabling Systems Corporation	Purchase and sales	Business development
Yi-Tai Technology Co., Ltd.	Investment	None
Shanghai Elitech Technology Co., Ltd.	Commercial trade	Business development
Vietnam Wonderful Wire Cable Co., Ltd.	Manufacturing	Business development
ABA Industry, Inc	Purchase and sales	Business development
ACTife Hi-Tech Co., Ltd.	Commercial trade	Business development
Leading LOHAS International Trading Company	Commercial trade	Business development

5. Name of directors, supervisors and president of each affiliated enterprise and their shareholding or capital contribution status on such affiliated enterprise

Unit: In thousand shares

Enterprise name	Title (Note 1)	Name	Representative	Number of shares held (Note2)(Note 3)	
				Number of shares	Shareholding percentage %
Wonderful Holding (Cayman) Co., Ltd.	Director	Wonderful Hi-Tech Co., Ltd.	Ming-Lieh Chang	9,374	100.00
Wonderful International (Cayman) Co., Ltd.	Director	Wonderful Hi-Tech Co., Ltd.	Ming-Lieh Chang	9,374	100.00
Thai Wonderful Wire Cable Co., Ltd.	Chairman	Wonderful International (Cayman) Co., Ltd.	Ming-Lieh Chang	846	43.50
	Director	Wonderful International (Cayman) Co., Ltd.	Lien-Tsai Chung	846	43.50
	Director	Wonderful International (Cayman) Co., Ltd.	Dang-Wu Yang	846	43.50
	Director	Wonderful International (Cayman) Co., Ltd.	Cheng-Ya Chang	846	43.50
	Director	Wonderful International (Cayman) Co., Ltd.	Li-Mei Chang	846	43.50
	Director	Wonderful Holding (Thailand) International Co., Ltd.	Ming-Hua Chang	583	30.00
	Director	Wonderful Holding (Thailand) International Co., Ltd.	Ming-Yuan Hsieh	583	30.00
	Director	Cheng-Hsin Yang		233	12.00
	Director	Mei-Li Fang		156	8.00
	Director	SOMSRI SRIMANUS		21	1.12
Le Hao International Co., Ltd.	Director	Wonderful Hi-Tech Co., Ltd.	Ming-Lieh Chang	14.925	74.63
	Director	Sheng-Yi Tsai		0.923	4.62
	Director	Lien-Tsai Chung		0.463	2.32
	Director	Ming-Hua Chang		0	0
	Director	Ming-Lieh Chang		0.338	1.69
	Director	Dang-Wu Yang		0	0
	Director	Cheng-Po Chang		0	0

Le Hao Co., Ltd.	Director	Le Hao International Co., Ltd.	Ming-Lieh Chang	41,401	100.00
	Director	Le Hao International Co., Ltd.	Ming-Hua Chang	41,401	100.00
	Director	Le Hao International Co., Ltd.	Cheng-Po Chang	41,401	100.00
	Director	Le Hao International Co., Ltd.	Lien-Tsai Chung	41,401	100.00
	Director	Le Hao International Co., Ltd.	Sheng-Yi Tsai	41,401	100.00
	Director	Le Hao International Co., Ltd.	Dang-Wu Yang	41,401	100.00
	Director	Le Hao International Co., Ltd.	Wonderful Hi-Tech Co., Ltd.	41,401	100.00
Wonderful Photoelectricity (Dongguan) Co. Ltd.	Chairman	Le Hao Co., Ltd.	Ming-Lieh Chang	43,474	100.00
	Director	Le Hao Co., Ltd.	Cheng-Po Chang	43,474	100.00
	Director	Le Hao Co., Ltd.	Cheng-Ya Chang	43,474	100.00
	Supervisor	Le Hao Co., Ltd.	Cheng-Chin Chang	43,474	100.00
Wonderful Holding (Thailand) International Co., Ltd.	Director	Wonderful International (Cayman) Co., Ltd.	Ming-Yuan Hsieh	0.49	100.00
	Director	Wonderful International (Cayman) Co., Ltd.	Ming-Hua Chang	0.49	100.00
	Director	Wonderful International (Cayman) Co., Ltd.	Ming-Lieh Chang	0.49	100.00
Wonderful Cabling Systems Corporation	Chairman	Wonderful Hi-Tech Co., Ltd.	Ming-Lieh Chang	2,000	80.00
	Director	Wonderful Hi-Tech Co., Ltd.	Hsu Yu Hsiu	2,000	80.00
	Director	Wonderful Hi-Tech Co., Ltd.	Cheng-Po Chang	2,000	80.00
	Director	Ming-Yu Huang		167	6.68
	Director	Chin-Ken Chao		167	6.68
	Supervisor	Chia-Fang Chang		0	0
Yi-Tai Technology Co., Ltd.	Director	Wonderful Hi-Tech Co., Ltd.	Cheng-Po Chang	21,377	100.00
Shanghai Elitech Technology Co., Ltd.	Director	Yi-Tai Technology Co., Ltd.	Cheng-Ya Chang	2,700	100.00
Vietnam Wonderful Wire Cable Co., Ltd.	Chairman	Thai Wonderful Wire Cable Co., Ltd.	Ming-Lieh Chang	7,614	50.00
	Director	Thai Wonderful Wire Cable Co., Ltd.	Cheng-Hsin Yang	7,614	50.00
	Director	Wonderful Hi-Tech Co., Ltd.	Lien-Tsai Chung	7,386	50.00
	Director	Thai Wonderful Wire Cable Co., Ltd.	Dang-Wu Yang	7,614	50.00
	Director	Wonderful Hi-Tech Co., Ltd.	Cheng-Po Chang	7,386	50.00
	Director	Thai Wonderful Wire Cable Co., Ltd.	Mei-Li Fang	7,614	50.00
	Director	Thai Wonderful Wire Cable Co., Ltd.	Cheng-Ya Chang	7,614	50.00
ABA Industry, Inc	Chairman	Wonderful International (Cayman) Co., Ltd.	Ming-Lieh Chang	72	43.90
	Director	Wonderful Hi-Tech Co., Ltd.	Cheng-Po Chang	92	56.10
	Director	Ming-Hsiang Chang		0	0
ACTife Hi-Tech Co., Ltd.	Chairman	Wonderful Hi-Tech Co., Ltd.	Ming-Lieh Chang	2,000	100.00
Leading International Trading Company	LOHAS Chairman	Wonderful Hi-Tech Co., Ltd.	Ming-Lieh Chang	100	100.00

Note 1: If an affiliate is a foreign company, equivalent job positions thereof are listed.

Note 2: If an investee is a corporate limited by shares, please indicate the number of shares and shareholding percentage. For others, please indicate the capital contribution amount and capital contribution percentage with notes.

Note 3: When a director or supervisor is a corporate, please further disclose relevant information of its representative.

II. Private placement securities in the most recent year and up to the printing date of annual report: None.

III. Shares of the Company held or disposed by subsidiaries in the most recent year and up to the printing date of annual report: None.

IV. Additional information required to be disclosed: None.

Nine. For the most recent year and up to the printing date of the annual report, events having material impact on shareholders' rights and interests or securities prices according to Subparagraph 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act: None.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries
Consolidated Financial Statements
and Independent Auditor's Report
For the Years Ended December 31, 2022 and 2021
(Stock Code: 6190)

Company Address: No. 17, Beiyuan Rd., Zhongli Dist., Taoyuan City

Tel: (03)452-7777

Wonderful Hi-Tech Co., Ltd. and Subsidiaries
Consolidated Financial Statements and Independent Auditor's Report
for the Years Ended December 31, 2022 and 2021
Table of Contents

<u>Item</u>	<u>Page</u>
I. Cover Page	1
II. Table of Contents	2 ~ 3
III. Declaration	4
IV. Independent Auditor's Audit Report	5 ~ 11
V. Consolidated Balance Sheet	12 ~ 13
VI. Consolidated Statement of Comprehensive Income	14 ~ 15
VII. Consolidated Statement of Changes in Equity	16
VIII. Consolidated Statement of Cash Flow	17 ~ 18
IX. Notes to Consolidated Financial Statements	19 ~ 84
(I) Company History	19
(II) Approval Date and Procedure of Financial Statements	19
(III) Application of New and Amended Standards and Interpretations	19 ~ 20
(IV) Summary of Significant Accounting Policies	20 ~ 36
(V) Significant Accounting Assumptions and Judgment, and Major Sources of Estimation Uncertainty	36
(VI) Description of Significant Accounts	36 ~ 66

<u>Item</u>	<u>Page</u>
(VII) Related Party Transactions	66 ~ 69
(VIII) Pledged Assets	70
(IX) Significant Contingent Liabilities and Unrecognized Commitments	70
(X) Significant Disaster Losses	70
(XI) Significant Subsequent Events	70
(XII) Others	70 ~ 82
(XIII) Separately Disclosed Items	82 ~ 83
(XIV) Operating Segment Information	83 ~ 84
(XV) Information on Product and Labor Type	84
(XVI) Information by regions	84~85
(XVII) Information on major customers	85

Wonderful Hi-Tech Co., Ltd.

Affiliated Enterprise Consolidated Financial Statement Declaration

We hereby declare that we have confirmed the companies which shall be included in the consolidated financial statements of the affiliates and the ones which shall be included in the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) No. 10 are identical; the related information has been disclosed in consolidated financial statements and will hence not be included in consolidated financial statements of the affiliates for the year ended in 2022 (from January 1 to December 31, 2022), in accordance with "Criteria Governing Preparation of Affiliation Reports" and "Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises."

Declared by

Company name: Wonderful Hi-Tech Co., Ltd.

Responsible Person: Ming-Lieh Chang

March 17, 2023

Independent Auditors' Report

(2023) Cai-Shen-Bao-Zi No. 22004788

To the Board of Directors and Shareholders of Wonderful Hi-Tech Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Wonderful Hi-Tech Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets for the years ended December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for January 1 to December 31, 2022 and 2021, and notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for January 1 to December 31, 2022 and 2021 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), International Financial Reporting Interpretations Committee Interpretations (IFRIC), and Standard Interpretations Committee Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China (R.O.C.).

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements of Financial Institutions by Certified Public Accountants and auditing standards generally accepted in the Republic of China (R.O.C.). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. The auditors of the firm, subject to the independence regulations, have maintained independence from the Group in accordance with the Code of Ethics of R.O.C. and perform other obligations of such Code. In view of the audit result concluded by our independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Existence of New Top 10 Sales Accounts Revenue

Description

For description of the accounting policy and accounting Item for income recognition, please refer to Notes 4(32) and 6(19) of the consolidated financial statements.

The Group's main business refers to the manufacturing, purchase and sales, and import/export of various types of wires and cables. The Group's customers include well-known international companies having long-term and stable cooperation relationship with the Group. In addition, to secure the market share, the Group continues to develop new customers. The comparison with the list of top 10 sales customers in 2022 and 2021 indicates that there have been changes to the increase/decrease of sales amount of the main customers in the current period from the amounts in the same period of last year, such that a portion of the customers in the top 10 main sales customers becoming the new top 10 sales customers in the current period, thus having positive impact on the increase of the consolidated operating revenue. We consider that for the new top 10 main sales customers, the issue of whether relevant sales transactions exist has material impact on the consolidated financial statements. Accordingly, the existence of the new top 10 sales account revenue of the Group is listed as one of the key audit matters.

Corresponding Audit Procedures

We summarize the audit procedures executed in the following:

1. Evaluate and test the execution of sales transaction internal system and actual process, including the credit extension evaluation of the new top 10 sales accounts.

2. Review the relevant industrial background information of the new top 10 sales accounts.
3. Obtain the operating revenue transaction statement of the new top 10 sales accounts of the current period, and randomly test relevant certificates of the customer orders, shipping orders and payment slips, in order to verify the existence of transactions.

Inventory Valuation

Description

For the description of the accounting policy, accounting estimation and assumption of inventory and allowance for inventory write-down, please refer to Notes 4(13), 5(2) and 6(5).

The main business of the Group refers to the manufacturing, purchase and sales, and import/export of various types of wires and cables. The inventory is measured based on the cost and net realizable value whichever is lower. In addition, the usable condition of individual old and obsolete inventory is further identified, in order to recognize the inventory write-down. Since there are a lot of competitors from the Mainland China, and the raw material price fluctuation is great, the product price is likely to be affected or the product sales may not be as expected. Furthermore, the allowance of inventory write-down of individual identification of old and obsolete inventories involves the subjective judgment of the management. Accordingly, we consider that the accounting estimation has material impact on the inventory valuation, and it is listed as one of the key audit matters.

Corresponding Audit Procedures

We summarize the audit procedures executed in the following:

1. Understand the company operation and the nature of industry. Assess the policy adopted for the allowance for inventory write-down.
2. Obtain the obsolete inventory statement individually identified by the management. Review relevant documents and verify account records.
3. Randomly examine whether the basis of net realizable value is consistent with the policy established by the Company, and review whether the calculation of the net realizable value of individual inventory material number is correct.

Other Matters - Relevant audits by other independent auditors

For some of the subsidiaries and investees under equity method listed in the Group's consolidated financial statements, their financial statements were not audited by our representatives, but was audited by other independent auditors. Accordingly, regarding our opinion on the aforementioned consolidated financial statements, relevant amounts listed in the financial statements of these companies were based on the audit report by other independent auditors. As of December 31, 2022 and 2021, the total asset balances (including investments under the equity method) for the aforementioned companies were NT\$913,814 thousand and NT\$819,626 thousand respectively, accounting for 14% and 13% of the total consolidated assets respectively. The net operating income for January 1 to December 31, 2022 and 2021 were NT\$1,369,595 thousand and NT\$1,188,235 thousand respectively, accounting for 15% and 16% of the consolidated net operating income respectively.

Other Matters – Parent Company Only Financial Statements

Wonderful Hi-Tech Co., Ltd. (the "Company") has prepared the parent company only financial statements for the years ended December 31, 2022 and 2021, to which we have also issued an independent auditor's report with unqualified opinion along with the section of other matters and provided for reference.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. The term of "reasonable assurance" refers to the high level of assurance. Nevertheless, the audit performed according to the Generally Accepted Auditing Standards of R.O.C. cannot guarantee the discovery of material misstatements in the financial statements. Misstatements can arise from fraud or error, Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

1. Identify and assess the risk of material misstatement of the consolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain a necessary understanding of internal control concerning the inspection in order to design appropriate inspection procedures that are appropriate for the time being. The purpose, however, is not to effectively express opinions on the internal control of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. According to the audit evidence obtained, evaluate the appropriateness of the continuous operation accounting basis and whether events or circumstances possibly generating material concerns on the continuous operation ability of the Group have significant uncertainty, and provide a conclusion thereto. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. Nevertheless, future events or circumstances may cause the Group to have no ability for continuous operation.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including relevant notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Group and provide opinion on the consolidated financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion for the Group.

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 the governance units with statements that we have complied with relevant independence declaration specified in the Code of Ethics for Professional Accountants of R.O.C. that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group's 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

PwC Taiwan

Po-Chuan Lin
Certified Public Accountant
Shu-Chiung Chang

Former Securities and Futures Commission, Ministry of Finance
Approval Certificate Document No.: Jin-Guan-Zheng-Shen-Zi No.
1100350706
Financial Supervisory Commission
Approval Certificate Document No.: Jin-Guan-Zheng-Shen-Zi No.
0990042602

March 17, 2023

Wonderful Hi-Tech Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2022 and 2021

Unit: NT\$ thousand

	Assets	Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 717,008	12	\$ 504,568	8
1110	Financial assets measured at fair value through profit or loss - current	6(2)	8,758	-	10,898	-
1150	Notes receivable, net	6(4)	106,776	2	106,439	2
1170	Accounts receivable, net	6(4)	1,491,009	24	1,728,069	27
1180	Accounts receivable from related parties, net	7	22,645	-	44,019	1
1200	Other receivables		70,158	1	152,011	2
1210	Other receivables - related Party	7	421	-	412	-
130X	Inventory	6(5)	1,659,575	26	1,803,329	28
1410	Prepayments		28,848	1	62,546	1
1476	Other financial assets - current	8	85,239	1	13,608	-
1479	Other current assets - others		13,543	-	2,054	-
11XX	Total current assets		<u>4,203,980</u>	<u>67</u>	<u>4,427,953</u>	<u>69</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	64,921	1	30,961	-
1550	Investment accounted for under the equity method	6(6), and 8	291,268	5	343,228	5
1600	Property, plant and equipment	6(7) and 8	1,177,505	19	1,048,570	16
1755	Right-of-use assets	6(8) and 7	184,605	3	185,095	3
1760	Investment property, net	6(9) and 8	158,319	2	154,441	2
1780	Intangible assets	6(10)	162,145	3	170,861	3
1840	Deferred income tax assets	6(25)	35,598	-	52,800	1
1990	Other non-current assets - others		29,118	-	42,411	1
15XX	Total non-current assets		<u>2,103,479</u>	<u>33</u>	<u>2,028,367</u>	<u>31</u>
1XXX	Total assets		<u>\$ 6,307,459</u>	<u>100</u>	<u>\$ 6,456,320</u>	<u>100</u>

(Continued)

Wonderful Hi-Tech Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2022 and 2021

Unit: NT\$ thousand

Liabilities and Equity		Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(12)	\$ 1,078,476	17	\$ 2,339,578	36
2120	Financial liabilities measured at fair value through profit or loss - current	6(2)	2,256	-	-	-
2170	Accounts payable		462,850	7	805,711	13
2180	Accounts payable - related party	7	43,553	1	67,378	1
2200	Other payables		288,890	5	257,654	4
2220	Other accounts payable - related party	7	12,062	-	23,112	-
2230	Current income tax liabilities		108,578	2	26,199	1
2280	Lease liabilities - current	7	36,060	-	28,030	1
2320	Current portion of long-term borrowings	6(13)	42,076	1	23,464	-
2399	Other current liabilities - others		9,758	-	12,523	-
21XX	Total current liabilities		<u>2,084,559</u>	<u>33</u>	<u>3,583,649</u>	<u>56</u>
Non-current liabilities						
2530	Bonds payable	6(11)	762,578	12	61,022	1
2540	Long-term borrowings	6(13)	79,320	1	25,667	-
2570	Deferred income tax liabilities	6(25)	182,393	3	132,931	2
2580	Lease liabilities - non-current	7	99,099	2	109,122	2
2640	Net defined benefit liabilities—non-current	6(14)	61,915	1	82,153	1
2670	Other non-current liabilities - others		3,290	-	3,535	-
25XX	Total non-current liabilities		<u>1,188,595</u>	<u>19</u>	<u>414,430</u>	<u>6</u>
2XXX	Total liabilities		<u>3,273,154</u>	<u>52</u>	<u>3,998,079</u>	<u>62</u>
Equity						
Equity attributable to owners of parent company						
Share capital						
3110	Common share capital	6(16)	1,616,652	26	1,591,048	25
Capital surplus						
3200	Capital surplus	6(17)	383,677	5	258,139	3
Retained earnings						
3310	Statutory reserves	6(18)	91,626	2	70,060	1
3320	Special reserves		169,203	3	172,622	3
3350	Undistributed earnings		491,831	8	235,606	4
Other equity						
3400	Other equity		(21,611)	(1)	(75,389)	(1)
3500	Treasury shares	6(16)	(128,532)	(2)	(156,301)	(3)
31XX	Total equity attributable to the owners of the parent company		<u>2,602,846</u>	<u>41</u>	<u>2,095,785</u>	<u>32</u>
36XX	Non-controlling interests		<u>431,459</u>	<u>7</u>	<u>362,456</u>	<u>6</u>
3XXX	Total equity		<u>3,034,305</u>	<u>48</u>	<u>2,458,241</u>	<u>38</u>
Significant Contingent Liabilities and Unrecognized Commitments						
Material subsequent events						
3X2X	Total liabilities and equities		<u>\$ 6,307,459</u>	<u>100</u>	<u>\$ 6,456,320</u>	<u>100</u>

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

Chairman: Ming-Lieh Chang

Managerial Officer: Cheng-Po Chang

Accounting Officer: Yu-Hsiu Hsu

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

Unit: NT\$ thousand
(Except for earnings per share in NT\$)

Item	Note	2022		2021	
		Amount	%	Amount	%
4000 Operating revenue	6(19) and 7	\$ 9,028,285	100	\$ 7,538,001	100
5000 Operating costs	6(5) (24) and 7	(7,450,220)	(82)	(6,454,818)	(86)
5900 Gross profit		1,578,065	18	1,083,183	14
Operating expenses	6(24)				
6100 Selling expenses		(448,712)	(5)	(406,925)	(5)
6200 Administrative expenses		(368,263)	(4)	(276,140)	(4)
6300 Research and development expenses		(47,230)	(1)	(38,950)	-
6450 Expected credit impairment losses		(5,555)	-	(1,808)	-
6000 Total operating expenses		(869,760)	(10)	(723,823)	(9)
6900 Operating profit		708,305	8	359,360	5
Non-operating income and expenses					
7100 Interest income	6(20)	4,628	-	522	-
7010 Other income	6(21) and 7	23,627	-	25,564	-
7020 Other gains and losses	6(22)	99,859	1	42,080	1
7050 Finance costs	6(23) and 7	(61,266)	(1)	(47,100)	(1)
7060 Share of profits and losses of affiliated enterprises and joint ventures using the equity method	6(6)	(24,726)	-	(11,587)	-
7000 Total non-operating incomes and expenses		42,122	-	(9,479)	-
7900 Net income before tax		750,427	8	368,839	5
7950 Income tax expense	6(25)	(212,357)	(2)	(99,147)	(2)
8200 Net income for the period		\$ 538,070	6	\$ 269,692	3

(Continued)

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

Unit: NT\$ thousand
(Except for earnings per share in NT\$)

Item	Note	2022		2021	
		Amount	%	Amount	%
Other comprehensive profit and loss (net)					
Items not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit programs	6(14)	\$ 11,630	-	(\$ 11,500) -
8316	Unrealized equity instrument profit or loss measured at fair value through other comprehensive income	6(3)	13,249	-	14,535 -
8320	Share of other comprehensive income of affiliated enterprises and joint ventures accounted for using equity method - Items not to be reclassified into profit or loss		(27,587)	-	50,002 1
8349	Income taxes related to the items not re-classified	6(25)	(2,326)	-	2,300 -
Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of the financial statements of foreign operations		129,173	1	(93,256) (1)
8370	Share of other comprehensive income of affiliated enterprises and joint ventures accounted for using equity method - Items may be reclassified into profit or loss		2,381	-	(1,881) -
8399	Income tax related to items may be reclassified into profit or loss	6(25)	(20,944)	-	14,397 -
8300	Other comprehensive profit and loss (net)		<u>\$ 105,576</u>	<u>1</u>	<u>(\$ 25,403) -</u>
8500	Total comprehensive income for this period		<u>\$ 643,646</u>	<u>7</u>	<u>\$ 244,289 3</u>
Net income attributable to:					
8610	owners of the parent company		\$ 465,854	5	\$ 224,760 2
8620	Non-controlling interests		72,216	1	44,932 1
			<u>\$ 538,070</u>	<u>6</u>	<u>\$ 269,692 3</u>
Total comprehensive income attributable to:					
8710	owners of the parent company		\$ 542,817	6	\$ 219,079 3
8720	Non-controlling interests		100,829	1	25,210 -
			<u>\$ 643,646</u>	<u>7</u>	<u>\$ 244,289 3</u>
Earnings per share 6(26)					
9750	Basic earnings per share		<u>\$ 3.04</u>		<u>\$ 1.68</u>
9850	Diluted earnings per share		<u>\$ 3.03</u>		<u>\$ 1.42</u>

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

Chairman: Ming-Lieh Chang

Managerial Officer: Cheng-Po Chang

Accounting Officer: Yu-Hsiu Hsu

Wonderful Hi-Tech Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand

	Note	Equity attributable to owners of parent company										
		Retained earnings					Other equity					
		Common share capital	Capital surplus	Statutory reserves	Special reserves	Undistributed earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized financial assets profit or loss measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interests	Total
2021												
Balance as of January 1, 2021		\$ 1,403,685	\$ 16,858	\$ 56,417	\$ 127,574	\$ 210,761	(\$ 61,313)	(\$ 17,495)	(\$ 130,484)	\$ 1,606,003	\$ 347,824	\$ 1,953,827
Net income for the period		-	-	-	-	224,760	-	-	-	224,760	44,932	269,692
Other comprehensive income/loss of the period	6(3)	-	-	-	-	(9,100)	(57,590)	61,009	-	(5,681)	(19,722)	(25,403)
Total comprehensive income for this period		-	-	-	-	215,660	(57,590)	61,009	-	219,079	25,210	244,289
2020 Appropriation and distribution of retained earnings:	6(18)											
Statutory reserves		-	-	13,643	-	(13,643)	-	-	-	-	-	-
Special reserves		-	-	-	45,048	(45,048)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(132,124)	-	-	(132,124)	-	(132,124)	-
Issuance of convertible bonds	6(11)(17)	-	36,094	-	-	-	-	-	-	36,094	-	36,094
Conversion of convertible bonds	6(11) (17)	95,363	101,079	-	-	-	-	-	-	196,442	-	196,442
Changes in equity ownership of subsidiaries	6(17)	-	1,491	-	-	-	-	-	-	1,491	(1,491)	-
Cash capital increase	6(16)	92,000	99,360	-	-	-	-	-	-	191,360	-	191,360
Share-based payment transaction	6(15)	-	3,257	-	-	-	-	-	-	3,257	-	3,257
Repurchase of treasury shares	6(17)	-	-	-	-	-	-	-	(25,817)	(25,817)	-	(25,817)
Decrease in non-controlling interests		-	-	-	-	-	-	-	-	-	(9,087)	(9,087)
Balance as of December 31, 2021		\$ 1,591,048	\$ 258,139	\$ 70,060	\$ 172,622	\$ 235,606	(\$ 118,903)	\$ 43,514	(\$ 156,301)	\$ 2,095,785	\$ 362,456	\$ 2,458,241
2022												
Balance as of January 1, 2022		\$ 1,591,048	\$ 258,139	\$ 70,060	\$ 172,622	\$ 235,606	(\$ 118,903)	\$ 43,514	(\$ 156,301)	\$ 2,095,785	\$ 362,456	\$ 2,458,241
Net income for the period		-	-	-	-	465,854	-	-	-	465,854	72,216	538,070
Other comprehensive income/loss of the period	6(3)	-	-	-	-	8,885	84,445	(16,367)	-	76,963	28,613	105,576
Total comprehensive income for this period		-	-	-	-	474,739	84,445	(16,367)	-	542,817	100,829	643,646
2021 Appropriation and distribution of retained earnings:	6(18)											
Statutory reserves		-	-	21,566	-	(21,566)	-	-	-	-	-	-
Special reserves		-	-	-	(3,419)	3,419	-	-	-	-	-	-
Cash dividends		-	-	-	-	(214,667)	-	-	(214,667)	-	(214,667)	-
Issuance of convertible bonds	6(11)(17)	-	65,027	-	-	-	-	-	-	65,027	-	65,027
Conversion of convertible bonds	6(11)(17)	25,604	28,908	-	-	-	-	-	-	54,512	-	54,512
treasury stock transfer employee	6(16)	-	(4,459)	-	-	-	-	-	27,769	23,310	-	23,310
Disposal of investments by the equity method		-	-	-	-	2,090	-	(2,090)	-	-	-	-
Investment companies by the equity method dispose of equity instrument shares measured through fair value in other cases and profit and loss cases		-	-	-	-	12,210	-	(12,210)	-	-	-	-
Difference between actual price of subsidiary equity acquired and the book value	6(17)(27)	-	4,816	-	-	-	-	-	-	4,816	(15,611)	(10,795)
Net change in affiliated enterprises and joint ventures accounted for under equity method	6(17)	-	10,450	-	-	-	-	-	-	10,450	-	10,450
Changes in equity ownership of subsidiaries	6(17)	-	2,854	-	-	-	-	-	-	2,854	(2,854)	-
Decrease in non-controlling interests		-	-	-	-	-	-	-	-	-	(13,361)	(13,361)
Share-based payment transaction	6(15)	-	17,942	-	-	-	-	-	-	17,942	-	17,942
Balance as of December 31, 2022		\$ 1,616,652	\$ 383,677	\$ 91,626	\$ 169,203	\$ 491,831	(\$ 34,458)	\$ 12,847	(\$ 128,532)	\$ 2,602,846	\$ 431,459	\$ 3,034,305

Opinion

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

Chairman: Ming-Lieh Chang

Managerial Officer: Cheng-Po Chang

Accounting Officer: Yu-Hsiu Hsu

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

Unit: NT\$ thousand

	Note	January 1 to December 31, 2022	January 1 to December 31, 2021
<u>Cash flows from operating activities</u>			
Net income before income tax		\$ 750,427	\$ 368,839
Adjustments			
Income/expenses items			
Amortization expenses	6(10)(24)	15,927	14,943
Depreciation expenses	6(7)(8)(24)	170,257	133,460
Expected credit impairment losses		5,555	1,808
Interest income	6(20)	(4,628)	(522)
Dividend income	6(21)	(612)	(102)
Interest expenses	6(23)	61,266	47,100
Gains on disposal of property, plant and equipment	6(22)	(2,066)	(2,646)
Net gain on financial assets and liabilities at fair value through profit or loss	6(2) (22)	12,113	(29,646)
Losses from disposals of investments	6(22)	(11,611)	-
Investment real estate fair value adjustment benefits	6(9)(22)	(3,878)	-
Share of profits and losses of affiliated enterprises and joint ventures using the equity method	6(6)	24,726	11,587
Share-based payments	6(15)	17,942	3,257
Change in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		33,110	2,624
Notes and accounts receivable		235,016	(639,196)
Accounts receivable - related party		21,376	990
Other receivables		83,140	(100,457)
Other receivables - related Party		287	1,795
Inventory		143,754	(586,242)
Prepayments		33,698	9,537
Other current assets		(8,107)	1,984
Net changes in liabilities relating to operations			
Financial liabilities measured at fair value through profit or loss		(27,165)	(6,941)
Accounts payable		(342,861)	335,043
Accounts payable - related party		(23,825)	19,226
Other payables		15,928	33,604
Other payables - related party		(11,434)	22,737
Other current liabilities		(2,765)	(3,799)
Other non-current liabilities		(245)	(2,078)
Cash inflow (outflow) from operating activities		1,185,275	(363,095)
Interest received		3,337	619
Dividends received		2,394	102
Interests paid		(42,046)	(30,270)
Income taxes paid		(100,158)	(59,303)
Net cash inflow (outflow) from operating activities		1,048,802	(451,947)

(Continued)

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

Unit: NT\$ thousand

	<u>Note</u>	<u>January 1 to December 31, 2022</u>	<u>January 1 to December 31, 2021</u>
<u>Cash flows from investing activities</u>			
Decrease (increase) in other financial assets		(\$ 71,631)	(\$ 5,546)
Acquisition of financial assets at fair value through other comprehensive income		(19,380)	-
Acquisition of investments by equity method		(5,135)	(17,608)
Proceeds from disposal of investments by equity method	6(6)	27,494	-
Acquisition of property, plant and equipment	6(28)	(199,281)	(315,050)
Proceeds from disposal of property, plant and equipment		4,065	7,234
Acquisition of Intangible assets	6(10)	(6,532)	(3,679)
Disposal of investment under equity method		(3,382)	-
Decrease (increase) in other non-current assets		124	8,619
Net cash outflow from investment activities		(273,658)	(326,030)
<u>Cash flows from financing activities</u>			
Increase in short-term borrowings		(1,261,102)	810,658
Increase in long-term borrowings		138,415	136,080
Repayments of long-term borrowings		(66,150)	(337,529)
Payments for buy-back of ordinary shares	6(16)	-	(25,817)
treasury stock transfer employee	6(16)	23,310	
Repaid principal of lease liabilities		(32,246)	(19,763)
Issuance of bonds		804,593	314,990
Cash dividends paid	6(18)	(214,667)	(132,124)
Changes in non-controlling interests	6(27)	(10,795)	(5,270)
Cash capital increase	6(16)	-	191,360
Payment of cash dividends to non-controlling interests		(5,220)	-
Net cash inflow from financing activities		(623,862)	932,585
Exchange rate effects		61,158	(83,645)
Increase in cash and cash equivalents for the period		212,440	70,963
Balance of cash and cash equivalents at beginning of period		504,568	433,605
Balance of cash and cash equivalents at end of period		\$ 717,008	\$ 504,568

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

Chairman: Ming-Lieh Chang

Managerial Officer: Cheng-Po Chang

Accounting Officer: Yu-Hsiu Hsu

Wonderful Hi-Tech Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand
(Unless otherwise specified)

I. Company History

Wonderful Hi-Tech Co., Ltd. (the “Company”) was established in June 1978 under the former company name of “Wonderful Wire Cable Co., Ltd.”. The name of the Company was changed to “Wonderful Hi-Tech Co., Ltd.” and approved by the competent authority in August 2002. The Company’s shares were officially listed on Taipei Exchange (TPEX) for trading on February 4, 1998. The main business of the Company and subsidiaries (“the Group”) refers to the manufacturing, purchase and sales, and import/export of various types of wires and cables.

II. Approval Date and Procedure of the Financial Statements

These consolidated financial statements were approved by the Board of Directors on March 17, 2023.

III. New Standards, Amendments and Interpretations Adopted

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRSs”) as endorsed by the Financial Supervisory Commission (“FSC”)

The applicable new promulgated, amended and revised standards and interpretations of IFRSs endorsed by the FSC in 2022 are as follows:

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective date announced</u>
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 Cycle	January 1, 2022

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

(II) Effect of not adopting new issuances or amendments to International Financial Reporting Standards (“IFRSs”) endorsed by FSC

The applicable new promulgated, amended and revised standards and interpretations of IFRSs endorsed by the FSC in 2023 are as follows:

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
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 Group has assessed the aforementioned standards and interpretations, and concluded that the do not have significant effects on the Group’s financial position and financial performance.

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

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

<u>New, Amended, or Revised Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Initial application of IFRS 17 and IFRS 9 — Comparative information”	January 1, 2023
Amendments to IAS 1 “Classification of liabilities as current or non-current”	January 1, 2024
Amendments to IAS 1 “Non-current liabilities with covenants”	January 1, 2024

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

IV. Summary of Significant Accounting Policies

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

(I) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (referred to as the “Regulations”) and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively referred to as the “IFRSs”) endorsed by the FSC.

(II) Basis of Preparation

1. Except for the following significant accounts, the consolidated financial statements have been prepared under the historical cost convention:
 - (1) Financial assets and liabilities (including derivatives) at fair value through profit or loss.
 - (2) Financial assets at fair value through other comprehensive income.
 - (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of Consolidation

1. Principles for preparing the consolidated financial statements
 - (1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries refer to all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries in the financial statements begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (2) Inter-company transactions, balances, and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (3) The composition portion of the profit/loss and other comprehensive income/loss are attributed to the owners and non-controlling interests of the parent company; the total comprehensive income/loss is also attributed to the owners and non-controlling interests of the parent company, and the same is true even when the non-controlling interests consequently become loss balance.
 - (4) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control (and non-controlling equity transaction) of the subsidiary are equity transactions, and it is also considered as a transaction between owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
 - (5) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss of the current period. For all of the amounts related to the subsidiary previously recognized in other comprehensive income, if its accounting handling basis is identical to the disposal of relevant assets or liabilities of the Group directly, i.e. such as the profit or loss recognized in the other comprehensive income it

is re-classified as profit or loss during the disposal of relevant assets or liabilities, then when the Group loses its control on the subsidiary, such profit or loss shall be re-classified as profit or loss from equity.

2. Subsidiaries included in the consolidated financial statements:

<u>Name of investor</u>	<u>Subsidiary name</u>	<u>Business nature</u>	<u>Shareholding percentage (%)</u>		<u>Description</u>
			<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Wonderful Hi-Tech Co., Ltd. (Wonderful Hi-Tech)	Wonderful Holding (Cayman) Co., Ltd. (Wonderful Holding Cayman)	Holding company of investment	100	100	
Wonderful Hi-Tech	Le Hao International Co., Ltd. (Le Hao International)	"	74.23	71.87	Note 2
Wonderful Hi-Tech	Yi-Tai Technology Co., Ltd. (Yi-Tai Technology)	"	100	100	
Wonderful Hi-Tech	Wonderful Cabling Systems Corporation (Wonderful Cabling Systems)	Sales of wires and cables	80	80	
Wonderful Hi-Tech	Vietnam Wonderful Wire Cable Co., Ltd. (Vietnam Wonderful Wire Cable)	Sales and manufacturing of wires and cables	50	45	Note 1
Wonderful Hi-Tech	ABA Industry Inc. (ABA)	Sales of wires and cables	56.1	56.1	
Wonderful Holding Cayman	Wonderful International (Cayman) Co., Ltd. (Wonderful International Cayman)	Holding company of investment	100	100	
Wonderful International Cayman	Thai Wonderful Wire Cable Co., Ltd. (Thai Wonderful Wire Cable)	Sales and manufacturing of wires and cables	43.5	43.5	
Wonderful International Cayman	Wonderful Holding (Thailand) Co., Ltd. (Wonderful Holding Thailand)	Holding company of investment	100	100	
Wonderful International Cayman	ABA	Sales of wires and cables	43.9	43.9	
Wonderful Holding Thailand	Thai Wonderful Wire and Cable	Sales and manufacturing of wires and cables	30	30	
Thai Wonderful	Vietnam	"	50	55	Note 1

<u>Name of investor</u>	<u>Subsidiary name</u>	<u>Business nature</u>	<u>Shareholding percentage (%)</u>		<u>Description</u>
			<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Wire and Cable	Wonderful Wire and Cable				
Le Hao International	Le Hao Co., Ltd. (Le Hao Hong Kong)	Sales of wires and cables	100	100	
Le Hao Hong Kong	Wonderful Photoelectricity (Dongguan) Co., Ltd.	Sales and manufacturing of wires and cables	100	100	
Yi-Tai Technology	(Wonderful Photoelectricity Dongguan) Shanghai Elitech Technology Co., Ltd. (Elitech Technology)	Computer software development, manufacturing and sales of own products and surveillance equipment	100	100	
Wonderful Hi-Tech	ACTife Hi-Tech Co., Ltd. (ACTife Hi-Tech)	Sales of non-woven fabric processing products	100	100	
Wonderful Hi-Tech	Leading LOHAS International Trading Company (Leading LOHAS International)	Sales of non-woven fabric processing products	100	100	

Note 1: Wonderful Hi-Tech and Thai Wonderful Wire and Cable participated in the cash capital increase of Vietnam Wonderful Wire and Cable in 2022 and 2021; therefore, there was change in the shareholding percentage.

Note 2: Wonderful Hi-Tech purchased 2.36% of equity of Le Hao International on April 29, 2022. Please refer to Note 6(27) for details..

3. Subsidiaries not included in the consolidated financial statements: None.

4. Adjustments for subsidiaries with different accounting periods: None.

5. Significant restrictions: None.

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

The total non-controlling interests of the Group as of December 31, 2022 and 2021 were NT\$431,459 NT\$362,456 respectively. The following provides information on the non-controlling interests and subsidiaries thereof having materiality on the Group:

<u>Subsidiary name</u>	<u>Main operating location</u>	<u>Non-controlling interests December 31, 2022</u>		<u>Non-controlling interests December 31, 2021</u>	
		<u>Amount</u>	<u>Shareholding percentage</u>	<u>Amount</u>	<u>Shareholding percentage</u>
Le Hao International	Hong Kong	\$ 175,467	25.77	\$ 163,510	28.13
Thai Wonderful Wire and Cable	Thailand	241,322	26.50	185,390	26.50

Summary of financial information of subsidiaries:

(1) Balance Sheet

	Le Hao International Co., Ltd.	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 654,874	\$ 619,435
Non-current assets	172,275	161,993
Current liabilities	(144,433)	(198,408)
Non-current liabilities	(2,062)	(1,858)
Total net assets	\$ 680,764	\$ 581,162

	Thai Wonderful Wire Cable Co., Ltd.	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 1,146,783	\$ 1,398,208
Non-current assets	791,381	642,896
Current liabilities	(928,301)	(1,267,925)
Non-current liabilities	(99,212)	(73,596)
Total net assets	\$ 910,651	\$ 699,583

(2) Statement of Comprehensive Income

	Le Hao International Co., Ltd.	
	<u>2022</u>	<u>2021</u>
Revenue	\$ 1,572,199	\$ 1,423,608
Net income before tax	\$ 115,786	\$ 104,349
Income tax expense	(25,475)	(7,817)
Net income for the period	90,311	96,532
Other comprehensive income (net, after tax)	40,874	(12,127)
Total comprehensive income for this period	\$ 131,185	\$ 84,405
Total comprehensive income attributable to non-controlling interests	\$ 35,708	\$ 23,748
Non-controlling interests dividends paid	\$ (8,141)	\$ -

	Thai Wonderful Wire Cable Co., Ltd.	
	<u>2022</u>	<u>2021</u>
Revenue	\$ 2,477,779	\$ 2,571,142
Net income before tax	\$ 190,872	\$ 57,943
Income tax expense	(26,677)	(3,857)
Net income for the period	164,195	54,086
Other comprehensive income (net, after tax)	61,179	(61,546)
Total comprehensive income for this period	\$ 225,374	(\$ 7,460)

Total comprehensive income attributable to non-controlling interests	\$ 59,724	(\$ 1,977)
Non-controlling interests dividends paid	(\$ 2,220)	(\$ 2,252)

(3) Statement of Cash Flows

	Le Hao International Co., Ltd.	
	<u>2022</u>	<u>2021</u>
Net cash inflow (outflow) from operating activities	\$ 233,337	(\$ 25,366)
Net cash inflow (outflow) from investment activities	(10,282)	(7,649)
Net cash inflow from financing activities	(60,226)	17,983
Effect of exchange rate changes on cash and cash equivalents	40,874	(12,127)
Increase (decrease) in cash and cash equivalents for the period	203,703	(27,159)
Balance of cash and cash equivalents at beginning of period	13,682	40,841
Balance of cash and cash equivalents at end of period	\$ 217,385	\$ 13,682

	Thai Wonderful Wire Cable Co., Ltd.	
	<u>2022</u>	<u>2021</u>
Net cash inflow (outflow) from operating activities	\$ 203,156	(\$ 341,950)
Net cash inflow (outflow) from investment activities	(45,811)	(91,032)
Net cash inflow from financing activities	(162,599)	420,141
Effect of exchange rate changes on cash and cash equivalents	51,942	(74,481)
Increase (decrease) in cash and cash equivalents for the period	46,688	(87,322)
Balance of cash and cash equivalents at beginning of period	38,573	125,895
Balance of cash and cash equivalents at end of period	\$ 85,261	\$ 38,573

(IV) Foreign currency translation

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

1. Foreign currency transactions and balance

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

2. Translation of foreign operations

- (1) The results and financial position of entities and associates within the Group whose functional currency is not the presentation currency are translated into the presentation currency using the following procedures:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing rate on the date of that balance sheet;
 - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - C. All resulting exchange differences are recognized in other comprehensive income.
- (2) When the foreign operation partially disposed of or sold is an associate cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred into part of the gain or loss on the sale or disposal thereof. In addition, even when the Group still retains partial interest in the former associate after losing its major influence on the former foreign operation associate such transactions shall be accounted for as disposal of all interest in the foreign operation.

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

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

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

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

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

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

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

(VI) Cash equivalents

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

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

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

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

1. It means the Group made an irrevocable election upon initial recognition to recognize the fair value changes in equity instruments not held for trading at other comprehensive income.
2. The Group uses trade date accounting to account for financial assets at fair value through other comprehensive income that is an arm's length transaction.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The fair value change of equity tool is recognized under the other comprehensive income, and during the derecognition, the cumulative profit or loss previously recognized under the other comprehensive income should not be re-categorized into income, but should be changed to list under the retained earnings. The Group recognizes dividend income in profit or loss when (a) the Group's right to the dividends is established; (b) the economic benefits

associated with dividends are probable to flow to the Group; and (c) such dividends can be reliably measured.

(IX) Accounts and Notes Receivables

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

(X) Impairment of Financial Assets

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

(XI) Derecognition of financial assets

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

(XII) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(XIII) Inventory

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

(XIV) Investment accounted for under the equity method -associates

1. An associate is an entity over which the Group has significant influence but without control power, and it generally refers to an entity that the Group directly or indirectly holds more than 20% of shares of voting rights. The Group uses the equity method to account for its investments in associates, and costs are recognized during the acquisition thereof.
2. The Group's share of its associate's post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive

income is recognized in other comprehensive income. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any other unsecured accounts receivable), the Group discontinues recognizing its share of further losses; unless the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

3. When an associate is subject to equity change not for profit or loss or other comprehensive income and when the shareholding percentage of the associate held by the Group is not affected, the Group then recognizes all of the equity change as the "capital reserve" according to the shareholding percentage.
4. The unrealized profit or loss generated from the transactions between the Group and an associate has been eliminated according to the equity ratio of the associate. Unless there is evidence indicating that the asset transferred in such transaction has an impairment, the unrealized loss is also eliminated. The accounting policies of the associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
6. When the Group disposes an associate, if the Group loses its significant influence on the associate, then for all of the amounts related to the associate previously recognized in other comprehensive income, if its accounting handling basis is identical to the disposal of relevant assets or liabilities directly, i.e. such as the profit or loss recognized in the other comprehensive income, it is re-classified as profit or loss during the disposal of relevant assets or liabilities, then when the Group loses its significant influence on the associate, such profit or loss shall be re-classified as profit or loss from equity. If the Group still has a significant influence on the associate, then the amount previously recognized in the other comprehensive income is transferred out proportionally according to the aforementioned method.

(XV) Property, plant and equipment

1. Property, plant, and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance is recognized in profit or loss when accrued.
3. Property, plant, and equipment are subsequently measured at cost. Land is not

depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Property, plant, and equipment is depreciated individually if they contain any significant components.

- The assets' residual values, useful lives, and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting year. If expectations for the residual values of assets and useful lives differ from previous estimates or the patterns of consumption of the future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5~55 years
Machinery and equipment	5~30 years
Office equipment	5~10 years
Other equipment	3~50 years

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

- The Group recognizes right-of-use assets and lease liabilities for all leases at the date when they are available for the Group's use. Low-value asset and short-term leases are recognized as expenses on a straight-line basis over the lease period.

- The Group measures its lease liability at commencement date by discounting future lease payments using its incremental borrowing interest rate. Lease payments include:

Fixed payments, less any lease incentives receivable.

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

- Right-of-use assets are recognized at costs at the inception of the lease. Cost includes:

Original measurement amount of lease liabilities.

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

(XVII) Investment property

An investment property is stated initially at its cost and measured subsequently using the fair value model. Profit or loss arising from the change of investment property fair value is recognized as profit or loss during the period of the occurrence.

(XVIII) Intangible assets

- Computer software

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

2. Goodwill

Goodwill results from mergers or acquisition. Difference obtained by subtracting the fair value of the net identifiable assets obtained from the acquisition price is recognized as the goodwill.

3. Customer relation and competition clauses

Since customer relation and competition clauses are obtained due to corporate mergers, they are recognized according to the fair value at the acquisition date. The fair value entry is based on the valuation assessment and it is amortized for 2~7 years via the straight-line method.

(XIX) Impairment of Non-Financial Assets

1. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. 【Except for goodwill】, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
2. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
3. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(XX) Borrowings

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

(XXI) Accounts and Notes Payable

1. Accounts receivable and notes receivable are the debt incurred by credit purchase of raw materials, goods, or services and the notes receivables incurred by operating and non-operating activities.
2. The Group measures short-term accounts and notes payable that do not bear interest at

the invoice value because they have an insignificant discount effect.

(XXII) Financial liabilities measured at fair value through profit or loss

1. It refers to financial liabilities repurchased with respect to the primary objectives in the recent period and deviates other than those designated as hedging instruments according to the hedge accounting that is held for trading.
2. At initial recognition, the Group measures financial assets at fair value plus relevant transaction costs, and subsequently, the Group measures the financial assets at fair value, and its gain or loss is recognized in profit or loss.

(XXIII) Convertible bonds payable

The convertible bonds payable issued by the Group are embedded with the conversion right (i.e., the right of the holder to choose the conversion of common shares of the Group, and a fixed amount for conversion of a fixed quantity of shares) and right of redemption. During the initial issuance, the issuance price classified into financial assets, financial liabilities or equity according to the issuance criteria, and the handling is as follows:

1. Embedded redemption right: During the initial recognition, its net fair value is used for recognition under the “financial assets at fair value through profit or loss”. For subsequent balance sheet date, valuation is made according to the fair value at that time, and the difference is recognized under the “gain or loss on financial assets at fair value through profit or loss”.
2. Main contracts of bonds: It is measured at fair value during the initial recognition, and the difference from the redemption price is recognized under the discount on bonds payable. Subsequently, the effective interest method is adopted according to the amortization procedure for recognition under the profit or loss during the circulation period, which is also used as the adjustment of the “financial costs”.
3. Embedded conversion right (complying with the definition of equity): During the initial recognition, after the aforementioned “financial assets at fair value through profit or loss” and “bonds payable” are deducted from the issuance amount, the remaining value is recognized under the “capital surplus - subscription right”, and no remeasurement is further made subsequently.
4. Any transaction costs that can be attributed directly are amortized to the liability and equity component according to the initial carrying amount ratio of the aforementioned components.
5. During holder conversion, the liability components recognized (including “bonds payable” and “financial assets at fair value through profit or loss”) are handled according to the subsequent measurement method classified, followed by adding the carrying value of the “capital surplus - subscription right” according to the carrying value of the liability component in order to be used as the issuance cost for the conversion of common shares.

(XXIV) Derecognition of financial liabilities

A financial liability is derecognized by the Group when the obligation specified in the contract is either discharged, canceled or expires.

(XXV) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(XXVI) Non-hedging derivatives

During the initial recognition of non-hedging derivatives, it is measured at fair value on the contract signing date and is recognized under the financial assets or liabilities at fair value through profit or loss. Subsequently, it is measured at fair value and its gain or loss is recognized under profit or loss.

(XXVII) Employee benefits

1. Short-term employee benefits

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

2. Pension

(1) Defined contribution plans

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

(2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).

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

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

3. Employee compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference

between the amount accrued and the amount actually distributed is accounted for as a change in accounting estimate. When employee compensation is appropriated in shares, the basis for calculating the number of shares shall be the closing price at the date before the date the Board of Directors resolves on the appropriation.

(XXVIII) Employees share-based payments

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

(XXIX) Income tax

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

utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXX) Share capital

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

(XXXI) Dividends appropriation

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities. Dividends distributed are recognized as stock dividends to be distributed and are recognized as common stocks on the new stock issuance base date.

(XXXII) Revenue recognition

Sale of goods

1. The Group manufactures and sells wires and cables related products. The sales revenue is recognized when the control of products is transferred to clients, i.e. when products are delivered to clients via channels to be handled at their discretion and the Group has no further obligation not performed that may impact clients accepting the products. When goods are transported to the designated location, the obsolete and impairment risks have been transferred to the customer, and the customer also accepts goods according to the sales contract, or when there is objective evidence proving that all acceptable standards have been satisfied, which occurs when the goods are delivered to the customer.
2. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

(XXXIII) Operating segments

The information on operating segments is reported in a manner consistent with the way

the internal management report is provided to management. The key operating decision-makers are responsible for allocating resources to operating segments and evaluating their performance. The Group identifies the Board of Directors as its key operating decision-makers.

V. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group’s accounting policies and make critical assumptions and estimates concerning future events. The significant accounting estimates and assumptions being made may deviate from the actual outcomes and will be consistently measured and adjusted in accordance with historical experience and other factors. Such estimates and assumptions may lead to the risk of significant adjustments being made to the carrying amount of the assets and liabilities on the balance sheet. Significant accounting judgments and the uncertainty in accounting estimates and assumptions are stated below:

(I) Significant Judgments in Applying Accounting Policies

None.

(II) Significant Accounting Estimates and Assumptions

Evaluation of inventories

Since inventory is measured at the lower of costs and the net realizable value, the Group needs to exercise judgment and estimates to determine the net realizable value of inventory at the balance sheet date. The Group evaluates the amount of the inventory due to normal loss or obsolete on the balance sheet date, and also offsets the inventory cost to the net realizable value. Such inventory valuation may have material change due to the net realizable value fluctuation of products in the future.

As of December 31, 2022, the carrying amount of the Group’s inventory was NT\$1,659,575.

VI. Description of Significant Accounts

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and revolving funds	\$ 1,990	\$ 1,861
Checking deposits and demand deposits	523,616	502,707
Time deposits	191,402	-
	\$ 717,008	\$ 504,568

1. Since the Group corresponds with multiple financial institutions with good credit quality to diversify credit risks, the risk of default is expected to be low.
2. The Group has classified the cash and cash equivalents provided for security under the “other financial assets - current”. Please refer to Note 8 for details.
3. The Group has classified the restricted cash and cash equivalents to “other non-current assets - others”.

(II) Financial assets (liabilities) at fair value through profit or loss

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		

Financial assets at fair value through profit or loss - shares listed on the stock exchange or the OTC market	\$ 3,669	\$ 3,669
Derivatives		
- Forward exchange	807	695
- Forward commodity	-	-
- Convertible bond redemption right	20,368	1,734
	24,844	6,098
Adjustments for change in value	(16,086)	4,800
	\$ 8,758	\$ 10,898
Current items:		
Financial liabilities derivatives possessed for transaction		
- Forward exchange	(\$ 2,256)	\$ -

1. Detail of the financial assets (liabilities) at fair value through profit or loss recognized under profit or loss is as follows:

	<u>2022</u>	<u>2021</u>
Financial assets and liabilities at fair values compulsorily through profit or loss		
Equity instruments	\$ 66	\$ 104
Derivatives	3,801	(1,376)
Convertible bond redemption right	(15,980)	30,918
	(\$ 12,113)	\$ 29,646

2. The Group's handling of transactions and contracts of derivative financial assets (liabilities) to which hedge accounting is not applicable is described in the following:

<u>Derivative financial assets/liabilities</u>	<u>December 31, 2022</u>	
	<u>Contract amount (Item principal) (NT\$ thousand)</u>	<u>Contract period</u>
Current items:		
Derivative financial liabilities		
Forward exchange agreement (FXA)		
-Sale of USD and purchase of NTD	USD 2,100	2022.09.27-2023.02.21
Forward exchange agreement (FXA)		
- Purchase of USD and sale of THB	USD 2,342	2022.11.15-2023.06.08

December 31, 2021

<u>Derivative financial assets/liabilities</u>	<u>Contract amount (Item principal) (NT\$ thousand)</u>	<u>Contract period</u>
Current items:		
Derivative financial assets		
Forward exchange agreement (FXA)		
-Sale of USD and purchase of USD NTD	2,800	2022.10.06-2023.03.09

3. The forward exchange and commodity contracts signed by the Group were to hedge the exchange rate risk of (import) export and to hedge the price fluctuation of current positions; however, the hedge accounting was not applied.
4. The Group has not pledged financial assets at fair value through profit or loss.
5. Please refer to Notes 12(2) for information relating to credit risk of financial assets (liabilities) at fair value through profit or loss.

(III) Financial assets at fair value through other comprehensive income (FVOCI)

Item	December 31, 2022	December 31, 2021
Non-current:		
Equity instruments		
Shares not traded on the stock exchange, the OTC market, or the emerging stock market	\$ 55,923	\$ 35,949
Adjustments for change in value	8,998	(4,988)
	\$ 64,921	\$ 30,961

1. The Group chose to classify its strategic investment equity instruments as the financial assets at fair value through other comprehensive income, and the fair value of such investment as of December 31, 2022 and 2021 were amounted to NT\$64,921 and NT\$30,961 respectively.
2. Financial assets at fair value through other comprehensive income recognized in profit and loss/comprehensive income are as follows:

<u>Equity instruments at fair value</u>	<u>2022</u>	<u>2021</u>
Changes in fair value recognized in other comprehensive income - the Group	\$ 11,275	\$ 11,107
Changes in fair value recognized in other comprehensive income - investment accounted for under the equity method	(27,642)	49,902
Changes in fair value recognized in other comprehensive income - non-controlling interests	1,974	3,428
Accumulated benefits transferred to retained earnings due to delisting	(14,300)	-

- (\$ 28,693) \$ 64,437
- The Group has not pledged Financial assets at fair value through other comprehensive income.
 - Please refer to Notes 12(2) for information relating to credit risk of financial assets at fair value through other comprehensive income.

(IV) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 106,776	\$ 106,439
Less: Allowance for bad debt	-	-
	\$ 106,776	\$ 106,439
Accounts receivable	\$ 1,536,957	\$ 1,772,030
Less: Allowance for bad debt	(45,948)	(43,961)
	\$ 1,491,009	\$ 1,728,069

- The aging analysis of accounts receivable (including related party) and notes receivable is as follows:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Accounts receivable (including related party)</u>	<u>Notes receivable</u>	<u>Accounts receivable (including related party)</u>	<u>Notes receivable</u>
Not overdue	\$ 1,356,729	\$ 106,776	\$ 1,685,421	\$ 106,439
Within 30 days	116,371	-	63,435	-
31~90 days	52,987	-	29,546	-
Above 91 days	33,519	-	37,935	-
	\$ 1,559,606	\$ 106,776	\$ 1,816,337	\$ 106,439

The above aging schedules were based on the number of days past the due date.

- As of December 31, 2022, December 31, 2021 and January 1, 2021, the balances of receivables (including notes receivable) from contracts of the Group with customers amounted to NT\$1,666,382, NT\$1,922,776 and NT\$1,287,701, respectively.
- The Group does not hold any collateral
- As at December 31, 2022 and December 31, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$106,776 and \$106,439, \$1,491,009 and \$1,728,069, respectively.
- Credit risks associated with accounts receivable and notes receivable are stated in Note 12(2).

(V) Inventory

	<u>Costs</u>	<u>December 31, 2022</u> <u>Allowance for inventory valuation</u>	<u>Carrying amount</u>
Raw materials	\$ 487,163	(\$ 6,209)	\$ 480,954

Work in process	314,739	(4,513)	310,226
Finished products	463,177	(26,015)	437,162
Merchandise inventory	452,954	(64,698)	388,256
Inventory in transit	42,977	-	42,977
	\$ 1,761,010	(\$ 101,435)	\$ 1,659,575

	<u>December 31, 2021</u>		
	<u>Costs</u>	<u>Allowance for inventory valuation</u>	<u>Carrying amount</u>
Raw materials	\$ 384,384	(\$ 4,152)	\$ 380,232
Work in process	391,585	(3,932)	387,653
Finished products	571,920	(14,230)	557,690
Merchandise inventory	501,281	(50,741)	450,540
Inventory in transit	27,214	-	27,214
	\$ 1,876,384	(\$ 73,055)	\$ 1,803,329

The inventory costs recognized as expenses by the Group in the current period:

	<u>2022</u>	<u>2021</u>
Cost of inventory sold	\$ 7,533,353	\$ 6,550,665
Income from sale of scrap and waste materials	(116,734)	(121,856)
Inventory valuation losses	28,380	20,041
Loss (gain) on physical inventory and loss of scrap	5,221	5,968
	\$ 7,450,220	\$ 6,454,818

(VI) Investment accounted for under the equity method

1. Detail is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associates:		
Wanshih Electronic Co., Ltd. (Wanshih Electronic)	\$ 277,816	\$ 332,441
Wan Shih (Hong Kong) Co., Ltd. (Wan Shih Hong Kong)	20,059	19,789
Suzhou Wanshih Optical Communication Co., Ltd. (Suzhou Wanshih)	11,380	11,380
Saga YesFamily Healthcare Co. (Saga YesFamily)	3,499	3,499
Inga Nano Technology Co., Ltd. (Inga Nano Technology) (Note 1)	32,428	35,543
ALPHA TREASURE INVESTMENTS LIMITED (ALPHA) (Note 2)	5,633	2,630
	350,815	405,282
Accumulated impairment loss	(59,547)	(62,054)
	\$ 291,268	\$ 343,228

Note 1: To expand the market in Indonesia, in 2022 and 2021, the Company participated in the cash capital increase of the newly established ALPHA company for NT\$5,135 and \$4,988, and the shareholding percentage was 35%.

Note 2: The company disposed of 1,000,000 shares of Wanshih Electronic, a material associates of the Group in 2022, the disposal price is \$27,494 and its investment has not lost its significant influence, so it is prorated transfer the amount previously recognized in other comprehensive profit or loss and recognize it in "Other gains and losses Loss-disposal of investment interests" totaling \$11,661.

Note 3: The investment under the equity method - Inga Nano Technology increased capital in June 2022, because of the company did not participate in the capital increase, so the shareholding ratio decreased.

2. Share of profit or loss of associates accounted for using equity method:

	<u>2022</u>	<u>2021</u>
Wanshih Electronic	(\$ 16,229)	(\$ 10,117)
Wan Shih Hong Kong	(737)	767
Inga Nano Technology	(5,358)	4
ALPHA	(2,402)	(2,241)
	(\$ 24,726)	(\$ 11,587)

3. The investment income (loss) recognized under equity method of the investee Inga Nano Technology for the years ended 2022 and 2021 was obtained from the financial statement valuation audited by other CPAs retained by the investee.

4. (1) The basic information of material associates of the Group is as follows:

<u>Company name</u>	<u>Main operating location</u>	<u>Shareholding percentage</u>		<u>Measurement the Group</u>	<u>Measurement method</u>
		<u>December 31, 2022</u>	<u>December 31, 2021</u>		
Wanshih Electronic	Taiwan	24.55%	25.92%	Strategic investment	Equity method

Wanshih Electronic executed capital deduction to cover accumulated loss in November 2021, and executed capital deduction with issuance of new shares in January 2022.

(2) The summary on the financial information of material associates of the Group is as follows:

Balance Sheet

	<u>Wanshih Electronic</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 370,225	\$ 439,088
Non-current assets	887,291	832,209
Current liabilities	(266,551)	(304,061)
Non-current liabilities	(248,584)	(74,315)
Total net assets	\$ 742,381	\$ 892,921
Proportion of net assets of associate held by the Group	\$ 182,254	\$ 231,445
Goodwill	50,894	53,821

Associate carrying value	\$ 233,148	\$ 285,266
--------------------------	------------	------------

Statement of Comprehensive Income

	<u>Wanshih Electronic</u>	
	<u>2022</u>	<u>2021</u>
Revenue	\$ 725,119	\$ 765,003
Net income (loss) of current period	(\$ 66,109)	(\$ 39,032)
Other comprehensive income (net, after tax)	(110,824)	188,183
Total comprehensive income for this period	(\$ 176,933)	\$ 149,151
Dividends received from associate	\$ 1,782	\$ -

(3) The summary on the share of individual non-material associate's carrying amount and operating result of the Group is as follows:

As of December 31, 2022 and 2021, the total of the carrying amount of individual non-material associate of the Group were NT\$58,120 and NT\$57,962 respectively.

	<u>2022</u>	<u>2021</u>
Net loss for the period	(\$ 8,497)	(\$ 1,470)
Other comprehensive income (net, after tax)	1,275	(657)
Total comprehensive income for this period	(\$ 7,222)	(\$ 2,127)

- The Group's material associate Wanshih Electronic had the quoted price, and its fair value as of December 31, 2022 and 2021 was NT\$375,923 and NT\$634,108 respectively.
- (1) Due to the operating loss of the investment under the equity method- Wanshih Electronic, for Wanshih Electronic and its subsidiary, the Group used the fixed asset useful value as the recoverable amount during the impairment test, and the impairment loss amount of NT\$47,175 .In addition, due to the Group's disposal of Wanshih Electric's shares in 2022, the accumulated impairment was delisted. As of December 31, 2022, the cumulative amount of impairment was \$44,668.
(2) For the investment accounted for under the equity method - Suzhou Wanshih, held by the Group, due to the recoverable amount being lower than the carrying value, the impairment loss for the previous years were recognized in full at an amount of NT\$11,380.
(3) For the investment accounted for under the equity method - Saga YesFamily, held by the Group, due to the recoverable amount being lower than the carrying value, the impairment loss for the previous years were recognized at an amount of NT\$3,499.
- The Company is the largest single shareholder of Wanshih Electronic and holds shares representing 24.55% of the voting rights. However, since the shareholding percentage of other top 10 major shareholders (non-related parties) is higher than that of the Company, and since there are no agreements for negotiation or group decision among the shareholders, the Company has no actual capability in directing material decisions. Accordingly, it is determined that the Company has no control power on the associate.
- Please refer to Note 8 for information on collaterals provided for investments under equity

method.

(VII) Property, plant and equipment

	<u>2022</u>					<u>Total</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Others</u>	
January 1						
Costs	\$ 130,358	\$ 468,400	\$ 1,737,836	\$ 63,611	\$ 470,612	\$ 2,870,817
Accumulated depreciation and impairment	-	(238,256)	(1,252,320)	(50,423)	(281,248)	1,822,247
	\$ 130,358	\$ 230,144	\$ 485,516	\$ 13,188	\$ 189,364	\$ 1,048,570
January 1	\$ 130,358	\$ 230,144	\$ 485,516	\$ 13,188	\$ 189,364	\$ 1,048,570
Addition	42,065	16,584	88,212	4,774	61,953	213,588
Disposal	-	-	(1,843)	(11)	(145)	(1,999)
Transfer	4,027	56,391	50,400	3,887	(111,129)	3,576
Depreciation expenses	-	(18,736)	(89,188)	(4,366)	(25,115)	(137,405)
Net exchange differences	5,942	15,703	20,860	685	7,985	51,175
December 31	\$ 182,392	\$ 300,086	\$ 553,957	\$ 18,157	\$ 122,913	\$ 1,177,505
December 31						
Costs	\$ 182,392	\$ 572,218	\$ 1,834,813	\$ 70,022	\$ 432,880	\$ 3,092,325
Accumulated depreciation and impairment	-	(272,132)	(1,280,856)	(51,865)	(309,967)	(1,914,820)
	\$ 182,392	\$ 300,086	\$ 553,957	\$ 18,157	\$ 122,913	\$ 1,177,505

	<u>2021</u>					<u>Total</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Others</u>	
January 1						
Costs	\$ 140,612	\$ 470,342	\$ 1,624,610	\$ 67,822	\$ 400,248	\$ 2,703,634
Accumulated depreciation and impairment	-	(244,819)	(1,245,891)	(58,094)	(282,206)	1,831,010
	\$ 140,612	\$ 225,523	\$ 378,719	9,728	\$ 118,042	\$ 872,624
January 1	\$ 140,612	\$ 225,523	\$ 378,719	\$ 9,728	\$ 118,042	\$ 872,624
Addition	473	6,928	141,595	6,739	150,940	306,675
Transfer	844	18,030	59,240	842	(42,092)	36,864
Disposal	-	-	(3,949)	(8)	(631)	(4,588)
Depreciation expenses	-	(13,357)	(73,431)	(3,322)	(22,999)	(113,109)
Net exchange differences	(11,571)	(6,980)	(16,658)	(791)	(13,896)	(49,896)
December 31	\$ 130,358	\$ 230,144	\$ 485,516	\$ 13,188	\$ 189,364	\$ 1,048,570
December 31						
Costs	\$ 130,358	\$ 468,400	\$ 1,737,836	\$ 63,611	\$ 470,612	\$ 2,870,817
Accumulated depreciation and impairment	-	(238,256)	1,252,320	(50,423)	(281,248)	1,822,247
	\$ 130,358	\$ 230,144	\$ 485,516	\$ 13,188	\$ 189,364	\$ 1,048,570

For information on the pledge of property, plant and equipment, please refer to Note 8 for details.

(VIII) Lease transactions - lessee

1. The underlying assets of the Group's lease include lands, buildings, machinery equipment and company vehicles. The lease contract durations are typically for 3 to 8 years. Lease contracts are agreed upon individually and contain different terms and conditions. Except for leased assets shall not be used as collaterals, and are not restricted in any way.

2. The information on the carrying amount of the right-of-use asset and the recognized depreciation expense is as follows:

	<u>Carrying amount</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	\$ 48,367	\$ 46,523
Buildings	130,714	133,853
Transportation equipment (company vehicles)	5,524	4,719
	\$ 184,605	\$ 185,095

	<u>Depreciation expenses</u>	
	<u>2022</u>	<u>2021</u>
Land	\$ 1,704	\$ 1,628
Buildings	28,288	15,565
Machinery and equipment	-	1,022
Transportation equipment (company vehicles)	2,860	2,136
	\$ 32,852	\$ 20,351

3. The Group's right-of-use asset increased by NT\$16,927 and NT\$118,392 for years ended 2022 and 2021, respectively.

4. Profit or loss items in relation to lease contracts are as follows:

	2022	2021
Items that affect profit or loss		
Interest expense of lease liabilities	\$ 1,825	\$ 647
Expenses attributable to short-term lease contracts	4,811	4,220

5. The Group's total cash used in lease contracts were NT\$38,882 and \$24,630 for the years ended 2022 and 2021, respectively.

6. Option of lease extension and option of lease termination

- (1) The lease subject matters classified as the building lease among the lease contracts of the Group is approximately 15%, including the option of extension that can be executed by the Group. The signing of such clause in the lease contract is to enhance the flexible operational management of the Group.
- (2) During the determination of lease period, the Group considers all of the facts and conditions related to economic incentives that may be generated due to exercise of the option of extension. When material event is assessed to occur due to exercise of the option of extension or non-exercise of the option of termination, the lease period will be re-evaluated.

(IX) Investment property

	<u>2022</u>	<u>2021</u>
January 1	\$ 154,441	\$ 154,441
Fair value adjustment benefit	3,878	-
December 31	\$ 158,319	\$ 154,441

1. Rental income from investment property and direct operating expenses arising from the

investment property:

	<u>2022</u>	<u>2021</u>
Rental income from investment property	\$ 7,764	\$ 7,751
Direct operating expenses arising from the investment property generating rental income in the current period	\$ 217	\$ 208
Direct operating expenses arising from the investment property without generating rental income in the current period	\$ -	\$ -

2. Investment property fair value basis

The investment properties held by the Group are mainly located at Wugu District, New Taipei City. Fair price refers to the valuation result of independent valuation expert, and the valuation uses the equity method in order to perform assessment based on the rent of similar real properties at the relevant neighborhood areas of the assets. The main appraisal report information used is as follows:

(1) The locations of investment properties of the Group and the income approach used are summarized in the following:

<u>Year</u>	<u>Subject property</u>	<u>Location</u>	<u>Appraisal method</u>	<u>Appraiser</u>	<u>Appraiser firm</u>	<u>Appraisal base date</u>
December 31, 2022	Wugu Building	Wugu District, New Taipei City	Income approach	Wei-Han Sun	Xianjian	December 31, 2022
December 31, 2021	Wugu Building	Wugu District, New Taipei City	Income approach	Wei-Han Sun	Xianjian	December 31, 2021

(2) For the individual case using the income approach, the income value estimation adopts the discounting cash flow analysis method. The cash inflow refers to the annual rent income, and the cash outflow includes land value tax, house tax, insurance fee, management and maintenance fee, replacement allowance and other relevant operating expenses. The main parameters used are as follows:

<u>Year</u>	<u>Subject property</u>	<u>Period</u>	<u>Discount rate (Note 1)</u>	<u>Income capitalization rate (Note 2)</u>
December 31, 2022	Wugu District, New Taipei City	10 years	2.720%	3.720%
December 31, 2021	Wugu District, New Taipei City	10 years	2.595%	3.595%

Note 1: For the discount rate, based on the consideration of the product type and risk factors of this case, the risk premium approach is used to determine the discount rate.

Note 2: The Income capitalization rate uses the investment return plus the risk

premium of 1% of the real property value after 10 years.

<u>Year</u>	<u>Cash inflow item</u>	<u>Local rent status</u>	<u>Similar comparable subject property in the market</u>
December 31, 2022	Rental income (NT\$/ping/month)	Approximately NT\$669-NT\$815	Approximately NT\$669-NT\$809
December 31, 2021	Rental income (NT\$/ping/month)	Approximately NT\$676-NT\$744	Approximately NT\$688-NT\$739

3. Please refer to Note 12(3) for information on investment property fair value.

4. Please refer to Note 8 for Information on the restricted assets that were pledged to others as collateral.

(X) Intangible assets

		<u>2022</u>			
		<u>Goodwill</u>	<u>Customer relations</u>	<u>Computer software</u>	<u>Total</u>
January 1					
Costs		\$ 129,108	\$ 75,629	\$ 40,851	\$ 245,588
Accumulated amortization and losses		-	(43,216)	(31,511)	(74,727)
		\$ 129,108	\$ 32,413	\$ 9,340	\$ 170,861
January 1		\$ 129,108	\$ 32,413	\$ 9,340	\$ 170,861
Addition-acquired independently		-	-	6,532	6,532
Amortization expenses		-	(10,804)	(5,123)	(15,927)
Net exchange differences		-	-	679	679
December 31		129,108	\$ 21,609	\$ 11,428	\$ 162,145
December 31		-			
Costs		\$ 129,108	\$ 75,630	\$ 47,743	\$ 252,481
Accumulated amortization and losses		-	(54,021)	(36,315)	(90,336)
		\$ 129,108	\$ 21,609	\$ 11,428	\$ 162,145

		<u>2021</u>			
		<u>Goodwill</u>	<u>Customer relations</u>	<u>Computer software</u>	<u>Total</u>
January 1					
Costs		\$ 129,108	\$ 75,629	\$ 39,508	\$ 244,245
Accumulated amortization and losses		-	(32,412)	(28,523)	(60,935)
		\$ 129,108	\$ 43,217	\$ 10,985	\$ 183,310
January 1		\$ 129,108	\$ 43,217	\$ 10,985	\$ 183,310
Addition-acquired independently		-	-	3,679	3,679
Amortization expenses		-	(10,804)	(4,139)	(14,943)

Net exchange differences	-	-	(1,185)	(1,185)
December 31	\$ 129,108	\$ 32,413	\$ 9,340	\$ 170,861
December 31	-			
Costs	\$ 129,108	\$ 75,629	\$ 40,851	\$ 245,588
Accumulated amortization and losses	-	(43,216)	(31,511)	(74,727)
	\$ 129,108	\$ 32,413	\$ 9,340	\$ 170,861

1. Details of the intangible assets amortization were as follows:

	<u>2022</u>	<u>2021</u>
Operating costs	\$ 3,333	\$ 2,952
Selling expenses	10,816	10,943
Administrative expenses	1,681	951
Research and development expenses	97	97
	\$ 15,927	\$ 14,943

2. Goodwill is allocated to the Group's cash generating unit identified according to the operating segments:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
U.S.A.	\$ 129,108	\$ 129,108

3. Good will is allocated to the cash-generating unit identified by the Group, and the recoverable amount is evaluated according to the use value, which is estimated and calculated according to the five-year cash flow before tax.

4. The recoverable amount calculated by the Group according to the use value exceeded the carrying amount; therefore, there was no goodwill loss. The main assumption used for the calculation of the use value is as follows:

	<u>U.S.A.</u>	
	<u>2022</u>	<u>2021</u>
Profit margin	17.00%	18.00%
Growth rate	5.00%	5.00%
Discount rate	16.30%	16.08%

The management determines the budgeted margin according to the past performance and the market development expectation. The weighted average growth rate used is determined based on the prediction of historical result and the future estimated operating scale of the cash generating unit. The discount rate used refers to the pre-tax rate and reflects the specific risk of relevant operating segments.

(XI) Bonds payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bonds payable	\$ 800,000	\$ 63,500
Less: Bonds payable discount	(37,422)	(2,478)
	\$ 762,578	\$ 61,022

1. The Company issued the fifth time of domestic unsecured convertible bonds (referred to as "domestic fifth convertible bonds) on September 17, 2021, with the issuance total amount of NT\$300,000, and issued at 106% of par value. The main issuance criteria are as follows:

- (1) Issuance period: 3 years, from September 17, 2021 to September 17, 2024 for maturity.
- (2) Coupon rate: fixed annual interest rate of 0%
- (3) Redemption method:

Unless the Company has redeemed early, repurchased and written off or the holders of the fifth convertible bonds has exercised the conversion right or put right, during the maturity date of the fifth convertible bonds, the Company will redeem the fifth convertible bonds based on the par value of the fifth convertible bonds plus the

earning rate of annual interest rate of 0.0%.

(4) Conversion period:

Except that the fifth convertible bonds have been redeemed or repurchased early, or the suspension of transfer period prescribed in the law and specified in the trust contract, up to the end of the next day when the issuance of the fifth convertible bonds has reached three full months, the holders of the fifth convertible bonds may request the Company to convert the fifth convertible bonds into common shares newly issued by the Company.

(5) Conversion price:

The conversion price of the fifth convertible bonds is 101.83% of the reference price, i.e. NT\$25. The reference price is determined based on the closing price of NT\$24.55 of the common shares price listed at TPEX on the business day one day before the base date specified by the Company. Since the Company has executed the cash capital increase, and according to Article 11 of the Regulations for Issuance and Conversion of Bonds, the conversion price shall be adjusted, the conversion price is adjusted to NT\$24.8 from NT\$25 starting from October 22, 2021, when the share payments are made in full.

(6) Callable right:

Under the following conditions, the Company may redeem the fifth convertible bonds early:

- a. From the next day when the issuance has reached three full months to the date of 40 days before the maturity of the issuance period, if the closing price of the common shares of the Company in Taiwan continues to reach more than 30% of the conversion price at that time for thirty business days, the Company may redeem all of the fifth convertible bonds early based on the early redemption amount.
- b. From the next day when the issuance has reached three full months to the date of 40 days before the maturity of the issuance period, if the balance of the outstanding fifth convertible bonds is lower than 10% of the original total issuance amount, the Company may redeem all of the fifth convertible bonds early based on the early redemption amount.

2. The Company issued the fifth time of domestic unsecured convertible bonds (referred to as "domestic sixth convertible bonds) on October 31, 2022, with the issuance total amount of NT\$800,000, and issued at 101% of par value. The main issuance criteria are as follows:

(1) Issuance period: 3 years, from October 31, 2022 to October 31, 2025 for maturity.

(2) Coupon rate: fixed annual interest rate of 0%

(3) Redemption method:

Unless the Company has redeemed early, repurchased and written off or the holders of the fifth convertible bonds has exercised the conversion right or put right, during the maturity date of the fifth convertible bonds, the Company will redeem the fifth convertible bonds based on the par value of the fifth convertible bonds plus the earning rate of annual interest rate of 0.0%.

(4) Conversion period:

Except that the fifth convertible bonds have been redeemed or repurchased early, or the suspension of transfer period prescribed in the law and specified in the trust

contract, up to the end of the next day when the issuance of the fifth convertible bonds has reached three full months, the holders of the fifth convertible bonds may request the Company to convert the fifth convertible bonds into common shares newly issued by the Company.

(5) Conversion price:

The conversion price of the fifth convertible bonds is 101.63% of the reference price, i.e. NT\$36.20. The reference price is determined based on the closing price of NT\$35.62 of the common shares price listed at TPEX on the business day one day before the base date specified by the Company.

(6) Callable right:

Under the following conditions, the Company may redeem the fifth convertible bonds early:

- a. From the next day when the issuance has reached three full months to the date of 40 days before the maturity of the issuance period, if the closing price of the common shares of the Company in Taiwan continues to reach more than 30% of the conversion price at that time for thirty business days, the Company may redeem all of the fifth convertible bonds early based on the early redemption amount.
- b. From the next day when the issuance has reached three full months to the date of 40 days before the maturity of the issuance period, if the balance of the outstanding fifth convertible bonds is lower than 10% of the original total issuance amount, the Company may redeem all of the fifth convertible bonds early based on the early redemption amount.

3. During the issuance of the convertible bonds of the Group, according to the regulations of IAS 32 “Financial Instruments: Presentation”, the conversion right of equity nature is separated from the liability component, which is recognized under the “Capital surplus - subscription right” at an amount of NT\$36,094 and 65,027. In addition, with regard to the embedded callable right, according to IFRS 9 “Financial Instruments”, since it is not closely related to the economic characteristic and risk of the debt instruments of the main contract, it is handled separately, and its net value is recognized under the “financial assets at fair value through profit or loss”.

4. Up to December 31, 2022 and December 31, 2021, the convertible bonds of the par value of NT\$63,500 and \$236,500 have been converted into common shares of 2,560 and 9,536 thousand shares, and the conversion price is NT\$24.8 per share.

(XII) Short-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured bank loans	\$ 244,176	\$ 918,176
Unsecured bank loans	834,300	1,421,402
	\$ 1,078,476	\$ 2,339,578
interest rate range	1.45%~7.50%	0.90%~4.90%

1. The interest expenses for the long and short term borrowings recognized for the years ended 2022 and 2021 were NT\$56,216 and NT\$45,028, respectively.

2. Please refer to Note 8 for details of the collaterals provided for the short-term borrowings of the Group.

(XIII) Long-term borrowings

Nature of borrowings	<u>December 31,</u> <u>2022</u>	<u>December 31, 2021</u>
Long-term bank loans		
Secured loan	\$ 121,396	\$ 49,131
Less: Current portion of long-term borrowings	(42,076)	(23,464)
	\$ 79,320	\$ 25,667
Interest rate range	1.70%-4.25%	2.00%-3.75%
1. The secured borrowing repayment period is from 2021 to 2042 with repayments in installments.		
2. The Company signed the credit extension contract with the Taipei Branch, Bangkok Bank of Thailand, which requested the financial report of the Company to satisfy the following key performance:		
(1) The current ratio of the annual consolidated financial statements shall not be less than 100% during the duration of the credit extension contract, and the debt-to-net worth ratio shall not be greater than 250% during the duration of the credit extension contract.		
(2) In case where the Company breaches the aforementioned commitment, the Bangkok Bank of Thailand will suspend the Company's application for new loans, and unless the consent of the Bangkok Bank of Thailand is obtained, no amount can be further drawn.		
3. Detail of the loan credit not yet drawn by the Group is as follows:		
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unused amount	\$ 355,101	\$ 321,802
4. Please refer to Note 8 for details of the collaterals provided for the long-term borrowings of the Group.		

(XIV) Pension

- 1.(1) By adhering to the requirements set forth in the Labor Standards Act, the Company has established its own defined retirement benefits plan, which is applicable both to the service years of all regular employees rendered before the enforcement of the Labor Pension Act on July 1, 2005, and to the service years of all employees who elected to continue applying the Labor Standards Act after the implementation of the Labor Pension Act. Pensions for employees qualified for retirement are calculated based on their servicing years and their average salaries of the 6 months prior to their retirement. Two bases are given for each full year of service rendered within 15 years (inclusive). But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with the Bank of Taiwan, under the name of the Independent Retirement Fund Committee. In addition, the Company estimates the balance of the said designated pension account before the end of the year. If the balance is not sufficient to cover the amount to be paid to all employees - calculated in the manner specified above - who will qualify for the retirement

conditions next year, a lump-sum deposit should be made before March-end of the following year to cover the difference.

(2) Thai Wonderful Wire and Cable chooses to adopt the confirmed pension payment method according to the local law, and relevant pension expense is appropriated according to the expected unit payment method.

(3) The amounts recognized in the balance sheet are determined as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligation	\$ 116,656	\$ 122,677
Fair value of plan assets	(54,741)	(40,524)
Net defined benefit liability	\$ 61,915	\$ 82,153

(4) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2022			
Balance on January 1	(\$ 122,677)	\$ 40,524	(\$ 82,153)
Current service costs	(2,938)	-	(2,938)
Interest expense (income)	(1,116)	284	(832)
Service in last year	(4,926)	-	(4,926)
	(131,657)	40,808	(90,849)
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,711	3,711
Changes in financial assumptions	3,577	-	3,577
Experience adjustments	4,342	-	4,342
	7,919	3,711	11,630
Pension fund appropriated	-	18,373	18,373
Pension paid	8,967	(8,151)	816
Translation differences	(1,885)	-	(1,885)
Balance on December 31	(\$ 116,656)	\$ 54,741	(\$ 61,915)

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2021			
Balance on January 1	(\$ 127,687)	\$ 52,356	(\$ 75,331)
Current service costs	(3,027)	-	(3,027)
Interest expense (income)	(1,119)	157	(962)
	(131,833)	52,513	(79,320)
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	790	790
Changes in demographic assumptions	(68)	-	(68)
Changes in financial assumptions	2,833	-	2,833
Experience adjustments	(15,055)	-	(15,055)
	(12,290)	790	(11,500)
Pension fund appropriated	-	4,475	4,475
Pension paid	18,126	(17,254)	872
Translation differences	3,320	-	3,320
Balance on December 31	(\$ 122,677)	\$ 40,524	(\$ 82,153)

(5) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes 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 securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than the aforementioned rates, the government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 Paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(6) The principal actuarial assumptions used were as follows:

	<u>2022</u>	<u>2021</u>
Discount rate		
- the Company	1.2%	0.7%
- Thai Wonderful Wire and Cable	1.9%	3.5%
Future salary increase rate		
- the Company	3.5%	3.5%
- Thai Wonderful Wire and Cable	4.0%	6.0%

With regard to the assumption on the future mortality rate, the future mortality rate was estimated based on the Sixth and Fifth Standard Ordinary Experience Mortality Table of the life insurance enterprises in Taiwan for 2022 and 2021. For Thai Wonderful Wire and Cable, estimation was made based on the statistical numbers announced locally and past experience.

Due to the change of the main actuarial assumption, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase by</u>	<u>Decrease by</u>	<u>Increase by</u>	<u>Decrease</u>
	<u>1%</u>	<u>1%</u>	<u>1%</u>	<u>by 1%</u>
December 31, 2022				
Impact on present value of defined benefit obligation	\$ 7,809	(\$ 7,861)	(\$ 7,262)	\$ 6,787
December 31, 2021				
Impact on present value of defined benefit obligation	\$ 8,956	(\$ 9,225)	(\$ 7,919)	\$ 8,396

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once.

The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (7) Expected contributions to the defined benefit pension plans of the Group for 2023 amounts to NT\$4,029.
- (8) Up to December 31, 2022, the weighted average duration of the retirement plan of the Company is 7 years; the weighted average duration of the retirement plan of Thai Wonderful Wire and Cable is 8 years.
2. (1) Since July 1, 2005, the Company and Wonderful Photoelectricity have established their own pension regulations applicable to Taiwanese nationals in accordance with the Labor Pension Act. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in a lump sum upon the termination of employment.
- (2) Wonderful Photo Electricity Dongguan, Elitech Technology and Wan Shih Hong Kong contribute a certain ratio of total amount of local employee salaries for the social insurance fund according to the social insurance system specified by the People's Republic of China (PRC). The pension for employees is managed independently by the government. Except for making a monthly contribution, the Group has no further obligation.
- (3) ABA provides the Employee 401(K) Retirement Saving Plan, and the 401(K) plan adopts the confirmed appropriation system. During the employment period of employees, a certain ratio of the salary is appropriated to the personal pension account periodically according to the regulations.
- (4) For the rest of overseas subsidiary, no retirement regulations and relevant policies have been established.
- (5) The pension costs of the Group recognized according to the aforementioned pension regulations for the years ended 2022 and 2021 were NT\$23,471 and NT\$20,840 respectively.

(XV) Share-based payments

1. The Group's share-based payment arrangements for 2022 and 2021 are as follows:

<u>Type of agreement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Transfer of treasury stock to employees	2022.01.28	1,645 thousand shares	Not applicable	Immediate vesting
The portion of common shares issuance reserved for employee subscription	2021.10.5	920 thousand shares	Not applicable	Immediate vesting

On January 28, 2011, the company gave employees a share-based payment transaction, restricting employees from transferring it within one year.

The said share-based payment arrangements are settled with equity.

- The share-based payment transaction granted by the company on the grant day is based on the closing price on the grant day minus the performance price to estimate the fair value of the stock option.
- The Group adopted the Black-Scholes option pricing model to evaluate the fair value of its employee stock options granted under share-based payment arrangements, stated as follows:

<u>Type of agreement</u>	<u>Grant date</u>	<u>Share price</u>	<u>Exercise price</u>	<u>Expected volatility</u>	<u>Expected duration</u>	<u>Expected dividend</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
Transfer of treasury stock to employees	2022.1.28	32.85	13.78~ 14.41	55.90%	0.118 year	-	0.1643%	10.71~ 11.34
The portion of common shares issuance reserved for employee subscription	2022.10.5	24.3	20.80	45.14%	0.041 year	-	0.053%	3.54

Note: The expected volatility is estimated by using the stock price of the year before the grant as the sample range and the standard deviation of the stock return rate during the period.

- The cost of the Group recognized due to the share-based payment transactions as follows:

	<u>2022</u>	<u>2021</u>
Equity delivery	\$17,942	\$3,257

(XVI) Share capital

- Up to December 31, 2022, the Company's authorized capital equal was NT\$2,000,000, paid-in capital equal was NT\$1,616,652, at par value of NT\$10 per share. All proceeds for share subscription of the Company were collected in full.

Adjustments in the number of the Company's ordinary shares outstanding (in thousand shares) are as follows:

	<u>2022</u>	<u>2021</u>
January 1	149,845	132,123
Conversion of convertible bonds	2,560	9,536
transfer of treasury shares	1,645	
Cash capital increase	-	9,200
Recovered shares	-	(1,014)
December 31	154,050	149,845

- On September 22, 2022, the Board of Directors of the Company resolved to execute cash capital increase with issuance of common shares of 9,200 thousand shares with the face value of NT\$10 per share, the issue price was NT\$20.8 per share, and the total capital increase was NT\$191,360. All relevant proceeds had been collected in full, and the

capital increase base date was October 22, 2022, and the change registration was completed on November 22, 2022.

3. Treasury shares

(1) Reason of recovering shares and quantity change status (thousand shares):

		<u>December 31, 2022</u>	
<u>Name of shareholding company</u>	<u>Reason of recovering shares</u>	<u>Number of shares</u>	<u>Carrying amount</u>
The Company	For transfer of shares to employees	7,614 thousand shares	\$ 128,532

		<u>December 31, 2021</u>	
<u>Name of shareholding company</u>	<u>Reason of recovering shares</u>	<u>Number of shares</u>	<u>Carrying amount</u>
The Company	For transfer of shares to employees	9,259 thousand shares	\$ 156,301

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

(3) The treasury shares held by the Company, in accordance with Securities and Exchange Act, shall not be pledged and shall not enjoy the shareholders' right before transfer.

(4) According to the regulations of the Securities and Exchange Act, the shares bought back for transfer to employees shall be transferred within 5 years from the buyback date. If a transfer is not completed by such time limit, it shall be deemed that the Company has not issued such shares, and the registration of share cancellation must be made. In addition, for the shares bought back for the purpose of protecting the credit of the Company and the shareholders' equity, the registration of share cancellation must be made within 6 months from the buyback date.

(5) Up to the date of January 1, 2021, the number of treasury shares of the Company was 8,245 thousand shares. The quantity of buyback shares in 2021 were 1,014 thousand shares; and the buyback prices in 2021 were NT\$25,817. In addition, in 2022, 1,645 thousand treasury shares were transferred to employees, and the stock payment was \$23,310. As of December 31, 2022, the number of treasury shares was 7,614 thousand shares.

4. The number of shares held by associates of the Company as of December 31, 2022 and 2021 were 9,282 thousand shares and 6,300 thousand shares respectively.

(XVII) Capital surplus

Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting deficit. Furthermore, if the Company has no accumulated loss, capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original shareholding percentage. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. The Company may use capital

surplus to offset loss only when the amount of reserves is insufficient to offset the loss.

	2022							
	Share premium	Treasury stock transactions	Employee restricted shares	Corporate Bond Option	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
January 1	\$ 234,399	\$ 6,352	\$ -	\$ 7,640	\$ 5,695	\$ 1,491	\$ 2,562	\$258,139
Share-based payment transaction	-	-	17,942	-	-	-	-	17,942
Share-Based Benefit Transactions	-	13,483	(17,942)	-	-	-	-	(4,459)
Conversion of convertible bonds	36,548	-	-	(7,640)	-	-	-	28,908
Issuance of convertible bonds	-	-	-	65,027	-	-	-	65,027
The difference between the equity acquired in the subsidiary and the book value	-	-	-	-	4,816	-	-	4,816
Recognition of change in equity of subsidiaries in portion to the Group's	-	-	-	-	-	2,854	-	2,854
Recognition of change in equity of associates in portion to the Group's	-	-	-	-	-	-	10,450	10,450
December 31	\$ 270,947	\$ 19,835	\$ -	\$ 65,027	\$ 10,511	\$ 4,345	\$ 13,012	\$383,677

	2021							
	Share premium	Treasury stock transactions	Employee restricted shares	Corporate Bond Option	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
January 1	\$ 2,249	\$ 6,352	\$ -	\$ -	\$ 5,695	\$ -	\$ 2,562	\$ 16,858
Issuance of convertible bonds	-	-	-	36,094	-	-	-	36,094
cash capital increase	102,617	-	(3,257)	-	-	-	-	99,360
Share-Based Benefit Transactions	-	-	3,257	-	-	-	-	3,257
Conversion of convertible bonds	129,533	-	-	(28,454)	-	-	-	101,079
Recognition of change in equity of subsidiaries in portion to the Group's	-	-	-	-	-	1,491	-	1,491
December 31	\$ 234,399	\$ 6,352	\$ -	\$ 7,640	\$ 5,695	\$ 1,491	\$ 2,562	\$258,139

(XVIII) Retained earnings

1. According to the Articles of Incorporation of the Company, when the Company has a profit after the closing account of a fiscal year, amount shall be appropriated to pay tax and make up losses for the preceding years first, followed by setting aside a legal reserve of 10% thereof. For the remaining amount, in addition to the distribution of dividends, If there is still remaining surplus, the distribution of shareholders' dividends shall be determined according to the resolution of the shareholders' meeting.
2. According to the dividend policy of the Company, the factors of profit status, financial

plan, future development of the Company and shareholders' interests are comprehensively considered, and the Board of Directors then establishes the dividend distribution proposal annually according to the law, and the distribution amount shall not be less than 50% of the earnings after tax of the current year, and at least 10% of the cash dividends is distributed among the dividends distributed for the current year.

3. Except for covering accumulated deficits or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
4. According to law, the Company may appropriate earnings only after it has provided special reserve under the debit balance of other equity on the balance sheet date. If subsequently the debit balance of other equity is reversed, the reversed amount may be used as appropriable earnings.
5. The 2019 earnings distribution proposal of the Company resolved by the shareholders' meeting on July 20, 2021 was as follows:

	<u>2020</u>	
	<u>Amount</u>	<u>Dividends Per Share (In Dollars)</u>
Statutory reserves	\$ 13,643	
Special reserves	45,048	
Cash dividends	132,124	\$ 1.00
	\$ 190,815	

6. The 2021 earnings distribution proposal of the Company resolved by the shareholders' meeting on June 8, 2022 was as follows:

	<u>2021</u>	
	<u>Amount</u>	<u>Dividends Per Share (In Dollars)</u>
Statutory reserves	\$ 21,566	
Special reserves	(3,419)	
Cash dividends	214,667	\$ 1.40
	\$ 232,814	

7. The 2022 earnings distribution proposal of the Company submitted to the Board of Directors on March 17, 2023 for resolution was as follows:

	<u>2022</u>	
	<u>Amount</u>	<u>Dividends Per Share (In Dollars)</u>
Statutory reserves	\$ 48,904	
Special reserves	(49,901)	
Cash dividends	308,102	\$ 2.00
	\$ 307,105	

The aforementioned 2022 earnings distribution proposal has not yet been resolved by the shareholder's meeting.

(XIX) Operating revenue

	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers	\$ 9,028,285	\$ 7,538,001
<u>Details of revenue from contracts with customers</u>		

The Group's revenue derived from transfer of goods at a particular point of time are classified into the following categories:

	<u>2022</u>	<u>2021</u>
LAN cables	\$ 3,691,845	\$ 2,228,276
Electronic cables	2,154,064	2,167,379
Paige cables	403,940	664,778
Automotive wires	797,294	591,957
Power cables	243,447	283,987
Computer cables	160,700	133,967
High temperature wires	25,019	30,497
Others	1,551,976	1,437,160
	\$ 9,028,285	\$ 7,538,001

(XX) Interest income

	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 4,026	\$ 297
Other interest income	602	225
	\$ 4,628	\$ 522

(XXI) Other income

	<u>2022</u>	<u>2021</u>
Rental income	\$ 14,694	\$ 11,745
Dividend income	612	102
Other income — others	8,321	13,717
	\$ 23,627	\$ 25,564

(XXII) Other gains and losses

	<u>2022</u>	<u>2021</u>
Gains on disposal of property, plant and equipment	\$ 2,066	\$ 2,646
Gain from disposals of investments	11,661	-
Foreign exchange gain (loss)	94,421	12,622
Net gain on financial assets (liabilities) at fair value through profit or loss	(12,113)	29,646
Gains on fair value adjustment, investment property	3,878	-
Other losses	(54)	(2,834)
	\$ 99,859	\$ 42,080

(XXIII) Finance costs

	<u>2022</u>	<u>2021</u>
Interest expenses	\$ 56,600	\$ 45,246

Convertible bond	2,841	1,207
Other financial expenses	1,825	647
	\$ 61,266	\$ 47,100

(XXIV) Depreciation, amortization and employee benefit expenses

	<u>2022</u>	<u>2021</u>
Salary expense	\$ 682,117	\$ 595,771
Employee stock options	17,942	3,257
Labor and health insurance expense	27,904	26,397
Pension expense	32,167	24,829
Other personnel expense	37,634	35,467
Depreciation expenses	170,257	133,460
Amortization expenses	15,927	14,943

1. According to the Articles of Incorporation of the Company, when the Company has a profit for a fiscal year, 2% to 4% of the profit before tax and before the deduction of the distribution of remunerations of employees and directors shall be set aside as the remuneration of employees and no higher than 2% thereof shall be set aside as the remuneration of directors. However, when the Company has accumulated losses, amount shall be reserved for making up the accumulated losses first.
2. The estimated remunerations of employees and directors of the Company are as follows.

	<u>2022</u>	<u>2021</u>
Remuneration of directors	\$ 8,503	\$ 2,750
Remuneration of employees	17,007	5,500
	\$ 25,510	\$ 8,250

- (1) The remuneration of employees and the remuneration of directors for 2022 were estimated at 2% and 1%, respectively according to the profit status up to the current period.
- (2) The remuneration of employees and the 2022 remuneration of directors according to the resolution of the board of directors' meeting on March 17, 2023 were NT\$17,915 and NT\$8,958 respectively, and the remuneration of employees is to be distributed in the form of cash.
- (3) For 2021, the employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors amounted to \$8,456 and \$4,228, respectively. The difference of \$4,434 between the amounts resolved by the Board of Directors and the amounts recognised in the 2021 financial statements, had been adjusted in the profit or loss of 2022.
- (4) Relevant information on the remunerations of employees and directors of the Company as resolved by the board of directors is available at the Market Observation Post System" (MOPS) website for inquires.

(XXV) Income tax

1. Income tax expense

(1) Income tax components:

	<u>2022</u>	<u>2021</u>
Current income tax:		
Tax attributable to taxable income of the period	\$ 176,082	\$ 72,715
Underestimate of income tax of the previous year	(7,339)	666
Total current income tax	168,743	73,381
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	43,614	25,766
Income tax expense	\$ 212,357	\$ 99,147

(2) Income tax associates with other comprehensive income:

	<u>2022</u>	<u>2021</u>
Translation difference of foreign operations	(\$ 20,602)	\$ 14,021
Other comprehensive income of associates	(342)	376
Remeasurement of defined benefit obligation	(2,326)	2,300

2. Reconciliation between income tax expense and accounting profit

	<u>2022</u>	<u>2021</u>
Income tax of net profit before tax calculated at the statutory rate	\$ 215,919	\$ 113,466
Income tax effects of eliminated item according to tax law	5,600	(3,177)
Income tax effects of income with tax exemption	(35)	-
Realizability evaluation change of deferred income tax assets	(1,788)	(11,808)
Underestimate of income tax of the previous year	(7,339)	666
Income tax expense	\$ 212,357	\$ 99,147

3. Amounts of deferred income tax assets or liabilities as a result of temporary difference are as follows:

	<u>January 1</u>	<u>Recognized in P/L</u>	<u>2022 Recognized in other comprehensive income</u>	<u>Translation differences</u>	<u>December 31</u>
Deferred tax assets:					
Unrealized exchange loss	\$ -	\$ 969	\$ -	\$ -	\$ 969
Unrealized gain from sale	5,009	3,874	-	-	8,883
Inventory falling price reserves	1,093	503	-	-	1,596
Transfinite numbers of allowance for doubtful accounts	1,590	(1,101)	-	-	489
Employee welfare	5,475	679	-	-	6,154
Actuarial gains and losses	13,716	-	(2,326)	220	11,610
Foreign operation exchange difference	23,687	-	(20,944)	-	2,743
Others	2,230	924	-	-	3,154
	\$52,800	\$ 5,848	(\$ 23,270)	\$220	\$35,598
Deferred income tax liabilities:					
Unrealized exchange loss	(\$ 91)	\$ 91	\$ -	\$ -	\$ -
Unrealized gains (losses)	(139)	(30)	-	-	(169)
Unrealized gains (losses) from sale of assets	(18,407)	523	-	-	(17,884)
Share of profits or losses of associates using the equity method	(86,449)	(48,447)	-	-	(134,896)
Appreciation of investment property	(10,247)	-	-	-	(10,247)
Intangible assets	(9,891)	3,297	-	-	(6,594)
Accrued pension liabilities	(2,594)	(3,362)	-	-	(5,956)
Others	(5,113)	(1,534)	-	-	(6,647)
	(\$132,931)	(\$49,462)	\$ -	\$ -	(\$182,393)
	<u>January 1</u>	<u>Recognized in P/L</u>	<u>2021 Recognized in other comprehensive income</u>	<u>Translation differences</u>	<u>December 31</u>
Deferred tax assets:					
Unrealized exchange loss	\$1,102	(\$1,102)	\$ -	\$ -	\$ -
Unrealized gain from sale	3,665	1,344	-	-	5,009
Inventory falling price	1,146	(53)	-	-	1,093

reserves					
Transfinite numbers of allowance for doubtful accounts	1,714	(124)	-	-	1,590
Employee welfare	5,558	(83)	-	-	5,475
Actuarial gains and losses	11,399	-	2,300	17	13,716
Foreign operation exchange difference	9,290	-	14,397	-	23,687
Others	1,413	817	-	-	2,230
	\$35,287	\$ 799	\$ 16,697	\$17	\$52,800
Deferred income tax liabilities:					
Unrealized exchange loss	\$ -	(\$ 91)	\$ -	\$ -	(\$ 91)
Unrealized gains (losses)	-	(139)	-	-	(139)
Unrealized gains (losses) from sale of assets	(19,851)	1,444	-	-	(18,407)
Share of profits or losses of associates using the equity method	(57,361)	(29,088)	-	-	(86,449)
Appreciation of investment property	(10,247)	-	-	-	(10,247)
Intangible assets	(13,189)	3,298	-	-	(9,891)
Accrued pension liabilities	(2,002)	(592)	-	-	(2,594)
Others	(3,716)	(1,397)	-	-	(5,113)
	(\$106,366)	(\$26,565)	\$ -	\$ -	(\$132,931)

4. Amounts of deductible temporary differences unrecognized as deferred tax liabilities:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deductible temporary differences	\$ 77,080	\$ 92,298

5. The Company's profit-seeking income tax has been approved by the taxation authority through 2020.

(XXVI) Earnings per share

	<u>Post-tax amount</u>	<u>2022 Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (NT\$)</u>
<u>Basic earnings per share</u>			
Net profit attributable to owners of the parent company	\$ 465,854	153,195	\$ 3.04
<u>Diluted earnings per share(Note)</u>			
Net profit attributable to owners of the parent company	\$ 465,854	153,195	
Dilutive effects of the potential common shares			

Remuneration of employees	-	647	
Effects of net profit attributable to owners of the parent company and potential common shares	\$ 465,854	153,842	\$ 3.03

		<u>2021</u> <u>Weighted average</u> <u>number of</u> <u>ordinary shares</u> <u>outstanding</u> <u>(shares in</u> <u>thousands)</u>	<u>Earnings</u> <u>per share</u> <u>(NT\$)</u>
	<u>Post-tax amount</u>		
<u>Basic earnings per share</u>			
Net profit attributable to owners of the parent company	\$ 224,760	133,764	\$ 1.68
<u>Diluted earnings per share</u>			
Net profit attributable to owners of the parent company	\$ 224,760	133,764	
Dilutive effects of the potential common shares			
Remuneration of employees	-	185	
Convertible bonds	(29,952)	3,060	
Effects of net profit attributable to owners of the parent company and potential common shares	\$ 194,808	137,009	\$ 1.42

Note: Because of convertible bonds have an anti-dilution effect, so they are not included in the assessment

(XXVII) Transaction of non-controlling interests - additional interests from acquisition of subsidiary

The Group acquired additional 2.36% of issued shares of Le Hao International with cash at an amount of NT\$10,795 on April 29, 2022. The carrying amount of non-controlling interests of Le Hao International company on the acquisition date was NT\$186,106, the non-controlling interests decreased for the transaction was NT\$15,611, and the equity attributable to owners of parent company increased by NT\$4,816.

The effects of the equity change of Le Hao International on the equity attributable to owners of the parent company in 2022 were as follows:

	<u>2022</u>
Carrying amount of non-controlling interests acquired	\$ 15,611
Consideration paid for non-controlling interests	(10,795)
Other equity	-
Capital surplus - Difference between actual price of subsidiary equity acquired or disposed and the carrying value	\$ 4,816

(XXVIII) Additional Information on Cash Flows

	<u>2022</u>	<u>2021</u>
Acquisition of property, plant, and equipment and investment property	\$ 213,588	\$ 306,675
Add: Opening balance of payable on equipment	3,938	5,263

Prepayments for business facilities at end of period	10,293	23,462
Less: Prepayments for business facilities at beginning of period	(23,462)	(16,412)
Ending balance of payable on equipment	(5,076)	(3,938)
Cash paid in the period	\$ 199,281	\$ 315,050
(XXIX) <u>Changes in liabilities arising from financing activities</u>		

	<u>2022</u>				
	<u>Short-term borrowings</u>	<u>Long-term borrowings (including portion matured in one year or one operating cycle)</u>	<u>Lease liabilities</u>	<u>Bonds payable</u>	<u>Total liabilities from financing activities</u>
January 1	\$2,339,578	\$49,131	\$137,152	\$61,022	\$2,586,883
Changes in cash flow from financing activities	(1,261,102)	72,265	(32,246)	804,593	(416,490)
Other non-monetary changes	-	-	30,253	(103,037)	(72,784)
December 31	\$1,078,476	\$121,396	\$135,159	\$762,578	\$2,097,609

	<u>2021</u>				
	<u>Short-term borrowings</u>	<u>Long-term borrowings (including portion matured in one year or one operating cycle)</u>	<u>Lease liabilities</u>	<u>Bonds payable</u>	<u>Total liabilities from financing activities</u>
January 1	\$1,528,920	\$250,580	\$41,320	\$-	\$1,820,820
Changes in cash flow from financing activities	810,658	(201,449)	(19,763)	314,990	904,436
Other non-monetary changes	-	-	115,595	(253,968)	(138,373)
December 31	\$2,339,578	\$49,131	\$137,152	\$61,022	\$2,586,883

VII. Related-Party Transactions

(I) Name and Relationship of Related Party

<u>Related party name</u>	<u>Relationship with the Group</u>
Wanshih Electronic Co., Ltd. (Wanshih Electronic)	Associate
Dongguan Humen Wanshih Electronics Co., Ltd. (Dongguan Humen)	"
Suzhou Wanshih Optical Communication Co., Ltd. (Suzhou Wanshih)	"
Wan Shih (Hong Kong) Co., Ltd. (Wan Shih Hong Kong)	"
Saga YesFamily Healthcare Co. (Saga YesFamily)	"
Inga Nano Technology Co., Ltd. (Inga Nano Technology)	"
Ming-Lieh Chang	Key management
Wonderful Wire Cable Co., Ltd. (Wonderful Wire Cable)	Other related parties
JBC LLC	"

(II) Significant Transactions with Related Party1. Operating revenue

	<u>2022</u>	<u>2021</u>
Sale of goods:		
— Associates	\$ 91,059	\$ 94,996
— Key management	223	-
	\$ 91,282	\$ 94,996

There were no relevant transactions for the sales price of the Group to the aforementioned related parties, and the transaction terms were determined based on the negotiation of both parties. The payment receipt period of the Group from the related parties was 90~145 days, and the payment receipt period for non-related parties was 3~120 days.

2. Purchase

	<u>2022</u>	<u>2021</u>
Purchase of goods:		
— Associates	\$ 31,050	\$ 122,090

There were no relevant transactions for the purchase price of the Group from the aforementioned related parties, and the transaction terms were determined based on the negotiation of both parties. The payment period of the Group from the related parties was 90~105 days, and the payment period for non-related parties was 30~105 days.

3. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
— Associates	\$ 22,649	\$ 44,307
Less: Allowance for loss	(4)	(288)
	\$ 22,645	\$ 44,019

4. Payables to related parties:

	<u>December 31,</u> <u>2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
— Associates	\$ 43,553	\$ 67,378

5. Other receivables from and payables to related parties

(1) Other receivables from related parties

	<u>December 31, 2022</u>	<u>December 31,</u> <u>2021</u>
Other receivables:		
— Associates	\$ 481	\$ 472
Less: Allowance for loss	(60)	(60)

\$ 421 \$ 412

(2) Other payables to related parties

December 31, December 31, 2021
2022

Other receivables:

— Associates

\$ 62 \$ 291

6. Borrowings from related parties

December 31, December 31,
2022 2021

Other payables:

— Sheng-Yi Tsai

\$ - \$ 10,821

— Ming-Lieh Chang

12,000 12,000

\$ 12,000 \$ 22,821

2022 2021

Interest expenses:

— Sheng-Yi Tsai

\$ 144 \$ 176

— Ming-Lieh Chang

240 42

\$ 384 \$ 218

(1) The terms of borrowings from Sheng-Yi Tsai was repayment on the due day, and 2022 interest was collected at the annual interest rate of 2.75% and interest was paid on the due day.

(2) The terms of borrowings from Ming-Lieh Chang was repayment on the due day, and 2022 interest was collected at the annual interest rate of 2% and interest was paid on the due day.

7. Rental income

The Group lease the following assets to the related parties, and the details are as follows:

<u>Leasing party</u>	<u>Subject property</u>	<u>Lease term</u>	<u>Rental income</u>	
			<u>2022</u>	<u>2021</u>
Associate - Wanshih Electronic	Office at 3F to 5F of Wugu District, New Taipei City	January 1, 2021 to December 31, 2023	\$ 7,764	\$ 7,751

The Group leases office to related parties, and rent is determined according to the general rent standard of the location of the lease property and the area of use, and the rent is collected on a monthly basis.

8. Lease transactions - lessee

(1) The Group leases office from related parties, and rent is determined according to the general rent standard of the location of the lease property and the area of use, and the rent is paid on a monthly basis.

(2) Acquisition of right-of-use assets

The Group signed the lease contract with JBC LLC in 2021, for a lease period of 5 years, and the monthly rent of approximately NT\$1,936, The right-of-use asset addition is \$11,855 .

(3) Lease liabilities

A. Ending balance

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Lease liabilities- current:		
— other related party - JBC LLC	\$ 28,680	\$ 21,709
Lease liabilities - non-current:		
— other related party - JBC LLC	\$ 80,306	\$ 87,717

B. Interest expenses

	<u>2022</u>	<u>2021</u>
Other related party - JBC LLC	\$ 1,385	\$ 169

9. Other income

The incomes for providing information processing service and other support services to the associate - Wanshih Electronic in 2022 and 2021 were NT\$1,405 and NT\$1,563 respectively.

(III) Information on Remuneration to Key Management

	<u>2022</u>	<u>2021</u>
Salaries and short-term employee benefits	\$ 35,899	\$ 22,254
Post-retirement benefits	800	917
Share-based payments	2,756	340
	\$ 39,455	\$ 23,511

VIII. Pledged Assets

The Group's assets pledged as collateral are as follows:

<u>Asset item</u>	<u>Carrying value</u>		<u>Purpose of collateral</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Other financial assets - current	\$ 8,000	\$ 8,000	Loan security and performance guarantee
Investment accounted for under the equity method	46,906	54,341	Loan security
Property, plant and equipment	834,841	694,945	Loan security
Investment property	158,319	154,441	Loan security
	\$ 1,048,066	\$ 911,727	

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) Contingencies

None.

(II) Commitments

1. Please refer to Note 6(13).

2. Capital expenditures committed but not yet incurred:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment	\$ -	\$ 2,052

X. Losses Due to Major Disasters

None.

XI. Significant Subsequent Events

(I) Please refer to Note 6(18) and (24) for details.

XII. Others

(I) Capital Management

The purposes of the Group's capital management are to ensure that the Group continues as a going concern, to maintain an optimal capital structure to lower financing costs, and to provide returns of investment to shareholders. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return share capital to shareholders, issue new shares or sell assets in order to adjust to reach the most suitable capital structure.

(II) Financial Instrument

1. Categories of financial instruments

<u>Financial assets</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets at fair value through		

profit or loss		
Financial assets compulsorily measured at fair value through profit or loss	\$ 8,758	\$ 10,898
Financial assets at fair value through other comprehensive income (FVOCI)		
Investment in equity instruments of which the fair value is designated to be recognized in other comprehensive income at amortized cost	64,921	30,961
Cash and cash equivalents	717,008	504,568
Notes receivable	106,776	106,439
Accounts receivable	1,491,009	1,728,069
Accounts receivable - related party	22,645	44,019
Other receivables	70,158	152,011
Other receivables - related Party	421	412
Other financial assets - current	85,239	13,608
Refundable deposits (record in Other non-current assets – others)	13,127	9,745
Other financial assets - non-current (record in Other non-current assets – others)	3,253	4,670
	\$ 2,583,315	\$ 2,605,400
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial Liabilities		
Financial liabilities measured at fair value through profit or loss	\$ 2,256	\$ -
Financial liabilities at amortized cost		
Short-term borrowings	1,078,476	2,339,578
Accounts payable	462,850	805,711
Accounts payables to related parties	43,553	67,378
Other payables	288,890	257,654
Other accounts payable - related party	12,062	23,112
Long-term borrowings due to one year or one operating cycle	42,076	23,464
Bonds payable	762,578	61,022
Long-term borrowings	79,320	257,654
	\$ 2,772,061	\$ 3,603,586
Lease liabilities - current	\$ 36,060	\$ 28,030
Lease liabilities - non-current	99,099	109,122
	\$ 135,159	\$ 137,152

2. Risk Management Policy

- (1) The Group's daily operations are affected by various financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk. The Group's risk management policy focuses on unpredictable market events in order to minimize their potentially adverse impacts on the Group's financial position and financial performance. The Group uses various derivative financial Instruments to hedge specific risk exposure. Please refer to Note 6(2) for details.
- (2) The risk management of the Group is executed by the financial department according to the policies approved by the board of directors. The financial department of the Group cooperates with all operating units of the Group closely in order to be responsible for the identification, assessment and hedging of financial risks. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. Nature and Degree of Significant Financial Risks

(1) Market risk

Exchange rate risk

- A. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and THB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- B. The Group's management has formulated a relevant policy to require entities within the Group to manage the foreign exchange risks associated with their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the financial department of the Group. The measurement of exchange rate risk is based on the expected transactions that are very likely to generate USD and RMB expenses, and to use forward exchange contracts in order to reduce the impacts of exchange rate fluctuation on the expected transactions.
- C. The Group used forward exchange transactions to hedge the exchange rate risk; however, the hedge accounting was not applied. Please refer to Notes 6(2) for information on recognition of financial assets or liabilities at fair value through profit or loss.
- D. The Group's businesses involve some non-functional currency operations such that they can be affected by the exchange rate fluctuation. The information on assets and liabilities denominated in foreign currencies whose values are materially affected by the exchange rate fluctuations is as follows:

December 31, 2022

(Foreign currency)	currency:	functional	<u>Foreign currency amount (In Thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount in NTD (thousand)</u>
-------------------------------	------------------	-------------------	--	---------------------------------	---

<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$	21,573	30.71	\$	662,507
USD : HKD		4,904	34.347		150,602
USD : THB		5,934	23.730		182,233
USD : VND		10,672	7.798		327,737
<u>Non-monetary items</u>					
USD : NTD		837	30.71		25,692
<u>Financial Liabilities</u>					
<u>Monetary items</u>					
USD : NTD		5,711	30.71		175,385
USD : HKD		3,102	34.347		95,262
USD : THB		4,129	23.730		126,802
USD : VND		684	7.798		21,006

					<u>December 31, 2021</u>	
			<u>Foreign</u>		<u>Carrying</u>	
			<u>currency</u>		<u>amount in</u>	
(Foreign	currency:	functional	amount (In	Exchange	NTD	
currency)			Thousands)	rate	(thousand)	
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD			\$	33,586	27.680	\$
USD : HKD				5,873	7.799	
USD : THB				11,767	33.162	
USD : VND				10,458	22.940	
<u>Non-monetary items</u>						
USD : NTD				810	27.680	
<u>Financial Liabilities</u>						
<u>Monetary items</u>						
USD : NTD				15,316	27.680	
USD : HKD				1,863	7.799	
USD : THB				10,208	33.162	
USD : VND				9,682	22.940	

- E. The total exchange gain (loss) (including realized and unrealized) arising from significant foreign exchange variation on the monetary items held by the Group for the years ended 2022 and 2021, amounted to profit of NT\$94,421 and NT\$12,622 respectively.
- F. Foreign exchange risks arising from significant exchange rate changes that the Group is exposed to are as follows:

					<u>2022</u>	
					<u>Sensitivity Analysis</u>	
					<u>Effect on</u>	
					<u>other</u>	
(Foreign	currency:	functional		Effects on	comprehensi	
currency)			Fluctuation	P/L	ve income	

<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	6,625	-
USD : HKD	1%		1,506	-
USD : THB	1%		1,822	-
USD : VND	1%		3,277	-
<u>Financial Liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%		1,754	-
USD : HKD	1%		953	-
USD : THB	1%		1,268	-
USD : VND	1%		210	-

2021
Sensitivity Analysis

(Foreign currency: functional currency)	Fluctuation	Effects on P/L	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 9,297	-
USD : HKD	1%	1,626	-
USD : THB	1%	3,257	-
USD : VND	1%	2,895	-
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	4,239	-
USD : HKD	1%	516	-
USD : THB	1%	2,826	-
USD : VND	1%	2,680	-

Price risk

- A. The Group is exposed to equity securities price risk due to the financial assets and available-for-sale financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income held and accrued by the Group. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- B. The Group mainly invests in equity instruments issued by a domestic or foreign company. The price of such equity instruments can be affected by changes in future value of their investment targets. If the prices of these equity instruments had increased/decreased by 1% with all other variables held constant, the profit or loss of the equity instruments measured at fair value through profit or loss for the net income after tax of 2022 and 2021 would have increased or decreased by NT\$20 and NT\$19 respectively; and for other comprehensive income of 2022 and 2021 classified as the equity instrument measured at fair value through

comprehensive income, the profit or loss would have increased or decreased by NT\$649 and NT\$310 respectively.

Cash flow and fair value interest rate risk

- A. The borrowing interest rate risk of the Group mainly came from the short-term borrowings. Due to the borrowings at floating interest rate, the Group borne the cash flow interest rate risk, and a portion of the risk was being offset by the cash and cash equivalents held. The borrowing according to the fixed interest rate caused the Group to be under the fair value interest rate risk.
- B. The borrowing of the Group was measured at amortized cost, and re-pricing was performed according to the annual interest rate specified in the contract. Therefore, the Group is exposed to the risk of future market interest rate change.
- C. When the borrowing interest rate increases or decreases by 1%, with other variables remain constant, the net income after tax for 2022 and 2021 will also decrease or increase by NT\$8,628 and NT\$23,396, respectively, which is mainly due to changes in interest expense caused by borrowings bearing a floating interest rate.

(2) Credit risk

- A. The Group's credit risk refers to the risk of financial loss to the Group arising from default by the clients or transaction counterparties of financial instruments on the contract obligations. Such risk is mainly due to the counterparties cannot repay the accounts payable according to the payment terms, and it is classified as the contract cash flow of debt instrument at amortized cost.
- B. The Group establishes a framework for managing credit risks from a group's perspective. As the internal credit approval policy stipulates, an operating entity within the Group shall manage and analyze the credit risk of a new client before proposing terms and conditions pertaining to payments and delivery of goods. Internal risk control is achieved by evaluating a client's credit quality against the client's financial position, credit records, and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored.
- C. The Group adopts IFRS 9 to provide preliminary assumption, and when the payment specified according to the contract term has exceeded 90 days, a breach of contract is deemed to have occurred.
- D. The Group adopts IFRS 9 to provide the following preliminary assumption, in order to use it as the basis for determining whether the credit risk of financial instruments has increased significantly since the original recognition:
If the contract payments are past due over 30 days based on the terms, it is deemed that there has been a significant increase in credit risk on that instrument since initial recognition.
- E. The Group classifies accounts receivable due from clients according to the characteristics of trading credit risk, and adopts the simplified approach that measures expected credit losses based on the preparation matrix.
- F. (A) The expected loss rate of customers of the related arty group was 0.2%, and the accounts receivable - related party total carrying value and allowance for loss as of December 31, 2022 and 2021 were NT\$22,649 and NT\$4; NT\$44,307 and NT\$288 respectively.

- (B) The Group, according to the past experience, adopted the individual evaluation to calculate the expected credit loss for customers of relatively higher credit risk. The total carrying amount and allowance for loss as of December 31, 2022 and 2021 were NT\$4,185 and NT\$4,185; NT\$6,230 and NT\$6,230 respectively.
- (C) By including the forward-looking consideration on the global economic information, the Group adjusts the expected credit loss rate that was established based on historical or present information, so as to estimate the preparation matrices of the loss allowance for the accounts and notes receivable as follows:

	<u>Not overdue</u>	<u>Overdue within 30 days</u>	<u>Overdue 30 days</u>	<u>Overdue 60 days</u>	<u>Overdue 90 days</u>	<u>Total</u>
<u>December 31, 2022</u>						
Expected loss (%)	0.02%-1.97%	0.03%-21.54%	0.03%-35.10%	0.03%-77.61%	100%	
Total carrying amount	<u>\$ 1,440,857</u>	<u>\$ 116,371</u>	<u>\$ 45,918</u>	<u>\$ 7,068</u>	<u>\$ 29,334</u>	<u>\$ 1,639,548</u>
Allowance for loss	<u>\$ 1,132</u>	<u>\$ 1,961</u>	<u>\$ 6,935</u>	<u>\$ 2,401</u>	<u>\$ 29,334</u>	<u>\$ 41,763</u>
	<u>Not overdue</u>	<u>Overdue within 30 days</u>	<u>Overdue 30 days</u>	<u>Overdue 60 days</u>	<u>Overdue 90 days</u>	<u>Total</u>
<u>December 31, 2021</u>						
Expected loss (%)	0.02%-0.89%	0.03%-7.60%	0.03%-30.95%	0.03%-66.8%	100%	
Total carrying amount	<u>\$ 1,751,758</u>	<u>\$ 59,421</u>	<u>\$ 22,104</u>	<u>\$ 7,442</u>	<u>\$ 31,514</u>	<u>\$ 1,872,239</u>
Allowance for loss	<u>\$ 923</u>	<u>\$ 1,270</u>	<u>\$ 1,962</u>	<u>\$ 2,062</u>	<u>\$ 31,514</u>	<u>\$ 37,731</u>

- G. The loss allowance change table for accounts and notes receivable (including related party) of the Group is as follows:

	<u>2022</u>
January 1	\$ 44,249
Impairment losses recognized	5,846
Unrecoverable and written off amount	(5,042)
Exchange rate effects	899
December 31	\$ 45,952
	<u>2021</u>
January 1	\$ 44,698
Impairment losses recognized	3,392
Unrecoverable and written off amount	(2,579)
Exchange rate effects	(1,262)
December 31	\$ 44,249

The impairment loss recognized for accounts receivable from customer contracts for 2022 and 2021 were NT\$5,846 and NT\$3,392 respectively.

(3) Liquidity risk

- A. Cash flows forecast is done by each operating entity; the Financial Department of the Group is responsible only for summarizing the results. The financial department of the Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- B. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

Derivative financial liabilities were analyzed based on the balance sheet date to the retaining period at the expected maturity date. The table below disclosed the contractual cash flows not discounted.

December 31, 2022

<u>Non-derivative financial liabilities:</u>	<u>Within 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 1,078,476	\$ -
Accounts payable (including related party)	506,403	-
Other payables (including related party)	300,952	-
Lease liabilities	37,473	100,778
Bonds payable	-	800,000
Long-term borrowings (including portion matured in one year or one operating cycle)	42,076	79,320
<u>Derivative financial liabilities:</u>	<u>Within 1 year</u>	<u>Over 1 year</u>
Forward exchange	\$ 2,256	\$ -

December 31, 2021

<u>Non-derivative financial liabilities:</u>	<u>Within 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 2,339,578	\$ -
Accounts payable (including related party)	873,089	-
Other payables (including related party)	280,766	-
Lease liabilities	29,554	110,674
Bonds payable	-	63,500
Long-term borrowings (including portion matured in one year or one operating cycle)	23,464	25,667

(III) Fair Value Information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in most of the derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The Group's investments in equity instrument investment of non-active market and investment properties are included in Level 3.

- Financial instruments not measured at fair values

Except for the ones listed in the table below, including cash and cash equivalents, notes receivable, accounts receivable, other accounts receivable, other financial assets,

long/short-term borrowings, notes payable, accounts payable and other accounts payable, their book values are approximate to the reasonably close values of fair values:

		<u>December 31, 2022</u>		
		<u>to fair</u>		
	<u>Carrying</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>amount</u>			
Financial liabilities:				
Bonds payable	\$ 762,578	\$ -	\$ 767,669	\$ -

		<u>December 31, 2021</u>		
		<u>to fair</u>		
	<u>Carrying</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>amount</u>			
Financial liabilities:				
Bonds payable	\$ 61,022	\$ -	\$ 61,710	\$ -

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

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

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity instruments	\$ 1,991	\$ -	\$ -	\$ 1,991
Forward exchange	-	807	-	807
Convertible bond redemption/buyback right	-	-	5,960	5,960
Financial assets at fair value through other comprehensive income (FVOCI)				
Equity instruments			64,921	64,921
Investment property	-	-	158,319	158,319
	\$ 1,991	\$ 807	\$ 229,200	\$ 231,998
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity	\$ 1,925	\$ -	\$ -	\$ 1,925

instruments				
Forward	-	695	-	695
exchange				
Forward	-	-	8,278	8,278
commodity				
Financial assets at				
fair value through				
other				
comprehensive				
income (FVOCI)				
Equity instruments			30,961	30,961
Investment	-	-	154,441	154,441
property				
	\$ 1,925	\$ 695	\$ 193,680	\$ 196,300

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

- A. For the equity-based securities that the Group used the market quoted price as the fair value (i.e. level 1 inputs), the market quoted price refers to the closing price on the balance sheet date.
- B. Except for financial instruments with an active market, the fair value of other financial instruments is obtained either based on the valuation technique or by reference to the quotes from counter-parties. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (such as the reference yield curve of TPEX, Reuters commercial paper interest rate average price).
- C. When assessing non-standard and low-complexity financial instruments, such as forward exchange and forward commodity, the Group adopts the valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
- D. For high-complexity financial instruments, the Group measures the fair value by using self-developed valuation model based on the valuation method and technique widely used within the same industry. Such type of valuation model is normally applied to derivative financial instruments, embedded derivative debt instruments or securitized commodities. Certain inputs used in such type of valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions. For the impacts of non-market observable parameters on financial instrument valuation, please refer to Notes 12(3)-8 for details.
- E. The valuation of derivative financial Instrument is based on the valuation model widely used and accepted by users in the market, such as discount method and option pricing model. Forward exchange agreement is typically evaluated based

on the current forward exchange rate.

- F. The fair value valuation technique for investment property at fair value adopted by the Group complies with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the fair value is determined according to the valuation result of independent expert. Please refer to Note 6(9) for details.
- G. Outputs from the valuation models are estimates and valuation techniques may not be able to reflect all relevant factors of the financial and non-financial instruments held by the Group. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments in the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

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

5. The following table shows the change of Level 3 for 2022 and 2021.

	<u>2022</u>			
	<u>Equity</u> <u>instruments</u>	<u>Convertible bond</u> <u>redemption/buyback</u> <u>right</u>	<u>Investment</u> <u>property</u>	<u>Total</u>
January 1	\$ 30,961	\$ 8,278	\$ 154,441	\$ 193,680
Purchase in current period	19,380	-	-	19,380
Issuance in current period		20,368		20,368
Gains or losses recognized in other comprehensive income	13,249	-	-	13,249
Gain recognized in profit or loss	-	(15,980)	3,878	(12,102)
Conversion in current period	-	(6,706)	-	(6,706)
Exchange rate effects	1,331	-	-	1,331
December 31	\$ 64,921	\$ 5,960	\$ 158,319	\$ 229,200

	<u>2021</u>			
	<u>Equity</u> <u>instruments</u>	<u>Convertible bond</u> <u>redemption/buyback</u> <u>right</u>	<u>Investment</u> <u>property</u>	<u>Total</u>
January 1	\$ 17,261	\$ -	\$ 154,441	\$ 171,702
Issuance in current	-	8,190	-	8,190

period				
Gains or losses recognized in other comprehensive income	14,535	-	-	14,535
Gain recognized in profit or loss	-	30,918	-	30,918
Conversion in current period	-	(30,830)	-	(30,830)
Exchange rate effects	(835)	-	-	(835)
December 31	\$ 30,961	\$ 8,278	\$ 154,441	\$ 193,680

6. For 2022 and 2021, there was no transfer into or out of Level 3.
7. For the investment property of the Group, it is assumed that the Group has retained an external appraiser to perform appraisal according to the valuation method and parameter announced by the FSC. The financial department establishes the financial instrument and investment property fair value valuation policy, and valuation procedure and verifies compliance with the requirements of relevant International Financial Reporting Standards.
8. The significant non-observable input value quantified information and significant non-observable input value change sensitivity analysis for the valuation model used in relation to the Level 3 fair value measurements are as follows:

	<u>December 31, 2022 to fair</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Investment property	\$ 158,319	Cash flow discount method	Discount rate	2.720%	The higher the discount rate, the lower the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	-	Cash flow discount method	Discount rate	5.180%	The higher the discount rate, the lower the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	15,388	Public company comparables	Enterprise value to operating revenue ratio	0.3330-0.5735	The higher the value multiples, the higher the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	27,488	Public company comparables	Price-book ratio (PBR)	1.3571-2.3934	The higher the value multiples, the higher the fair value
Non-derivative equity instruments-	22,045	Public company	Price-book ratio (PBR)	1.6636-3.5048	The higher the value

stocks not listed in the stock exchange or the OTC market		comparables			multiples, the higher the fair value
Convertible bond redemption right	5,960	Least-squares Monte Carlo simulation approach	Volatility	43.990%	The higher the volatility, the higher the fair value
	<u>December 31, 2021</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship between inputs and fair value</u>
Investment property	\$ 154,441	Cash flow discount method	Discount rate	2.595%	The higher the discount rate, the lower the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	-	Cash flow discount method	Discount rate	5.180%	The higher the discount rate, the lower the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	12,256	Public company comparables	Enterprise value to operating revenue ratio	0.3247-0.5820	The higher the value multiples, the higher the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	18,705	Public company comparables	Price-book ratio (PBR)	1.4568-3.6313	The higher the value multiples, the higher the fair value
Convertible bond redemption right	8,278	Least-squares Monte Carlo simulation approach	Volatility	53.950%	The higher the volatility, the higher the fair value

(IV) Other Matters

The COVID-19 pandemic and numerous pandemic prevention measures implemented by the government have not caused material impact on the operation, ability to continue as a going concern and financing risk of the Group. In addition, according to the review, the Group has not been subject to the condition of material impairment of assets due to the above. The epidemic response management of the Group has complied with relevant measures announced by the Central Epidemic Command Center and relevant epidemic control requirements specified in the Communicable Disease Control Act.

XIII. Other Disclosures

(I) Information on Significant Transactions

1. Loaning funds to others: Please refer to Table 1.

2. Provision of endorsements and guarantees: Please refer to Table 2.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated companies, and the control portion in a joint venture): Please refer to Table 3.
4. Accumulative purchase or disposal of the same marketable securities reaching NT\$300 million or 20% of paid-in capital or more: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
7. Transaction with related party reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 4.
8. Receivables due from related party reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 5.
9. Trading in derivative instruments: Please refer to Note 6(2) for details.
10. Business relationship, significant transactions, and significant transaction amount between parent and subsidiaries, or among subsidiaries: Please refer to Table 6.

(II) Information on Investees

Name and location of investees (excluding those in Mainland China): Please refer to Table 7.

(III) Information on Investment in Mainland China

1. Basic information: Please refer to Table 8.
2. Significant transactions with investees in Mainland China that are invested by the Group directly or indirectly through another third region entity: Please refer to Table 6.

(IV) Information on Major Shareholders

Major shareholder information: Please refer to Table 9.

XIV. Operating Segment Information

(I) General Information

The Group management has determined the operating segments based on the reports reviewed by the operating decision maker that are used to make strategic decisions. The operating decision maker of the Group operates business according to the region and performs the sale of various types of wires and cables as the main source of income. Taiwan, China, and Hong Kong, Thailand are the main regions for the manufacturing and sales activities of the Group. The Group provides the individual operation result indicated in the consolidated statements to the operating decision maker for review and approval, in order to evaluate the performance of the segment.

(II) Segment Information

The Company and subsidiaries report the net income or loss before tax of each region to the main operating decision maker, and the income and expenses indicated in the income statement adopts consistent measurement method. In addition, the performance of each

operating segment is evaluated according to the net income and loss before tax. The Company and subsidiaries have not provided the amounts of the total assets and total liabilities to the operating decision maker to make operational decisions.

The relevant regional financial information of the Group for 2022 and 2021 is as follows:

		<u>2022</u>					<u>Adjustment</u>	<u>Total</u>
		<u>Taiwan</u>	<u>China and Hong Kong</u>	<u>Thailand</u>	<u>Vietnam</u>	<u>U.S.A.</u>	<u>and write-off</u>	
Revenue from external customers		\$ 3,222,752	\$ 1,255,304	\$ 2,100,699	\$ 1,232,381	\$1,217,149	\$ -	\$ 9,028,285
Inter-segment transactions		1,049,866	361,423	377,080	664,723	-	(2,453,092)	-
Segment revenue		\$ 4,272,618	\$ 1,616,727	\$ 2,477,779	\$ 1,897,104	\$1,217,149	(\$ 2,453,092)	\$ 9,028,285
Net income before tax of segment		\$ 593,070	\$ 108,003	\$ 190,872	\$ 152,004	\$ 52,226	(\$ 345,748)	\$ 750,427

		<u>2021</u>					<u>Adjustment</u>	<u>Total</u>
		<u>Taiwan</u>	<u>China and Hong Kong</u>	<u>Thailand</u>	<u>Vietnam</u>	<u>U.S.A.</u>	<u>and write-off</u>	
Revenue from external customers		\$ 2,835,466	\$1,085,560	\$ 1,831,583	\$ 955,442	\$ 829,950	\$ -	\$ 7,538,001
Inter-segment transactions		1,054,521	377,204	739,559	507,366	-	(2,678,650)	-
Segment revenue		\$ 3,889,987	\$ 1,462,764	\$ 2,571,142	\$ 1,462,808	\$ 829,950	(\$ 2,678,650)	\$ 7,538,001
Net income before tax of segment		\$ 270,002	\$ 96,727	\$ 57,943	\$ 76,389	\$ 58,000	(\$ 190,222)	\$ 368,839

(III) Reconciliation of Segment Profit or Loss

Since the operating decision maker evaluates the segment performance and determines the allocation of resources based on the segment revenue and segment net operating income or loss, adjustment of the profit or loss of the segment is not required.

(IV) Reportable Reconciliation of Segment Profit or Loss

The Company reports the net income or loss after tax of each region to the operating decision maker, and the income and expenses indicated in the statement of comprehensive income adopt a consistent measurement method. The Company has not provided the amounts of the total assets and total liabilities to the operating decision maker to make operational decisions. Since there is no difference between the statements provided to the operating decision maker to make segment operational decisions and the segment income statement, adjustment is not required.

XV. Information on Product and Labor Type

Please refer to Note 6(19) for details.

XVI. Information by regions

The information by regions of the Group for 2022 and 2021 is as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
U.S.A.	\$ 3,447,249	\$ 265,703	\$ 2,775,883	\$ 276,605
Thailand	2,015,177	432,728	1,818,447	394,491
Vietnam	1,166,806	321,546	998,072	283,626
China and Hong Kong	1,180,359	196,557	888,275	186,684

Taiwan	597,602	479,612	695,634	445,557
Others	621,092	-	361,690	-
Total	\$ 9,028,285	\$ 1,696,146	\$ 7,538,001	\$ 1,586,963

XVII. Information on major customers

There is no one single customer with consolidated sales revenue exceeding 10% and more.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries

Loaning funds to others

January 1 to December 31, 2022

Table 1

Unit: NT\$ thousand
(unless otherwise specified)

No. (Note 1)	Lending company	Borrower	Current items (Note 2)	Whether related	Current	Ending	Interest	Loan	Current	Reason for	Allowance	Security		Loan limit for	Total loan	Remarks	
					maximum amount (Note 3)	balance (Note 8)						rate range	nature (Note 4)	amount (Note 5)			short-term financing (Note 6)
0	Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire	Financing funds	Yes	32,215	\$ 30,710	\$ -	3.0%	2	\$ -	Working capital	\$ -	Promissory note	\$ 30,710	\$ 100,000	\$ 484,996	
0	Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire	Financing funds	Yes	25,043	-	-	3.0%	2	-	Working capital	-	-	-	100,000	484,996	
0	Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire	Financing funds	Yes	32,215	30,710	-	3.0%	2	-	Working capital	-	Promissory note	30,710	100,000	484,996	
0	Wonderful Hi-Tech Co., Ltd.	Thai Wonderful Wire Cable Co.,	Financing funds	Yes	64,430	-	-	1.3%	2	-	Working capital	-	-	-	100,000	484,996	
0	Wonderful Hi-Tech Co., Ltd.	Shanghai Elitech Technology Co.,	Financing funds	Yes	12,376	12,376	12,376	N/A	2	-	Working capital	-	-	-	100,000	484,996	
0	Wonderful Hi-Tech Co., Ltd.	Thai Wonderful Wire Cable Co.,	Financing funds	Yes	61,420	61,420	-	3.2%	2	-	Working capital	-	Promissory note	61,420	100,000	484,996	
1	Wonderful Photoelectricity	Shanghai Elitech Technology Co.,	Financing funds	Yes	3,061	-	-	N/A	2	-	Working capital	-	-	-	19,690	67,485	
1	Wonderful Photoelectricity	Shanghai Elitech Technology Co.,	Financing funds	Yes	11,757	4,441	4,441	N/A	2	-	Working capital	-	-	-	19,690	67,485	
1	Wonderful Photoelectricity	Shanghai Elitech Technology Co.,	Financing funds	Yes	7,341	7,341	7,341	N/A	2	-	Working capital	-	-	-	19,690	67,485	
2	Thai Wonderful Wire Cable Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	Financing funds receivable	Yes	23,580	-	-	3.5%	2	-	Working capital	-	-	-	22,353	40,521	

Note 1: Instruction for the number column is as follows:

(1) Fill in 0 for the issuer.

(2) The investees are numbered in order starting from number 1.

Note 2: Accounts receivable from related companies, receivable from related parties, shareholder current account, advance payments, temporary payments... or any other items of loan nature must be filled in this field.

Note 3: The maximum balance of funds lent in the current year.

Note 4: The loan nature shall be specified as business payment or short-term financing.

(1) For business payment, please fill in 1.

(2) For short-term financing, please fill in 2.

Note 5: If the loan is a business payment, the amount should be filled in. The amount of business payment refers to the amount of the business transaction between the lending company and the borrower in the recent one year.

Note 6: If the loan is a short-term financing, the reason for the loan and use by the borrower shall be specified, such as repayment of loans, purchase of equipment, business turnover... etc..

Note 7: (1) For companies or firms that do business with Wonderful Hi-Tech Co., Ltd., the total loan amount shall not exceed 30% of the lower of the paid-up capital and net value of Wonderful Hi-Tech Co., Ltd., with individual loan amount not exceeding the amount of business transactions between the two parties in the recent one year, and shall not exceed NT\$100 million based on risk considerations.

For companies or firms that need short-term financing, the total loan amount shall not exceed 30% of the lower of the paid-up capital and net value of Wonderful Hi-Tech Co., Ltd., with the individual loan amount not exceeding NT\$60 million.

(2) The total amount of loan lent by Wonderful Photoelectricity (Dongguan) Co., Ltd. shall not exceed 20% of the net value of Wonderful Photoelectricity (Dongguan) Co., Ltd., with the individual loan amount not exceeding HK\$5 million.

(3) The total amount of loan lent by Thai Wonderful Wire Cable Co., Ltd. shall not exceed 20% of the lower of the paid-up capital and net value of Thai Wonderful Wire Cable Co., Ltd., with the individual loan amount not exceeding THB 25 million. The "Maximum balance accumulated to the end of this month" and "Ending balance" of the loan lent by Thai Wonderful Wire Cable Co., Ltd. to Vietnam Wonderful Wire Cable Co., Ltd. are greater than the "Loan limit for specific borrower" due to the exchange rate difference.

Note 8: If the public offering company proposes the loan to the board of directors one by one in accordance with paragraph 1 of Article 14 of the Standards for the Treatment of Capital Loan and Endorsement Guarantee of Public Offering

Wonderful Hi-Tech Co., Ltd. and Subsidiaries
Provision of Endorsements and Guarantees
January 1 to December 31, 2022

Table 2

Unit: NT\$ thousand
(unless otherwise specified)

No. (Note 1)	Endorsement and guarantee provider	The endorsed or guaranteed Company name	Relations (Note 2)	endorsement and guarantee for a single enterprise	maximum balance of endorsement and guarantee	Ending balance of endorsement and guarantee (Note 5)	Actually paid (Note 6)	endorsement and guarantee secured by	accumulated amount of endorsement and guarantee to the	Maximum limit of endorsement and guarantee (Note 3)	and guarantee provided by the parent	and guarantee provided by a subsidiary	t and guarantee provided to the mainland	Remarks
0	Wonderful Hi-Tech Co., Ltd.	Le Hao Co., Ltd.	2	\$ 260,285	\$ 50,898	\$ -	\$ -	\$ -	0.00%	\$ 1,041,138	Y	N	N	
1	Thai Wonderful Wire Cable Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	2	91,065	38,658	36,852	-	-	4.12%	304,369	N	N	N	
1	Thai Wonderful Wire Cable Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	2	91,065	19,329	18,426	18,426	-	2.06%	304,369	N	N	N	

Note 1: Instruction for the number column is as follows:

(1) Fill in 0 for the issuer.

(2) The investees are numbered in order starting from Arabic digit 1.

Note 2: There are 7 types of relationship between the endorser and the endorsed as follows, fill in the code:

(1) A company having business dealings with the Company.

(2) A company in which the Company directly or indirectly holds more than 50% of shares with voting rights.

(3) A company that directly or indirectly holds more than 50% of shares with voting rights of the Company.

(4) Between companies where the Company directly or indirectly holds more than 90% of shares with voting rights.

(5) Companies of the same trade or joint manufactures that are mutually endorsed for the needs of the contracted works.

(6) A company endorsed and guaranteed by all the contributing shareholders in accordance with their shareholding ratio due to the joint investment relationship.

(7) Joint and several performance guarantee of the same trade for pre-sale house sales contracts in accordance with the consumer protection law.

Note 3: (1) The total amount of external endorsement and guarantee provided by Wonderful Hi-Tech Co., Ltd. shall not exceed 40% of the current net value of Wonderful Hi-Tech Co., Ltd., and the limit of endorsement and guarantee for a single

The net value shall be subject to the most recent financial statement audited or reviewed by an accountant.

(2) The total amount of external endorsement and guarantee provided by Thai Wonderful Wire Cable Co., Ltd. shall not exceed 40% of the current net value of Thai Wonderful Wire Cable Co., Ltd., and the limit of endorsement and guarantee for a

The net value shall be subject to the most recent financial statement audited or reviewed by an accountant.

For those provided with endorsement and guarantee due to business relationship with Thai Wonderful Wire Cable Co., Ltd., in addition to the foregoing limit, the amount of individual endorsement or guarantee shall not exceed the amount of

Note 4: The maximum balance of endorsement and guarantee provided for others in the current year.

Note 5: The amount approved by the board of directors shall be disclosed. However, if the board of directors authorizes the Chairman to determined the amount in accordance with paragraph 8 of Article 12 of the Standards for the Treatment of

Note 6: The actual amount used by the endorsed or guaranteed within the balance of the endorsement and guarantee amount.

Note 7: Fill in Y for endorsement and guarantee provided by the listed parent company to a subsidiary, or provided by a subsidiary to the parent company, or provided to the mainland China.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries

Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies, and the Control Portion in a Joint Venture)

December 31, 2022

Table 3

Unit: NT\$ thousand
(unless otherwise specified)

Holding company	Type and name of marketable securities (Note 1)	Relationship with the marketable securities issuer (Note 2)	Account	Ending				Remarks (Note 4)
				Number of shares (in thousands)	Carrying amount (Note 3)	Shareholdin g percentage	Fair value	
Wonderful Hi-Tech Co., Ltd.	Sanitar Co., Ltd.	-	Financial assets measured at fair the consideration through profit or loss - current	51.00	\$ 1,931	-	\$ 1,931	-
	NT Pharma Group Co., Ltd. (Hong Kong	-	Financial assets measured at fair the consideration	170.00	60	-	60	-
	Asahi Malaysia Co., Ltd.	-	Financial assets at fair the consideration through other	1,900.00	15,388	9.40	15,388	-
	M-Mobility Co. Ltd.	-	Financial assets at fair the consideration through other	0.67	-	4.53	-	-
Thai Wonderful Wire Cable Co., Ltd.	Sunpower Energy Technology Co., Ltd.	-	Financial assets at fair the consideration through other	663.00	22,045	2.78	22,045	-
	Focuz Manufacturing Company Ltd.	-	Financial assets at fair the consideration through other comprehensive income - non-current	58.82	27,488	4.90	27,488	-

Note 1: The "marketable securities" in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items falling within IFRS No. 9 "Financial Instruments".

Note 2: If the issuer of marketable securities is not a related party, this column can be left blank.

Note 3: If measured at fair value, please fill in the book balance after the adjustment of fair value evaluation and deducting the accumulated impairment in the carrying amount column; if it is not measured at fair value, please fill in the book balance of original acquisition cost or amortized cost minus accumulated impairment in the carrying amount column.

Note 4: If the marketable securities are subject to restricted use due to the provision of guarantee, pledge loan or others agreed upon, the number of shares guaranteed or pledged, the amount of guarantee or pledge and the restricted be indicated in the remarks column.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries
Transaction with related party reaching NT\$100 million or 20% of paid-in capital or more.
January 1 to December 31, 2022

Table 4

Unit: NT\$ thousand
(unless otherwise specified)

Involved company	Name of Counterparty	Relationship	Transaction		why the terms of transaction are different from those of ordinary				Bills receivable (payable), accounts		Remarks (Note 2)
			Transaction	Amount	Ratio to total transaction	Period of credit granting	Unit price	Period of credit granting	Balance	Ratio to total bills receivable (payable) and accounts	
Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	Subsidiary	Sales	\$ (887,156)	22%	90 days	\$ -	-	\$ 363,134	37%	None
Wonderful Hi-Tech Co., Ltd.	Le Hao Co., Ltd.	Subsidiary	Purchase	347,429	11%	90 days	-	-	(74,648)	17%	None
Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	Subsidiary	Purchase	645,569	21%	90 days	-	-	(62,289)	14%	None
Wonderful Hi-Tech Co., Ltd.	Thai Wonderful Wire Cable Co., Ltd.	Subsidiary	Purchase	361,657	12%	90 days	-	-	(38,745)	9%	None

Note 1: If the related party transaction conditions are different from the general transaction conditions, the situation and reasons for the difference shall be stated in the field of unit price and credit granting period.

Note 2: If any payment is received (paid) in advance, the reasons, terms agreed, amount and the difference from the general transaction type shall be stated in the remarks column.

Note 3: The sale and purchase between Wonderful Hi-Tech Co., Ltd. and its subsidiaries is equivalent to the purchase and sale between the subsidiaries and Wonderful Hi-Tech Co., Ltd., so the relative transactions will not be disclosed separately.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries
 Receivables due from related party reaching NT\$100 million or 20% of paid-in capital or more.
 December 31, 2022

Table 5

Unit: NT\$ thousand
 (unless otherwise specified)

Company disclosing receivables	Name of Counterparty	Relationship	Balance of receivables		Overdue Receivables due from related parties		Amount recovered		Allowance for loss
			due from related parties	Turnover rate	Amount	Accounting treatment	after the payment		
Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	Subsidiary	\$ 363,134	2.3	\$ 8,309	Strengthen collection	\$ 134,679	\$ -	

Note 1: Please fill in separately according to the accounts receivable, bills, other receivables... etc.

Note 2: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares have no par value or the par value of each share is not NT\$10, the transaction amount requirement of 20% of the paid-in capital shall be calculated at 10% of the equity attributable to the owner of the parent company in the balance sheet.

Note 3: The post-payment period ends on February 28, 2023

Wonderful Hi-Tech Co., Ltd. and Subsidiaries

Business relationship, significant transactions, and significant transaction amount between parent and subsidiaries, or among subsidiaries.

January 1 to December 31, 2022

Table 6

Unit: NT\$ thousand
(unless otherwise specified)

No. (Note 1)	Name of trader	Counterparty	Relationship with the trader (Note 2)	Transaction circumstance			Ratio to total consolidated revenue or total assets (Note 3)
				Item	Amount	Conditions	
0	Wonderful Hi-Tech Co., Ltd.	Le Hao Co., Ltd.	1	Purchase	347,429	Note 4	4%
0	Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	1	Purchase	645,569	Note 4	7%
0	Wonderful Hi-Tech Co., Ltd.	Thai Wonderful Wire Cable Co., Ltd.	1	Purchase	361,657	Note 4	4%
0	Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	1	Sales revenue	887,156	Note 4	10%
0	Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	1	Accounts receivable	363,134	Note 4	6%
0	Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	1	Accounts payable	62,289	Note 4	1%
0	Wonderful Hi-Tech Co., Ltd.	Le Hao Co., Ltd.	1	Accounts payable	74,648	Note 4	1%

Note 1: The business transaction information between the parent company and its subsidiaries shall be indicated in the number column respectively, details are as follows:

(1) Fill in 0 for the parent company.

(2) The subsidiaries are numbered in order starting from number 1.

Note 2: There are 3 types of relationship with counterparties as follows, fill in the code:

(1) The parent company to a subsidiary.

(2) A subsidiary to the parent company.

(3) Among subsidiaries.

Note 3: The ratio of transaction amount to total consolidated revenue or total assets shall be calculated by the ending balance as a percentage of the consolidated total assets for assets and liabilities items; for profit and loss items, it shall be calculated by the cumulative amount as a percentage of the consolidated total revenue.

Note 4: In accordance with the general sales method.

Note 5: Individual transaction with an amount less than 1% of the consolidated total revenue and consolidated total assets will not be disclosed.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries
Name and location of investees (excluding those in Mainland China).
January 1 to December 31, 2022

Table 7

Unit: NT\$ thousand
(unless otherwise specified)

Name of investor	Name of investee (Note 1, Note 2)	Location	Main business items	Original investment amount		Shareholding at the end of the period		Current gain and loss of the investee (Note 2(2))	Investment gains and losses recognized in the current period (Note 2(3) and 3)	Remarks	
				At the end of the period	At the end of last year	Number of shares	Ratio				Carrying amount
Wonderful Hi-Tech Co., Ltd.	Wonderful Holding (Cayman) Co., Ltd.	Cayman Islands	Holding company of investment	\$ 272,219	\$ 272,219	9,373,944	100.00	\$ 809,548	\$ 137,756	\$ 137,756	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Wanshih Electronic Co., Ltd.	Taiwan	Assembly of distribution lines	285,266	300,269	17,816,272	24.55	233,148	(66,109)	(16,229)	The investee evaluated by the equity method.
Wonderful Hi-Tech Co., Ltd.	Le Hao International Co., Ltd.	British Virgin Islands	Holding company of investment	411,992	401,197	14,845	74.23	505,297	90,311	65,719	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Yi-Tai Technology Co., Ltd.	Hong Kong	Holding company of investment	83,120	83,120	21,377,348	100.00	3,061	(7,784)	(7,784)	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Wonderful Cabling Systems Corporation	Taiwan	Sales of wires and cables	12,800	12,800	2,000,000	80.00	57,769	20,568	16,302	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	Vietnam	Sales and manufacturing of wires and cables	217,101	155,558	-	50.00	308,348	118,458	55,922	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Wan Shih (Hong Kong) Co., Ltd.	Hong Kong	Assembly of distribution lines	28,541	28,541	3,067,500	17.04	20,059	(4,322)	(737)	The investee evaluated using the equity method.
Wonderful Hi-Tech Co., Ltd.	Inga Nano Technology Co., Ltd.	Taiwan	Other Textile Products Manufacturing	34,325	34,325	2,450,000	28.00	32,428	(16,004)	(5,358)	The investee evaluated using the equity method.
Wonderful Hi-Tech Co., Ltd.	Saga YesFamily Healthcare Co.	Taiwan	Business in the long-term care industry	10,189	10,189	283,019	28.30	-	-	-	The investee evaluated using the equity method.
Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	U.S.A.	Sales of wires and cables	171,766	171,766	92,000	56.10	197,855	47,933	22,678	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	ACTife Hi-Tech Co., Ltd.	Taiwan	Sales of non-woven fabric processing products	58,000	48,000	2,000,000	100.00	(22,487)	(21,680)	(21,803)	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Leading LOHAS International Trading Company	Taiwan	Sales of non-woven fabric processing products	1,000	1,000	100,000	100.00	680	(297)	(297)	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Alpha Treasure Investments Limited	Republic of Seychelles	Holding company of investment	10,123	4,988	350,000	35.00	5,633	(7,445)	(2,402)	The investee evaluated using the equity method.
Wonderful Holding (Cayman) Co., Ltd.	Wonderful International (Cayman) Co., Ltd.	Cayman Islands	Holding company of investment	272,219	272,219	9,373,944	100.00	809,548	137,756	Note 3	Sub-subsidiary of the Company.
Wonderful International (Cayman) Co., Ltd.	ABA Industry Inc.	U.S.A.	Sales of wires and cables	20,909	20,909	72,000	43.90	140,889	47,933	Note 3	Subsidiary of the Company.
Wonderful International (Cayman) Co., Ltd.	Wonderful Holding (Thailand) Co., Ltd.	Thailand	Holding company of investment	47	47	490	100.00	273,256	49,189	Note 3	Sub-subsidiary of the Company.
Wonderful International (Cayman) Co., Ltd.	Thai Wonderful Wire Cable Co., Ltd.	Thailand	Sales and manufacturing of wires and cables	124,353	124,353	845,890	43.50	396,133	164,195	Note 3	Great-subsidiary of the Company.
Wonderful Holding (Thailand) Co., Ltd.	Thai Wonderful Wire Cable Co., Ltd.	Thailand	Sales and manufacturing of wires and cables	103,781	103,781	583,372	30.00	273,195	164,195	Note 3	Great-subsidiary of the Company.
Thai Wonderful Wire Cable Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	Vietnam	Sales and manufacturing of wires and cables	226,415	198,407	-	50.00	315,724	118,458	Note 3	Subsidiary of the Company.
Le Hao International Co., Ltd.	Le Hao Co., Ltd.	Hong Kong	Sales of wires and cables	245,513	245,513	41,401,000	100.00	680,764	90,311	Note 3	Sub-subsidiary of the Company.

Note 1: If the public offering company has a foreign holding company and the consolidated financial report is the main financial report according to the local law, the disclosure of information about the foreign investee may be disclosed only to the information about the holding company.

Note 2: For persons other than those mentioned in Note 1, fill in the following:

(1) The columns of "the investee's name", "location", "main business items", "original investment amount" and "ending shareholding situation" shall be filled out in accordance with the reinvestment situation of the (publicly issued) company and the reinvestment of the investee directly or indirectly under control. Indicate in the remarks column the relationship between each investee and the (public offering) company (if it is a subsidiary or a great -subsidiary).

(2) The "current profit and Loss of investees" shall be fill in the amount of current profit and loss of each investee.

(3) The column "investment profit and loss recognized in the current period" is only required to fill in the profit and loss of the subsidiaries recognized by the (public offering) company for direct reinvestment and that of the investee evaluated by the equity acquisition method. The rest is not required. Fill in "The balance of loss of each subsidiary directly reinvested in the current period shall still be the loan limit approved by the board of directors. Although the funds may be repaid later, considering the loan may be granted again, the amount approved by the board of directors

Note 3: The investment profit and loss listed in the current period only discloses the part recognized by Wonderful Hi-Tech Co., Ltd., and the rest is exempted from completion according to regulations.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries
Information on investments in Mainland China - Basic Information
January 1 to December 31, 2022

Table 8

Unit: NT\$ thousand
(unless otherwise specified)

Name of investee in Mainland China	Main business items	Paid-in capital	Form of investment (Note 1)	Accumulated investment remitted from Taiwan at the beginning of the period	Investment remitted or recovered in the current period		Accumulated investment remitted from Taiwan at the end of the period	Current gain and loss of the investee	The Company's shareholding in direct or indirect investment	Recognize investment gains and losses in the current period (Note 2)	Carrying amount of investment at the end of the period	Repatriated investment income as of the current period	Remarks
					Remitted	Recovered							
Suzhou Wanshieh Optical Communication Co., Ltd.	Assembly of distribution lines	\$ 520,584	1	\$ 11,380	\$ -	\$ -	\$ 11,380	(\$ 67,512)	2.56%	\$ -	\$ -	\$ 5,008	Note 3
Siyang Wanshieh Electronic Element Co., Ltd.	Assembly of distribution lines	367,939	2	16,099	-	-	16,099	-	-	-	-	-	Note 4
Shanghai Elitech Technology Co., Ltd.	Computer software development, manufacturing and sales of own products and surveillance equipment	83,081	2	83,081	-	-	83,081	(7,784)	100.00%	(7,784) (2) B	3,061	-	
Wonderful Photoelectricity (Dongguan) Co., Ltd.	Sales and manufacturing of wires and cables	177,616	2	50,624	-	-	50,624	75,927	74.23%	56,357 (2) A	250,452	-	
Company name	Cumulative investment remitted from Taiwan to the mainland China at the end of the period	The investment approved by the Ministry of Economic Affairs	Investment to the Mainland China approved by the Ministry of Economic Affairs										
Wonderful Hi-Tech Co., Ltd.	\$ 325,940	\$ 360,985	\$ 1,561,708										

Note 1: Investments are made in the following four ways, fill in the code:

(1) Direct investment in mainland China.

(2) Re-investment in Mainland company through a third region company (please specify the third region company).

A. Reinvestment in Siyang Wanshieh Electronic Element Co., Ltd., through Wonderful Holding (Cayman) Co., Ltd., and then through Wonderful International (Cayman) Co., Ltd.

B. Reinvestment in Shanghai Elitech Technology Co., Ltd. through Yi-Tai Technology Co., Ltd.

C. Reinvestment in Wonderful Photoelectricity (Dongguan) Co., Ltd. through Le Hao International Co., Ltd.

(3) Other ways.

Note 2: In the investment profit and loss recognized in the current period:

(1) Please specify if it is in preparation and there is no investment gain or loss.

(2) Investment profit and loss are recognized on the following three basis, which should be specified.

A. Financial statements audited by an international accounting firm in partnership with a Republic of China accounting firm.

B. Financial statements audited by certified accountants of the parent company in Taiwan.

C. Financial statements prepared and not verified by accountants for the corresponding period

Note 3: Suzhou Wanshieh Optical Communication Co., Ltd., an investee held by the Company under the acquisition equity method, is provided for impairment in full in 2012 because its recoverable amount is lower than the book value.

Note 4: Siyang Wanshieh Electronic Element Co., Ltd., an investee held by the Group under the equity method, was disposed of in 2020.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries
Information on Major Shareholders
December 31, 2022

Table 9

Name of major shareholders	Shares	
	Number of shares held	Shareholding percentage
Ming-Lieh Chang	12,644,911	7.82%
Mei Ming Investment Co., Ltd.	12,562,070	7.77%
Wanshih Electronic Co., Ltd.	9,282,121	5.74%

Note 1: The information on major shareholders in this table shows the information of shareholders holding more than 5% of the Company's ordinary and special shares (including treasury shares) that have been delivered without physical registration as calculated by the depository company. The capital stock recorded in the financial report may be different from the actual number of shares delivered by the Company without physical registration due to a

Note 2: If the above information involves shareholder's handing over their shareholding to the trust, it shall be disclosed by the individual account of the trustor whose special trust account is opened by the trustee. As for shareholders who hold more than 10% of the shares and are subject to reporting requirements under the securities trading laws, this includes their own shareholding as well as shares held through entrusted arrangements where they have decision-making power over the entrusted assets.

For insider share declaration information, please refer to the Market Observation Post System.

Wonderful Hi-Tech Co., Ltd.
Parent Company Only Financial Statements
and Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021
(Stock Code: 6190)

Company Address: No. 17, Beiyuan Rd., Zhongli Dist., Taoyuan City

Tel: (03)452-7777

Wonderful Hi-Tech Co., Ltd.
Parent Company Only Financial Statements and Independent Auditor's Report
for the Years Ended December 31, 2022 and 2021

Table of Contents

<u>Item</u>	<u>Page/ No./Index</u>
I. Cover Page	1
II. Table of Contents	2 ~ 3
III. Independent Auditor's Report	4 ~ 10
IV. Parent Company Only Balance Sheets	11 ~ 12
V. Parent Company Only Statement of Comprehensive Income	13~ 14
VI. Parent Company Only Statements of Changes in Equity	15
VII. Parent Company Only Statement of Cash Flows	16 ~ 17
VIII. Notes to Parent Company Only Financial Statements	18 ~ 73
(I) Company History	18
(II) Approval Date and Procedure of Financial Statements	18
(III) Application of New and Amended Standards and Interpretations	18 ~ 19
(IV) Summary of Significant Accounting Policies	20 ~ 30
(V) Significant Accounting Assumptions and Judgment, and Major Sources of Estimation Uncertainty	30
(VI) Description of Significant Accounts	31 ~ 57
(VII) Related Party Transactions	58 ~ 61
(VIII) Pledged Assets	61
(IX) Significant Contingent Liabilities and Unrecognized Commitments	61

<u>Item</u>	<u>Page/ No./Index</u>
(X) Significant Disaster Losses	61
(XI) Others	61 ~ 72
(XII) Separately Disclosed Items	72 ~ 73
(XIII) Operating Segment Information	73
 IX. Details of Significant Accounts	
Cash and cash equivalents	Table 1
Accounts receivable	Table 2
Inventory	Table 3
Change in investment accounted for under the equity method	Table 4
Change in property, plant and equipment	Note 6(7)
Change in investment property	Note 6(9)
Short-term borrowings	Table 5
Accounts payable	Table 6
Net operating income	Table 7
Operating cost	Table 8
Production overheads	Table 9
Operating expenses	Table 10
Summary statement of employee benefits, depreciation and amortization expenses by function	Note 6(22)

Independent Auditors' Report

(2023) Cai-Shen-Bao-Zi No. 22004432

To the Board of Directors and Shareholders of Wonderful Hi-Tech Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Wonderful Hi-Tech Co., Ltd. (the "Company"), which comprise the parent company only balance sheets for the years ended December 31, 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for January 1 to December 31, 2022 and 2021, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and its parent company only cash flows for January 1 to December 31, 2022 and 2021 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), International Financial Reporting Interpretations Committee Interpretations (IFRIC), and Standard Interpretations Committee Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China (R.O.C.).

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements of Financial Institutions by Certified Public Accountants and auditing standards generally accepted in the Republic of China (R.O.C.). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Unconsolidated 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. In view of the audit result concluded by our independent auditors, 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 parent company only financial statements of the Company for the year 2022. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year 2022 are stated as follows:

Existence of New Top 10 Sales Accounts Revenue

Description

For description of the accounting policy and accounting Item for income recognition, please refer to Notes 4 (30) and 6(17) of the parent company only financial statements.

The Company's main business refers to the manufacturing, sales and purchase of various types of wires and cables. The Company's customers include well-known international companies having long-term and stable cooperation relationship with the Company. In addition, to secure the market share, the Company continues to develop new customers. The comparison with the list of top 10 sales customers in 2022 and 2021 indicates that there have been changes to the increase/decrease of sales amount of the main customers in the current period from the amounts in the same period of last year, such that a portion of the customers in the top 10 main sales customers becoming the new top 10 sales customers in the current period, thus having positive impact on the increase of the consolidated operating revenue. We consider that for the new top 10 main sales customers, the issue of whether relevant sales transactions exist has material impact on the parent company only financial statements. Accordingly, the existence of the new top 10 sales account revenue of the Company is listed as one of the key audit matters.

Corresponding Audit Procedures

We summarize the audit procedures executed in the following:

1. Evaluate and test the execution of sales transaction internal system and actual process,

including the credit extension evaluation of the new top 10 sales accounts.

2. Review the relevant industrial background information of the new top 10 sales accounts.
3. Obtain the operating revenue transaction statement of the new top 10 sales accounts of the current period, and randomly test relevant certificates of the customer orders, shipping orders and payment slips, in order to verify the existence of transactions.

Inventory Valuation

Description

For the description of the accounting policy, accounting estimation and assumption of inventory and allowance for inventory write-down, please refer to Notes 4(12), 5(2) and 6(5).

The main business of the Company refers to the manufacturing, processing, purchase and sales, and import/export of various types of wires and cables. The inventory is measured based on the cost and net realizable value whichever is lower. In addition, the usable condition of individual old and obsolete inventory is further identified, in order to recognize the inventory write-down. Since there are a lot of competitors from the Mainland China, and the raw material price fluctuation is great, the product price is likely to be affected or the product sales may not be as expected. Furthermore, the allowance of inventory write-down of individual identification of old and obsolete inventories involves the subjective judgment of the management. Accordingly, we consider that the accounting estimation has material impact on the inventory valuation, and it is listed as one of the key audit matters.

Corresponding Audit Procedures

We summarize the audit procedures executed in the following:

1. Understand the company operation and the nature of industry. Assess the policy adopted for the allowance for inventory write-down.
2. Obtain the obsolete inventory statement individually identified by the management. Review relevant documents and verify account records.
3. Randomly examine whether the basis of net realizable value is consistent with the policy established by the Company, and review whether the calculation of the net realizable value of individual inventory material number is correct.

Other Matters - Relevant audits by other independent auditors

For some of the investees under equity method listed in the Company's parent company only financial statements, their financial statements were not audited by our representatives, but was audited by other independent auditors. Accordingly, regarding the our opinion on the aforementioned parent company only financial statements, relevant amount listed in financial statements of such company was based on the audit report by other independent auditors. As of December 31, 2022 and 2021, the investments under equity method for the aforementioned companies were NT\$595,494 thousand and NT\$506,663 thousand respectively, accounted for 14% and 12% of the total assets respectively. The compressive income for January 1 to December 31, 2022 and 2021 were NT\$106,420 thousand and NT\$74,267 thousand respectively, accounted for 20% and 34% of the comprehensive income respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for necessary internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the parent company only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain a necessary understanding of internal control concerning the inspection in order to design appropriate inspection procedures that are appropriate for the time being. The purpose, however, is not to effectively express opinions on the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. According to the audit evidence obtained, evaluate the appropriateness of the continuous operation accounting basis and whether events or circumstances possibly generating material concerns on the continuous operation ability of the Company have significant uncertainty, and provide conclusion thereto. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related

disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. Nevertheless, future events or circumstances may cause the Company to have no ability for continuous operation.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including relevant notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Company and provide opinion on the parent company only financial statements. We handle the guidance, supervision and execution of the audit on the Company and are responsible for preparing the opinion for the Company.

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 the governance units with statements that we have complied with relevant independence declaration specified in the Code of Ethics for Professional Accountants of R.O.C. that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Company's 2021 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

PwC Taiwan

Po-Chuan Lin

Certified Public Accountant

Shu-Chiung Chang

Former Securities and Futures Commission, Ministry of
Finance

Approval Certificate Document No.: Jin-Guan-Zheng-Shen-
Zi No. 1100350706

Financial Supervisory Commission

Approval Certificate Document No.: Jin-Guan-Zheng-Shen-
Zi No. 0990042602

March 17, 2023

Wonderful Hi-Tech Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2022 and 2021

Unit: NT\$ thousand

Assets	Note	December 31, 2022		December 31, 2021		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 242,409	6	\$ 238,084	6
1110	Financial assets measured at fair value through profit or loss - current	6(2)	8,758	-	10,898	-
1150	Notes receivable, net	6(4)	35,199	1	40,431	1
1170	Accounts receivable, net	6(4)	511,496	12	734,326	17
1180	Accounts receivable from related parties, net	7	421,994	10	513,347	12
1200	Other receivables		10,337	-	13,333	-
1210	Other receivables - related Party	7	16,571	-	57,111	1
130X	Inventory	6(5)	455,036	10	416,103	10
1410	Prepayments		6,620	-	12,956	-
1476	Other financial assets - current	8	8,000	-	8,000	-
1479	Other current assets - others		344	-	306	-
11XX	Total current assets		<u>1,716,764</u>	<u>39</u>	<u>2,044,895</u>	<u>47</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	37,433	1	12,256	-
1550	Investment accounted for under the equity method	6(6) and 8	2,173,826	49	1,806,245	42
1600	Property, plant and equipment	6(7) and 8	211,089	5	228,808	5
1755	Right-of-use assets	6(8)	24,674	1	26,106	1
1760	Investment property, net	6(9) and 8	188,525	4	184,647	4
1780	Intangible assets		592	-	972	-
1840	Deferred income tax assets	6(23)	25,320	1	43,487	1
1990	Other non-current assets - others		15,252	-	11,223	-
15XX	Total non-current assets		<u>2,676,711</u>	<u>61</u>	<u>2,313,744</u>	<u>53</u>
1XXX	Total assets		<u>\$ 4,393,475</u>	<u>100</u>	<u>\$ 4,358,639</u>	<u>100</u>

(Continued)

Wonderful Hi-Tech Co., Ltd.
Parent Company Only Balance Sheet
December 31, 2022 and 2021

Unit: NT\$ thousand

Liabilities and Equity		Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 130,000	3	\$ 980,926	23
2170	Accounts payable		268,183	6	354,116	8
2180	Accounts payable - related party	7	175,959	4	517,223	12
2200	Other payables		149,454	4	121,478	3
2220	Other accounts payable - related party	7	6,248	-	4,309	-
2230	Current income tax liabilities		60,216	1	17,900	-
2280	Lease liabilities - current		6,922	-	5,561	-
2399	Other current liabilities - others		5,969	-	9,833	-
21XX	Total current liabilities		<u>802,951</u>	<u>18</u>	<u>2,011,346</u>	<u>46</u>
Non-current liabilities						
2530	Bonds payable	6(10)	762,578	17	61,022	2
2570	Deferred income tax liabilities	6(23)	151,260	-	99,530	2
2580	Lease liabilities - non-current		18,403	1	21,115	1
2640	Net defined benefit liabilities – non-current	6(12)	32,071	1	58,277	1
2670	Other non-current liabilities - others	6(6)	23,366	-	11,564	-
25XX	Total non-current liabilities		<u>987,678</u>	<u>23</u>	<u>251,508</u>	<u>6</u>
2XXX	Total liabilities		<u>1,790,629</u>	<u>41</u>	<u>2,262,854</u>	<u>52</u>
Equity						
Share capital						
3110	Common share capital	6(14)	1,616,652	37	1,591,048	37
Capital surplus						
3200	Capital surplus	6(15)	383,677	9	258,139	5
Retained earnings						
3310	Statutory reserves	6(16)	91,626	2	70,060	2
3320	Special reserves		169,203	4	172,622	4
3350	Undistributed earnings		491,831	11	235,606	6
Other equity						
3400	Other equity		(21,611)	(1)	(75,389)	(2)
3500	Treasury shares	6(14)	(128,532)	(3)	(156,301)	(4)
3XXX	Total equity		<u>2,602,846</u>	<u>59</u>	<u>2,095,785</u>	<u>48</u>
Significant Contingent Liabilities and Unrecognized Commitments						
Material subsequent events						
3X2X	Total liabilities and equities	11	<u>\$ 4,393,475</u>	<u>100</u>	<u>\$ 4,358,639</u>	<u>100</u>

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

Chairman: Ming-Lieh Chang

Managerial Officer: Cheng-Po Chang

Accounting Officer: Yu-Hsiu Hsu

Wonderful Hi-Tech Co., Ltd.
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand
(Except for earnings per share in NT\$)

Item	Note	2022		2021	
		Amount	%	Amount	%
4000 Operating revenue	6(17) and 7	\$ 4,098,856	100	\$ 3,720,507	100
5000 Operating costs	6(5)(22) and 7	(3,488,259)	(85)	(3,344,995)	(90)
Gross profit		610,597	15	375,512	10
5910 Unrealized gain from sale		(44,415)	(1)	(25,044)	(1)
5920 Realized gain from sale		25,045	-	18,327	1
5950 Gross Profit		591,227	14	368,795	10
Operating expenses	6(22) and 7				
6100 Selling expenses		(159,893)	(4)	(116,555)	(3)
6200 Administrative expenses		(157,245)	(4)	(101,461)	(3)
6300 Research and development expenses		(29,852)	-	(22,935)	(1)
6450 Expected credit impairment losses		3,151	-	(3,632)	-
6000 Total operating expenses		(343,839)	(8)	(244,583)	(7)
6900 Operating profit		247,388	6	124,212	3
Non-operating income and expenses					
7100 Interest income	6(18) and 7	1,855	-	789	-
7010 Other income	6(19) and 7	12,271	-	12,391	-
7020 Other gains and losses	6(20) and 7	82,697	2	26,878	1
7050 Finance costs	6(21)	(16,310)	-	(13,644)	-
7070 Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)	243,767	6	122,994	3
7000 Total non-operating incomes and expenses		324,280	8	149,408	4
7900 Net income before tax		571,668	14	273,620	7
7950 Income tax expense	6(23)	(105,814)	(3)	(48,860)	(1)
8200 Net income for the period		\$ 465,854	11	\$ 224,760	6

(Continued)

Wonderful Hi-Tech Co., Ltd.
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand
(Except for earnings per share in NT\$)

Item	Note	2022		2021		
		Amount	%	Amount	%	
Other comprehensive profit and loss (net)						
Items not reclassified subsequently to profit or loss						
8311	Remeasurement of defined benefit programs	6(12)	\$ 9,400	-	(\$ 11,500)	-
8316	Unrealized equity instrument profit or loss measured at fair value through other comprehensive income	6(3)	5,797	-	1,601	-
8330	Share of other comprehensive income of affiliated enterprises and joint ventures accounted for using equity method - Items not to be reclassified into profit or loss		(20,799)	-	59,508	2
8349	Income taxes related to the items not re-classified	6(23)	(1,880)	-	2,300	
Items that may be reclassified subsequently to profit or loss						
8361	Exchange differences on translation of the financial statements of foreign operations		103,008	3	(70,106)	(2)
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method- Items may be reclassified into profit or loss		2,381	-	(1,881)	-
8399	Income tax related to items may be reclassified into profit or loss	6(23)	(20,944)	(1)	14,397	-
8300	Other comprehensive profit and loss (net)		<u>\$ 76,963</u>	<u>2</u>	<u>(\$ 5,681)</u>	<u>-</u>
8500	Total comprehensive income for this period		<u>\$ 542,817</u>	<u>13</u>	<u>\$ 219,079</u>	<u>6</u>
Net income attributable to:						
Earnings per share						
9750	Basic earnings per share	6(24)	\$ 3.04	\$ 1.68		
9850	Diluted earnings per share		\$ 3.03	\$ 1.42		

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

Chairman: Ming-Lieh Chang

Managerial Officer: Cheng-Po Chang

Accounting Officer: Yu-Hsiu Hsu

Wonderful Hi-Tech Co., Ltd.
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand

	Note	Equity attributable to owners of parent company								Total
		Retained earnings					Other equity			
		Common share capital	Capital surplus	Statutory reserves	Special reserves	Undistributed earnings	Exchange differences on translation of the financial statements of foreign operations	Unrealized financial assets profit or loss measured at fair value through other comprehensive income	Treasury shares	
2021										
Balance as of January 1, 2021		\$ 1,403,685	\$ 16,858	\$ 56,417	\$ 127,574	\$ 210,761	(\$ 61,313)	(\$ 17,495)	(\$ 130,484)	\$ 1,606,003
Net income for the period		-	-	-	-	224,760	-	-	-	224,760
Other comprehensive income/loss of the period	6(3)	-	-	-	-	(9,100)	(57,590)	61,009	-	(5,681)
Total comprehensive income for this period		-	-	-	-	215,660	(57,590)	61,009	-	219,079
2020 Appropriation and distribution of retained earnings:	6(16)									
Statutory reserves		-	-	13,643	-	(13,643)	-	-	-	-
Special reserves		-	-	-	45,048	(45,048)	-	-	-	-
Cash dividends		-	-	-	-	(132,124)	-	-	-	(132,124)
Issuance of convertible bonds	6(10) (15)	-	36,094	-	-	-	-	-	-	36,094
Conversion of convertible bonds	6(10) (15)	95,363	101,079	-	-	-	-	-	-	196,442
Changes in equity ownership of subsidiaries	6(15)	-	1,491	-	-	-	-	-	-	1,491
Cash capital increase	6(14)	92,000	99,360	-	-	-	-	-	-	191,360
Share-based payment transaction	6(13)	-	3,257	-	-	-	-	-	-	3,257
Repurchase of treasury shares	6(14)	-	-	-	-	-	-	-	(25,817)	(25,817)
Balance as of December 31, 2021		\$ 1,591,048	\$ 258,139	\$ 70,060	\$ 172,622	\$ 235,606	(\$ 118,903)	\$ 43,514	(\$ 156,301)	\$ 2,095,785
2022										
Balance as of January 1, 2022		\$ 1,591,048	\$ 258,139	\$ 70,060	\$ 172,622	\$ 235,606	(\$ 118,903)	\$ 43,514	(\$ 156,301)	\$ 2,095,785
Net income for the period		-	-	-	-	465,854	-	-	-	465,854
Other comprehensive income/loss of the period	6(3)	-	-	-	-	8,885	84,445	(16,367)	-	76,963
Total comprehensive income for this period		-	-	-	-	474,739	84,445	(16,367)	-	542,817
2021 Appropriation and distribution of retained earnings:	6(16)									
Statutory reserves		-	-	21,566	-	(21,566)	-	-	-	-
Special reserves		-	-	-	(3,419)	3,419	-	-	-	-
Cash dividends		-	-	-	-	(214,667)	-	-	-	(214,667)
Issuance of convertible bonds	6(10)(15)	-	65,027	-	-	-	-	-	-	65,027
Conversion of convertible bonds	6(10)(15)	25,604	28,908	-	-	-	-	-	-	54,512
treasury stock transfer employee	6(14)	-	(4,459)	-	-	-	-	-	27,769	23,310
Disposal of investments by the equity method		-	-	-	-	2,090	-	(2,090)	-	-
Investment companies by the equity method dispose of equity instrument shares measured through fair value in other cases and profit and loss cases		-	-	-	-	12,210	-	(12,210)	-	-
Difference between actual price of subsidiary equity acquired and the book value	6(15)	-	4,816	-	-	-	-	-	-	4,816
Net change in affiliated enterprises and joint ventures accounted for under equity method	6(15)	-	10,450	-	-	-	-	-	-	10,450
Changes in equity ownership of subsidiaries	6(15)	-	2,854	-	-	-	-	-	-	2,854
Share-based payment transaction	6(13)	-	17,942	-	-	-	-	-	-	17,942
Balance as of December 31, 2022		\$ 1,616,652	\$ 383,677	\$ 91,626	\$ 169,203	\$ 491,831	(\$ 34,458)	\$ 12,847	(\$ 128,532)	\$ 2,602,846

Opinion

Chairman: Ming-Lieh Chang

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

Managerial Officer: Cheng-Po Chang

Accounting Officer: Yu-Hsiu Hsu

Wonderful Hi-Tech Co., Ltd.
Parent Company Only Statement of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand

	<u>Note</u>	<u>January 1 to December 31, 2022</u>	<u>January 1 to December 31, 2021</u>
<u>Cash flows from operating activities</u>			
Net income before income tax		\$ 571,668	\$ 273,620
Adjustments			
Income/expense items			
Unrealized gain from sale		44,415	25,044
Realized gain from sale		(25,045)	(18,327)
Depreciation expenses	6(22)	43,102	37,136
Amortization expenses	6(22)	1,503	3,493
Expected credit impairment losses		(3,151)	3,632
Interest income	6(18)	(1,855)	789
Dividend income	6(19)	(612)	102
Interest expenses	6(21)	16,310	13,644
Net gain on financial assets and liabilities at fair value through profit or loss	6(2)(20)	19,100	(28,051)
Gains on disposal of property, plant and equipment	6(20)	(600)	785
Gains on disposal of investments by equity method	6(20)	(11,661)	
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	6(6)		(122,994)
Investment real estate fair value adjustment benefits	6(20)	(3,878)	-
Share-based payments	6(13)	17,942	3,257
Change in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		(3,299)	1,029
Notes and accounts receivable		230,922	(442,493)
Accounts receivable - related party		91,353	(290,254)
Other receivables		3,542	(4,366)
Other receivables - related Party		(765)	12,071
Inventory		(38,933)	(95,928)
Prepayments		6,336	1,077
Other current assets		(38)	9
Net changes in liabilities relating to operating activities			
Financial liabilities measured at fair value through profit or loss		-	(4,302)
Accounts payable (including related party)		(403,754)	553,665
Other payables		27,457	54,591
Other payables - related party		1,939	2,368
Other current liabilities		(1,985)	1,267
Accrued pension liabilities		(18,687)	(2,964)
Cash inflow (outflow) from operating activities		317,559	(25,452)
Interests received		1,909	886
Dividends received		19,866	22,868
Interest paid		(13,655)	(11,853)
Income taxes paid		(16,950)	(598)
Net cash inflow (outflow) from operating activities		308,729	(14,149)

(Continued)

Wonderful Hi-Tech Co., Ltd.
Parent Company Only Statement of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand

	<u>Note</u>	<u>January 1 to December 31, 2022</u>	<u>January 1 to December 31, 2021</u>
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 19,380)	\$ -
Decrease (increase) in financing funds receivable		41,520	(14,654)
Acquisition of investments by equity method		(87,471)	(106,124)
Proceeds from disposal of investments by equity method	6(6)	27,494	
Acquisition of property, plant, and equipment	6(25)	(19,941)	(21,819)
Proceeds from disposal of property, plant and equipment		1,250	6,804
Acquisition of intangible assets			(2,557)
Increase in other non-current assets		(3,576)	(44,416)
Net cash outflow from investing activities		(60,104)	(182,766)
<u>Cash flows from financing activities</u>			
Increase (decrease) in short-term borrowings	6(26)	(850,926)	201,089
Repayments of long-term borrowings	6(26)	-	(220,000)
Payments buyback of treasury shares	6(14)		(25,817)
treasury stock transfer employee	6(14)	23,310	
Repayment of the principal portion of lease liabilities	6(26)	(6,610)	(5,421)
Cash dividends paid	6(16)	(214,667)	(132,124)
Issuance of corporate bonds	6(26)	804,593	314,990
Cash capital increase	6(14)	-	191,360
Net cash inflow (outflow) from financing activities		(244,300)	324,077
Net increase in cash and cash equivalents		4,325	127,162
Cash and cash equivalents at the beginning of the period		238,084	110,922
Cash and cash equivalents at the end of the period		<u>\$ 242,409</u>	<u>\$ 238,084</u>

The accompanying notes are an integral part of the parent company only financial statements. Please refer to them altogether.

Chairman: Ming-Lieh Chang

Managerial Officer: Cheng-Po Chang

Accounting Officer: Yu-Hsiu Hsu

Wonderful Hi-Tech Co., Ltd.
Notes to Unconsolidated Financial Statements
For the Years Ended December 31, 2022 and 2021

Unit: NT\$ thousand
(unless otherwise specified)

I. Company History

Wonderful Hi-Tech Co., Ltd. (the “Company”) was established in June 1978 under the former company name of “Wonderful Wire Cable Co., Ltd.”. The name of the Company was changed to “Wonderful Hi-Tech Co., Ltd.” and approved by the competent authority in August 2002. The Company’s shares were officially listed on Taipei Exchange (TPEX) for trading on February 4, 1998. The main business of the Company refers to the manufacturing, processing, purchase and sales and import/export business of various types of wires and cables.

II. Approval Date and Procedures of The Financial Statements

These parent company only financial statements have been approved by the Board of Directors on March 17, 2023.

III. New Standards, Amendments and Interpretations Adopted

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRSs”) as endorsed by the Financial Supervisory Commission (“FSC”)

The applicable new promulgated, amended and revised standards and interpretations of IFRSs endorsed by the FSC in 2022 are as follows:

New, Amended, or Revised Standards and Interpretations	Effective date announced
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 Cycle	January 1, 2022

The above standards and interpretations have no significant impact to the Company’s financial condition and operating result based on the Company’s assessment:

(II) Effect of not adopting new issuances or amendments to International Financial Reporting Standards (“IFRSs”) endorsed by FSC

The applicable new promulgated, amended and revised standards and interpretations of IFRSs endorsed by the FSC in 2023 are as follows:

New, Amended, or Revised Standards and Interpretations	Effective date announced
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 above standards and interpretations have no significant impact to the Company’s financial condition and operating result based on the Company’s assessment:

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

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

New, Amended, or Revised Standards and Interpretations	Effective date announced
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 International Accounting Standards
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17 “Initial application of IFRS 17 and IFRS 9 — Comparative information”	January 1, 2023
Amendments to IAS 1 “Classification of liabilities as current or non-current”	January 1, 2024
Amendments to IAS 1 “Non-current liabilities with covenants”	January 1, 2024

The above standards and interpretations have no significant impact to the Company’s financial condition and operating result based on the Company’s assessment:

IV. Summary of Significant Accounting Policies

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

(I) Statement of Compliance

The parent company only financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (referred to as the “Regulations”) and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively referred to as the “IFRSs”) endorsed by the FSC.

(II) Basis of Preparation

1. Except for the following significant accounts, the parent company only financial statements have been prepared under the historical cost convention:

- (1) Financial assets and liabilities (including derivatives) at fair value through profit or loss.
- (2) Financial assets at fair value through other comprehensive income.
- (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(III) Foreign currency translation

Items included in the financial statements of each of the Company’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in “New Taiwan Dollars”, which is the Company’s functional currency.

1. Foreign currency transactions and balance

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

historical exchange rate on the transaction date.

- (4) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

2. Translation of foreign operations

- (1) The results and financial position of entities, associates and joint arrangements of the Company whose functional currency is not the presentation currency are translated into the presentation currency using the following procedures:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing rate on the date of that balance sheet;
 - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - C. All resulting exchange differences are recognized in other comprehensive income.
- (2) When the foreign operation partially disposed of or sold is an associate cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred into part of the gain or loss on the sale or disposal thereof. In addition, even when the Company still retains a partial interest in the former associate after losing its major influence on the former foreign operation associate, such transactions should be accounted for as disposal of all interest in the foreign operation.

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

1. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (2) They are held primarily for trading.
 - (3) Assets that are expected to be realized within 12 months after the balance sheet date.
 - (4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.Assets that do not meet the above criteria are classified as non-current assets.
2. Liabilities that meet one of the following criteria are classified as current liabilities:
 - (1) Liabilities that are expected to be settled within the normal operating cycle.
 - (2) They are held primarily for trading.
 - (3) Liabilities that are expected to be settled within 12 months after the balance sheet date.
 - (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its transactions by the issue of equity instruments do not affect its classification.Liabilities that do not meet the above criteria are classified as non-current liabilities.

(V) Cash equivalents

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

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

1. Financial assets not measured at cost after amortization or measured at fair value through other comprehensive income.
2. The Company adopts the trade date accounting to account for financial assets at fair value through profit or loss that are an arm's length transaction.
3. At initial recognition, the Company measures financial assets at fair value plus relevant transaction costs, and subsequently, the Company measures the financial assets at fair value, and its gain or loss is recognize in profit or loss.
4. When the right for dividend receipts is confirmed, the economic benefit related to the dividend may be received as income, and when the dividend amount can be reliably measured, the Company then recognizes it as dividend income.

(VII) Financial assets at fair value through other comprehensive income(FVOCI)

1. It means the Company made an irrevocable election upon initial recognition to recognize the fair value changes in equity instruments not held for trading at other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through comprehensive income are recognized and derecognized using settlement date accounting.
3. The Company initially recognized the financial assets at fair value through profit or loss are initially recognized at fair value, and subsequently, they were measured and stated at fair value:

The fair value change of equity tool is recognized under the other comprehensive income, and during the derecognition, the cumulative profit or loss previously recognized under the other comprehensive income should not be re-categorized into income, but should be changed to list under the retained earnings. When the right for dividend receipts is confirmed, the economic benefit related to the dividend may be received as income, and when the dividend amount can be reliably measured, the Company then recognizes it as dividend income.

(VIII) Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable denote that the Company has unconditional right to the consideration, in the form of receivables or notes, for the goods and services transferred.
2. However, short-term notes and accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(IX) Impairment of Financial Assets

At the end of each reporting period, the Company considers financial assets at amortized cost and accounts receivable, including significant financial components, and takes into consideration all reasonable and supporting information (including the forward-looking information). For financial assets of which the credit risk does not significantly increase since initial recognition, the Company recognizes an allowance equal to 12-month expected credit losses; for financial assets of which the credit risk significantly increases since initial recognition, the Company recognizes an allowance equal to the lifetime expected credit loss; for accounts receivables that do not contain significant financial components, the Company recognizes an allowance equal to the lifetime expected credit loss.

(X) Derecognition of financial assets

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

(XI) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(XII) Inventory

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

(XIII) Investments accounted for using equity method / subsidiaries and associates

1. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
2. Unrealized profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
4. An associate is an entity over which the Company has significant influence but without control power, and it generally refers to an entity that the Company directly or indirectly

holds more than 20% of shares of voting rights. The Company uses the equity method to account for its investments in associates, and costs are recognized during the acquisition thereof.

5. The Company's share of its associate's post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any other unsecured accounts receivable), the Company discontinues recognizing its share of further losses; unless that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.
6. When the associate is subject to equity change not for profit or loss or other comprehensive income and when the shareholding percentage on the associate is not affected, the Company then recognizes the equity change under the share of the associate for the Company as the "capital reserve" according to the shareholding percentage.
7. The unrealized profit or loss generated from the transactions between the Company and an associate has been eliminated according to the equity ratio of the associate. Unless there is evidence indicating that the asset transferred in such a transaction has an impairment, the unrealized loss is also eliminated. The accounting policies of the associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
8. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
9. When the Company disposes of an associate, if the Company loses its significant influence on the associate, then for all of the amounts related to the associate previously recognized in other comprehensive income, if its accounting handling basis is identical to the disposal of relevant assets or liabilities directly, i.e. such as the profit or loss recognized in the other comprehensive income, it is re-classified as profit or loss during the disposal of relevant assets or liabilities, then when the Company loses its significant influence on the associate, such profit or loss shall be re-classified as profit or loss from equity. If the Company still has a significant influence on the associate, then the amount previously recognized in the other comprehensive income is transferred out proportionally according to the aforementioned method.
10. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable

to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statement.

(XIV) Property, plant and equipment

1. Property, plant, and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance is recognized in profit or loss when accrued.
3. Property, plant, and equipment are subsequently measured at cost. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Property, plant, and equipment is depreciated individually if they contain any significant components.
4. The assets' residual values, useful lives, and depreciation methods are reviewed, and adjusted by the Company if appropriate, at the end of each reporting year. If expectations for the residual values of assets and useful lives differ from previous estimates or the patterns of consumption of the future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	5~55 years
Machinery and equipment	5~30 years
Office equipment	5~10 years
Other equipment	3~50 years

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

1. The Company recognizes right-of-use assets and lease liabilities for all leases at the date when they are available for the Company's use. Low-value asset and short-term leases are recognized as expenses on a straight-line basis over the lease period.
2. The Company measures its lease liability at commencement date by discounting future lease payments using its incremental borrowing interest rate. Lease payments include:
Fixed payments, less any lease incentives receivable.
Lease payments that are measured in subsequent periods using the effective interest rate method and amortized over the lease term. When a change in lease payments occurs not due to contract modification, lease liability will be remeasured, with such remeasurements adjusted to right-of-use assets.
3. Right-of-use assets are recognized at costs at the inception of the lease. Cost includes:
Original measurement amount of lease liabilities.
Right-of-use assets are subsequently measured at costs. Depreciation of right-of-use assets is recognized at the earlier of the end of the useful life and the end of the lease

term. When a lease liability is remeasured, the Company adjusts the right-of-use asset for any remeasurements.

(XVI) Investment property

An investment property is stated initially at its cost and measured subsequently using the fair value model. Profit or loss arising from the change of investment property fair value is recognized as profit or loss during the period of the occurrence.

(XVII) Intangible assets

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

(XVIII) Impairment of Non-Financial Assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is an asset's fair value less costs to sell or its value in use, whichever is higher. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XIX) Loans

Borrowings mean short and long term loans borrowed from banks. During the initial recognition, the Company measures according to the fair value with deduction of transaction cost. Subsequently, for any difference between the amount after the deduction of transaction cost and the redemption value, the effective interest method is adopted to recognize the interest expense in the profit or loss according to amortized procedure during the circulation period.

(XX) Accounts and Notes Payable

1. Accounts and notes payable are the debt incurred by credit purchase of raw materials, goods, or services and the notes payable incurred by operating and non-operating activities.
2. Short-term notes and accounts payable without bearing interest are subsequently measured at the initial invoice amount as the effect of discounting is immaterial.

(XXI) Convertible bonds payable

The convertible bonds payable issued by the Company are embedded with the conversion right (i.e., the right of the holder to choose the conversion of common shares of the Company, and a fixed amount for conversion of a fixed quantity of shares) and right of redemption. During the initial issuance, the issuance price classified into financial assets, financial liabilities or equity according to the issuance criteria, and the handling is as follows:

1. Embedded redemption right: During the initial recognition, its net fair value is use for

recognition under the “financial assets at fair value through profit or loss”. For subsequent balance sheet date, valuation is made according to the fair value at that time, and the difference is recognized under the “gain or loss on financial assets at fair value through profit or loss”.

2. Main contracts of corporate bonds: It is measured at fair value during the initial recognition, and the difference from the redemption price is recognized under the discount on bonds payable. Subsequently, the effective interest method is adopted according to the amortization procedure for recognition under the profit or loss during the circulation period, which is also used as the adjustment of the “financial costs”.
3. Embedded conversion right (complying with the definition of equity): During the initial recognition, after the aforementioned “financial assets at fair value through profit or loss” and “corporate bonds payable” are deducted from the issuance amount, the remaining value is recognized under the “capital surplus - subscription right”, and no remeasurement is further made subsequently.
4. Any transaction costs that can be attributed directly are amortized to the liability and equity component according to the initial carrying amount ratio of the aforementioned components.
5. During holder conversion, the liability components recognized (including “corporate bonds payable” and “financial assets at fair value through profit or loss”) are handled according to the subsequent measurement method classified, followed by adding the carrying value of the “capital surplus - subscription right” according to the carrying value of the liability component in order to be used as the issuance cost for the conversion of common shares.

(XXII) Derecognition of financial liabilities

A financial liability is derecognized by the Company when the obligation specified in the contract is either discharged, canceled or expires.

(XXIII) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXIV) Non-hedging derivatives

During the initial recognition of non-hedging derivatives, it is measured at fair value on the contract signing date and is recognized under the financial assets or liabilities at fair value through profit or loss. Subsequently, it is measured at fair value and its gain or loss is recognized under profit or loss.

(XXV) Employee benefits

1. Short-term employee benefits

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

2. Pension

(1) Defined contribution plans

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

(2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined based on the interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

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

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

3. Employee compensation and directors' and supervisors' remuneration

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

(XXVI) Employees share-based payments

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

equity instruments that eventually vest.

(XXVII) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. Where appropriate, management also estimate income tax liabilities based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings in a shareholders' meeting of the following year.
3. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheets. However, the deferred tax is not accounted for if it arises from the initial recognition of goodwill or of an asset or liability in a transaction (excluding corporate merger) that at the time of the transaction affects neither accounting nor taxable profit (loss). Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXVIII) Share capital

1. Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the

proceeds.

2. When the Company repurchased shares previously issued, the consideration paid includes any directly attributable additional costs and the net amount after tax is recognized as a deduction of the shareholders' equity. During the subsequent reissuance of repurchased shares, any directly attributable additional costs and income tax are deducted from the consideration received, and the difference from the carrying value is then recognized as an adjustment of shareholders' equity.

(XXIX) Dividends appropriation

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities. Dividends distributed are recognized as stock dividends to be distributed and are recognized as common stocks on the new stock issuance base date.

(XXX) Revenue recognition

Sale of goods

1. The Company manufactures and sells wires and cables related products. The sales revenue is recognized when the control of products is transferred to clients, i.e. when products are delivered to clients via channels to be handled at their discretion and the Company has no further obligation not performed that may impact clients accepting the products. When goods are transported to the designated location, the obsolete and impairment risks have been transferred to the customer, and the customer also accepts goods according to the sales contract, or when there is objective evidence proving that all acceptable standards have been satisfied, which occurs when the goods are delivered to the customer.
2. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

V. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. The significant accounting estimates and assumptions being made may deviate from the actual outcomes and will be consistently measured and adjusted in accordance with historical experience and for other factors. Such estimates and assumptions may lead to the risk of significant adjustment being made to the carrying amount of the assets and liabilities on the balance sheet. Significant accounting judgments and the uncertainty in accounting estimates and assumptions are stated below:

(I) Significant Judgments in Applying Accounting Policies

None.

(II) Significant Accounting Estimates and Assumptions

Evaluation of inventories

Since inventory is measured at the lower of costs and the net realizable value, the Company

needs to exercise judgment and estimates to determine the net realizable value of inventory at the balance sheet date. The Company evaluates the amount of the inventory due to normal loss or obsolete on the balance sheet date, and also offsets the inventory cost to the net realizable value. Such inventory valuation may have material change due to net realizable value fluctuation of products in the future.

As of December 31, 2022, the carrying amount of the Company's inventory was NT\$455,036.

VI. Description of Significant Accounts

(I) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 802	\$ 805
Checking deposits and demand deposits	<u>241,607</u>	<u>237,279</u>
	<u>\$ 242,409</u>	<u>\$ 238,084</u>

1. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Company has classified the cash and cash equivalents provided for security under the "other financial assets - current". Please refer to Note 8 for details.
3. The Company has classified the restricted cash and cash equivalents to "other current assets - others".

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

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Financial assets compulsorily measured at fair value through profit or loss		
Shares listed on the stock exchange or the OTC market	\$ 3,669	\$ 3,669
Derivatives		
- Forward exchange	807	695
- Convertible corporate bond redemption right	<u>20,368</u>	<u>1,734</u>
	24,844	6,098
Adjustments for change in value	<u>(16,086)</u>	<u>4,800</u>
	<u>\$ 8,758</u>	<u>\$ 10,898</u>

1. Detail of the financial assets at fair value through profit or loss recognized under profit or loss is as follows:

	<u>2022</u>	<u>2021</u>
Financial assets and liabilities compulsorily measured at fair value through profit or loss		
Equity instruments	\$ 66	\$ 104
Derivatives	(3,186)	(2,971)
Convertible corporate bond redemption right	(15,980)	30,918
	<u>(\$ 19,100)</u>	<u>\$ 28,051</u>

2. The Company's handling of transactions and contracts of derivative financial assets (liabilities) to which hedge accounting is not applicable is described in the following:

December 31, 2022		
<u>Derivative financial assets/liabilities</u>	<u>Contract amount</u> <u>(Item principal) (NT\$ thousand)</u>	<u>Contract period</u>
Current items:		
Derivative financial assets		
Forward exchange agreement (FXA)		
-Sale of USD and purchase of NTD	USD 2,100	2022.09.27-2023.02.21
December 31, 2021		
<u>Derivative financial assets/liabilities</u>	<u>Contract amount</u> <u>(Item principal) (NT\$ thousand)</u>	<u>Contract period</u>
Current items:		
Derivative financial assets		
Forward exchange agreement (FXA)		
-Sale of USD and purchase of NTD	USD 2,800	2021.10.06-2022.03.09

The forward exchange and commodity contracts signed by the Company were to hedge the exchange rate risk of (import) export and to hedge the price fluctuation of current positions; however, the hedge accounting was not applied.

3. Please refer to Notes 12(2) for information relating to credit risk of financial assets (liabilities) at fair value through profit or loss.

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

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current:		
Equity instruments		
Shares not traded on the stock exchange, the OTC market, or the emerging stock market	\$ 46,982	\$ 27,602
Adjustments for change in value	<u>(9,549)</u>	<u>(15,346)</u>
	<u>\$ 37,433</u>	<u>\$ 12,256</u>

1. The Company chose to classify its strategic investment equity instruments as the financial assets at fair value through other comprehensive income, and the fair value of such investment as of December 31, 2022 and 2021 were amounted to NT\$37,433 and NT\$12,256 respectively.

2. Financial assets at fair value through other comprehensive income recognized in profit and loss/comprehensive income are as follows:

	2022	2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized		
- the Company	\$ 5,797	\$ 1,601
Changes in fair value recognized		
- Investment accounted for under the equity method	(22,164)	59,408
	<u>(\$ 16,367)</u>	<u>\$ 61,009</u>

3. Please refer to Notes 12(2) for information relating to credit risk of financial assets at fair value through other comprehensive income.

(IV) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	\$ 35,199	\$ 40,431
Less: Allowance for bad debt	-	-
	<u>-</u>	<u>40,431</u>
Accounts receivable	\$ 535,164	\$ 762,179
Less: Allowance for bad debt	(23,668)	(27,853)
	<u>\$ 511,496</u>	<u>\$ 734,326</u>

1. The aging analysis of accounts receivable (including related party) and notes receivable is as follows:

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
	<u>(including related party)</u>		<u>(including related party)</u>	
Not overdue	\$ 898,288	\$ 35,199	\$ 1,223,194	\$ 40,431
Within 30 days	31,777	-	18,364	-
31~90 days	3,782	-	3,435	-
Above 91 days	<u>23,792</u>	-	<u>31,017</u>	-
	<u>\$ 957,639</u>	<u>\$ 35,199</u>	<u>\$ 1,276,010</u>	<u>\$ 40,431</u>

The above aging schedules were based on the number of days past the due date.

2. As of December 31, 2022, December 31, 2021 and January 1, 2021, the balances of receivables (including notes receivable) from contracts of the Company with customers amounted to NT\$992,838, NT\$1,316,441 and NT\$586,041, respectively.
3. The Company does not hold any collaterals as security.
4. Without considering the collateral or other credit enhancements held, the maximum exposure amount that best represents the credit risk of the company's receivables as of December 31, 2022, December 31, 2021 and January 1, 2021 are \$35,199, \$40,431 and \$29,417 respectively; the maximum exposure amount that best represents the credit risk of the company's accounts receivable as of December 31, 2022, December 31, 2021 and January 1, 2021 are \$511,496, \$734,326 and \$308,172 respectively.

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

(V) Inventory

	December 31, 2022		
	Costs	Allowance for inventory valuation	Carrying amount
Raw materials	\$ 223,903	(\$ 4,804)	\$ 219,099
Works in process	80,796	(4,102)	76,694
Finished products	125,053	(9,123)	115,930
Raw materials in transition	42,059	-	42,059
Merchandise inventory	<u>2,593</u>	<u>(1,339)</u>	<u>1,254</u>
	<u>\$ 474,404</u>	<u>(\$ 19,368)</u>	<u>\$ 455,036</u>

	December 31, 2021		
	Costs	Allowance for inventory valuation	Carrying amount
Raw materials	\$ 157,387	(\$ 3,380)	\$ 154,007
Works in process	117,583	(3,749)	113,834
Finished products	146,003	(7,036)	138,967
Raw materials in transition	7,316	-	7,316
Merchandise inventory	<u>3,332</u>	<u>(1,353)</u>	<u>1,979</u>
	<u>\$ 431,621</u>	<u>(\$ 15,518)</u>	<u>\$ 416,103</u>

The inventory costs recognized as expenses by the Company in the current period:

	2022	2021
Cost of inventory sold	\$ 3,510,459	\$ 3,366,116
Income from sale of scrap and waste materials	(26,050)	(24,915)
Inventory valuation loss (gain from price recovery) (Note)	3,850	3,880
Gains on physical inventory	-	(86)
	<u>\$ 3,488,259</u>	<u>\$ 3,344,995</u>

(VI) Investment accounted for under the equity method

1. Detail is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Assets recognized		
Subsidiary:		
Wonderful Holding (Cayman) Co., Ltd. (Wonderful Holding Cayman)	\$ 809,548	\$ 628,965
Le Hao International Co., Ltd. (Le Hao International)	505,297	417,653
Yi-Tai Technology Co., Ltd. (Yi-Tai Hong Kong)	3,061	10,612
Wonderful Cabling Systems Corporation (Wonderful Cabling Systems)	57,769	53,467
Vietnam Wonderful Wire Cable Co., Ltd. (Vietnam Wonderful Wire Cable) (Note 4)	308,348	168,072
ABA Industry Inc. (ABA)	197,855	183,271
ACTife Hi-Tech Co., Ltd. (ACTife Hi-Tech) (Note 1)	-	-
Leading LOHAS International Trading Company (Leading LOHAS International) (Note 1)	680	977
Associates:		
Wanshih Electronic Co., Ltd. (Wanshih Electronic)	277,816	332,441
Wan Shih (Hong Kong) Co., Ltd. (Wan Shih Hong Kong)	20,059	19,789
Suzhou Wanshih Optical Communication Co., Ltd. (Suzhou Wanshih)	11,380	11,380
Saga YesFamily Healthcare Co. (Saga YesFamily)	3,499	3,499
Inga Nano Technology Co., Ltd. (Inga Nano Technology) (Note 2)	32,428	35,543
ALPHA TREASURE INVESTMENTS LIMITED (ALPHA) (Note 3)	<u>5,633</u>	<u>2,630</u>
	2,233,373	1,868,299
Accumulated impairment loss	<u>(59,547)</u>	<u>(62,054)</u>
	<u>\$ 2,173,826</u>	<u>\$ 1,806,245</u>
Other non-current liabilities recognized - others:		
ACTife Hi-Tech Co., Ltd. (ACTife Hi-Tech) (Note 1)	<u>(\$ 22,487)</u>	<u>(\$ 10,684)</u>

2. Share of profit or loss of subsidiaries and associates accounted for using equity method is as follows:

	<u>2022</u>	<u>2021</u>
Subsidiary:		
Wonderful Holding Cayman	\$ 137,756	\$ 57,995
Le Hao International	65,719	69,373
Yi-Tai Hong Kong	(7,784)	(7,623)
Wonderful Cabling Systems	16,302	13,606
Vietnam Wonderful Wire and Cable	55,922	21,260
ABA	22,678	24,256
ACTife Hi-Tech (Note 5)	(21,803)	(44,285)
Leading LOHAS International (Note 1)	(297)	(1)
Associates:		
Wanshih Electronic	(16,229)	(10,117)
Wan Shih Hong Kong	(737)	767
Inga Nano Technology (Note 2)	(5,358)	4
ALPHA (Note 3)	<u>(2,402)</u>	<u>(2,241)</u>
	<u>\$ 243,767</u>	<u>\$ 122,994</u>

Note 1: The Company disposed of a significant associated company Wanshih Electronic by 1,000 shares in 2022. The disposal price was \$27,494 and the investment did not lose significant influence. Therefore, the amount previously recognized in other comprehensive income was transferred out proportionally and recognized as other gains and losses-disposal of investment gains of \$11,661.

Note 2: The Company's investment in Inga Nano Technology under the equity method increased capital in June 2022. The Company's shareholding ratio decreased due to non-participation in the capital increase.

Note 3: In order to expand the Indonesian market, the Company participated in the cash increase of ALPHA Co., Ltd. in 2022 and 2021 with \$5,135 and \$4,988 respectively, with a shareholding ratio of 35%.

Note 4: The Company participated in the cash increase of Vietnam Wonderful Wire and Cable in 2022 and 2021, so the shareholding ratio changed.

Note 5: The Company participated in the cash increase of ACTife Hi-Tech in 2022.

3. The investment income (loss) recognized under equity method of the investees Le Hao International, Wonderful Cabling Systems and Inga Nano Technology for the years ended 2022 and 2021 was obtained from the financial statement valuation audited by other CPAs retained by each of the investees.

4. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2022 for more information on the Company's subsidiaries.

5. Associates

(1) The basic information of material associates of the Company is as follows:

<u>Company name</u>	<u>Main operating location</u>	<u>Shareholding percentage</u>		<u>Nature of relationship</u>	<u>Measurement method</u>
		<u>December 31, 2022</u>	<u>December 31, 2021</u>		
Wanshih Electronic	Taiwan	24.55%	25.92%	Strategic investment	Equity method

- (2) The summary on the financial information of primary associates of the Company is as follows:

	Wanshih Electronic	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 370,225	\$ 439,088
Non-current assets	887,291	832,209
Current liabilities	(266,551)	(304,061)
Non-current liabilities	<u>(248,584)</u>	<u>(74,315)</u>
Total net assets	<u>\$ 742,381</u>	<u>\$ 892,921</u>
Proportion of net assets of associate held by the Company	\$ 182,254	\$ 231,445
Goodwill	<u>50,894</u>	<u>53,821</u>
Associate carrying value	<u>\$ 233,148</u>	<u>\$ 285,266</u>

	Wanshih Electronic	
	<u>2022</u>	<u>2021</u>
Revenue	<u>\$ 725,119</u>	<u>\$ 765,003</u>
Net income of continuing business unit	(\$ 66,109)	(\$ 39,032)
Other comprehensive income (net, after tax)	(110,605)	188,183
Total comprehensive income for the current period	<u>(\$ 176,714)</u>	<u>\$ 149,151</u>
Dividends received from associate	<u>\$ 1,782</u>	<u>\$ -</u>

- (3) The summary on the share of individual insignificant associate's service carrying amount and operating result of the Company is as follows:

As of December 31, 2022 and 2021, of the carrying amount of individual non-material associate of the Company were NT\$58,120 and NT\$57,962 respectively.

	<u>2022</u>	<u>2021</u>
Net loss for the period	(\$ 8,497)	(\$ 1,470)
Other comprehensive income (net, after tax)	<u>1,275</u>	<u>(657)</u>
Total comprehensive income for the current period	<u>(\$ 7,222)</u>	<u>(\$ 2,127)</u>

6. The Company's material associate Wanshih Electronic had the market quoted price, and its fair value as of December 31, 2022 and 2021 was NT\$375,923 and NT\$634,108 respectively.
7. (1) Due to the operating loss of the investment by equity method- Wanshih Electronic, for Wanshih Electronic and its subsidiary, the Company used the fixed asset useful value as the recoverable amount during the impairment test, and the impairment loss amount of NT\$ \$47,175 in previous years. In addition, due to the disposal of Wanshih Electronic shares by the Group in 2022, accumulated impairment losses were removed. As of December 31, 2022, the accumulated impairment losses were \$44,668.
- (2) For the investment accounted for under the equity method - Suzhou Wanshih, held by the Company, due to the recoverable amount being lower than the carrying value, the impairment loss for the previous years were recognized at an amount of NT\$11,380.
- (3) For the investment accounted for under the equity method - Saga YesFamily, held by the Company, due to the recoverable amount being lower than the carrying value, the impairment loss for the previous years were recognized at an amount of NT\$3,499.
8. The Company is the largest single shareholder of Wanshih Electronic and holds shares representing 24.55% of the voting shares. However, since the shareholding percentage of other top 10 major shareholders (non-related parties) is higher than that of the Company,

and since there are no agreements for negotiation or group decision among the shareholders, the Company has no actual capability in directing material decisions. Accordingly, it is determined that the Company has no control power on the associate.

9. Please refer to Note 8 for information on collaterals provided for investments under equity method.

(VII) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
January 1, 2022						
Costs	\$ 28,535	\$ 79,360	\$ 720,274	\$ 1,335	\$ 133,577	\$ 963,081
Accumulated depreciation and impairment	-	(48,116)	(572,107)	(1,148)	(112,902)	(734,273)
	<u>\$ 28,535</u>	<u>\$ 31,244</u>	<u>\$ 148,167</u>	<u>\$ 187</u>	<u>\$ 20,675</u>	<u>\$ 228,808</u>
2022						
January 1	\$ 28,535	\$ 31,244	\$ 148,167	\$ 187	\$ 20,675	\$ 228,808
Addition	-	899	12,677	-	3,460	17,026
Reclassification	-	-	2,221	-	256	2,477
Disposal	-	-	(378)	-	-	(378)
Depreciation expenses	-	(2,278)	(29,567)	(49)	(4,950)	(36,844)
December 31	<u>\$ 28,535</u>	<u>\$ 29,855</u>	<u>\$ 133,120</u>	<u>\$ 138</u>	<u>\$ 19,441</u>	<u>\$ 211,089</u>
December 31, 2022						
Costs	\$ 28,535	\$ 80,249	\$ 723,373	\$ 1,335	\$ 134,133	\$ 967,626
Accumulated depreciation and impairment	-	(50,395)	(590,253)	(1,197)	(114,692)	(756,537)
	<u>\$ 28,535</u>	<u>\$ 29,855</u>	<u>\$ 133,120</u>	<u>\$ 138</u>	<u>\$ 19,441</u>	<u>\$ 211,089</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
January 1, 2021						
Costs	\$ 28,535	\$ 78,030	\$ 698,041	\$ 1,250	\$ 132,994	\$ 938,850
Accumulated depreciation and impairment	-	(46,353)	(584,286)	(1,121)	(112,559)	(744,319)
	<u>\$ 28,535</u>	<u>\$ 31,677</u>	<u>\$ 113,755</u>	<u>\$ 129</u>	<u>\$ 20,435</u>	<u>\$ 194,531</u>
2021						
January 1	\$ 28,535	\$ 31,677	\$ 113,755	\$ 129	\$ 20,435	\$ 194,531
Addition	-	1,392	25,939	103	2,875	30,309
Reclassification	-	347	34,550	-	1,966	36,863
Disposal	-	-	(861)	-	-	(861)
Depreciation expenses	-	(2,172)	(25,216)	(45)	(4,601)	(32,034)
December 31	<u>\$ 28,535</u>	<u>\$ 31,244</u>	<u>\$ 148,167</u>	<u>\$ 187</u>	<u>\$ 20,675</u>	<u>\$ 228,808</u>
December 31, 2021						
Costs	\$ 28,535	\$ 79,360	\$ 720,274	\$ 1,335	\$ 133,577	\$ 963,081
Accumulated depreciation and impairment	-	(48,116)	(572,107)	(1,148)	(112,902)	(734,273)
	<u>\$ 28,535</u>	<u>\$ 31,244</u>	<u>\$ 148,167</u>	<u>\$ 187</u>	<u>\$ 20,675</u>	<u>\$ 228,808</u>

[Click here to enter text.](#)

For information on the pledge of property, plant and equipment, please refer to Note 8 for details.

(VIII) Lease transactions - lessee

1. The underlying assets of the Company's lease include buildings and company vehicles. The lease contract durations are typically for 3 to 5 years. Lease contracts are agreed upon individually and contain different terms and conditions. Except for leased assets shall not be used as collaterals, and are not restricted in any way.
2. The information on the carrying amount of the right-of-use asset and the recognized depreciation expense is as follows:

	<u>Carrying amount</u>	
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Buildings	\$ 19,995	\$ 22,475
Transportation equipment (company vehicles)	<u>4,679</u>	<u>3,631</u>
	<u>\$ 24,674</u>	<u>\$ 26,106</u>

	<u>Depreciation expenses</u>	
	<u>2022</u>	<u>2021</u>
Buildings	\$ 4,197	\$ 4,025
Transportation equipment (company vehicles)	<u>2,061</u>	<u>1,077</u>
	<u>\$ 6,258</u>	<u>\$ 5,102</u>

3. The Company's right-of-use asset increased by NT\$4,826 and NT\$3,754 for years ended 2022 and 2021, respectively.
4. Profit or loss items in relation to lease contracts are as follows:

	<u>2022</u>	<u>2021</u>
<u>Items that affect profit or loss</u>		
Interest expense of lease liabilities	\$ 433	\$ 456
Expenses attributable to short-term lease contracts	<u>1,185</u>	<u>567</u>

5. The Company's total cash used in lease contracts were NT\$8,228 and NT\$6,444 for the years ended 2022 and 2021, respectively.
6. Option of lease extension and option of lease termination
 - (1) The lease subject matters classified as the building lease among the lease contracts of the Company is approximately 91%, including the option of extension that can be executed by the Company. The signing of such clause in the lease contract is to enhance the flexible operational management of the Company.
 - (2) During the determination of lease period, the Company considers all of the facts and conditions related to economic incentives that may be generated due to exercise of the option of extension. When material event is assessed to occur due to exercise of the option of extension or non-exercise of the option of termination, the lease period will be re-evaluated.

(IX) Investment property

January 1	\$	<u>2022</u> 184,647	\$	<u>2021</u> 184,647
Reclassification		3,878		-
December 31	\$	<u>188,525</u>	\$	<u>184,647</u>

1. Rental income from investment property and direct operating fee arising from the investment property:

Rental income from investment property	\$	<u>2022</u> 9,082	\$	<u>2021</u> 9,056
Direct operating expenses arising from the investment property generating rental income in the current period	\$	259	\$	248
Direct operating expenses arising from the investment property without generating rental income in the current period	\$	-	\$	-

2. Investment property fair value basis

The investment properties held by the Company are mainly located at Wugu District, New Taipei City. Fair price refers to the valuation result of independent valuation expert, and the valuation uses the income approach in order to perform assessment based on the rent of similar real properties at the relevant neighborhood areas of the assets. The main appraisal report information used is as follows:

(1) The locations of investment properties of the Company and the appraisal method used are summarized in the following:

<u>Year</u>	<u>Subject property</u>	<u>Location</u>	<u>Appraisal method</u>	<u>Appraiser</u>	<u>Appraiser firm</u>	<u>Appraisal base date</u>
December 31, 2022	Wugu Building	Wugu District, New Taipei City	Income approach	Wei-Han Sun	Xianjian	December 31, 2022
December 31, 2021	Wugu Building	Wugu District, New Taipei City	Income approach	Wei-Han Sun	Xianjian	December 31, 2021

(2) For the individual case using the income approach, the income value estimation adopts the discounting cash flow analysis method. The cash inflow refers to the annual rent income, and the cash outflow includes land value tax, house tax, insurance fee, management and maintenance fee, replacement allowance and other relevant operating expenses. The main parameters used are as follows:

<u>Year</u>	<u>Subject property</u>	<u>Period</u>	<u>Discount rate (Note 1)</u>	<u>Income capitalization rate (Note 2)</u>
December 31, 2022	Wugu District, New Taipei City	10 years	2.720%	3.720%
December 31, 2021	Wugu District, New Taipei City	10 years	2.595%	3.595%

Note 1: For the discount rate, based on the consideration of the product type and risk factors of this case, the risk premium approach is used to determine the

discount rate.

Note 2: The Income capitalization rate uses the investment return plus the risk premium of 1% of the real property value after 10 years.

<u>Year</u>	<u>Cash inflow item</u>	<u>Local rent status</u>	<u>Similar comparable subject property in the market</u>
December 31, 2022	Rental income (NT\$/ping/month)	Approximately NT\$669~ NT\$815	Approximately NT\$669~ NT\$809
December 31, 2021	Rental income (NT\$/ping/month)	Approximately NT\$676~ NT\$744	Approximately NT\$688~ NT\$739

3. Please refer to Note 12(3) for information on investment property fair value.

4. Please refer to Note 8 for Information on the restricted assets that were pledged to others as collateral.

(X) Bonds payable

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Bonds payable	\$ 800,000	\$ 63,500
Less: Bonds payable discount	(37,422)	(2,478)
	\$ 762,578	\$ 61,022

1. The Company issued the fifth time of domestic unsecured convertible bonds (referred to as "domestic fifth convertible bonds) on September 17, 2021, with the issuance total amount of NT\$300,000, and issued at 106% of par value. The main issuance criteria are as follows:

(1) Issuance period: 3 years, from September 17, 2021 to September 17, 2024 for maturity.

(2) Coupon rate: fixed annual interest rate of 0%

(3) Redemption method:

Unless the Company has redeemed early, repurchased and written off or the holders of the fifth convertible bonds has exercised the conversion right or put right, during the maturity date of the fifth convertible bonds, the Company will redeem the fifth convertible bonds based on the par value of the fifth convertible bonds plus the earning rate of annual interest rate of 0.0%.

(4) Conversion period:

Except that the fifth convertible bonds have been redeemed or repurchased early, or the suspension of transfer period prescribed in the law and specified in the trust contract, up to the end of the next day when the issuance of the fifth convertible bonds has reached three full months, the holders of the fifth convertible bonds may request the Company to convert the fifth convertible bonds into common shares newly issued by the Company.

(5) Conversion price:

The conversion price of the fifth convertible bonds is 101.83% of the reference price, i.e. NT\$25. The reference price is determined based on the closing price of NT\$24.55 of the common shares price listed at TPEX on the business day one day before the base date specified by the Company. Since the Company has executed the cash capital increase, and according to Article 11 of the Regulations for Issuance and

Conversion of Bonds, the conversion price shall be adjusted, the conversion price is adjusted to NT\$24.8 from NT\$25 starting from October 22, 2021, when the share payments are made in full.

(6) Callable right:

Under the following conditions, the Company may redeem the fifth convertible bonds early:

- a. From the next day when the issuance has reached three full months to the date of 40 days before the maturity of the issuance period, if the closing price of the common shares of the Company in Taiwan continues to reach more than 30% of the conversion price at that time for thirty business days, the Company may redeem all of the fifth convertible bonds early based on the early redemption amount.
- b. From the next day when the issuance has reached three full months to the date of 40 days before the maturity of the issuance period, if the balance of the outstanding fifth convertible bonds is lower than 10% of the original total issuance amount, the Company may redeem all of the fifth convertible bonds early based on the early redemption amount.

2. The Company issued the fifth time of domestic unsecured convertible bonds (referred to as "domestic sixth convertible bonds) on October 31, 2022, with the issuance total amount of NT\$800,000, and issued at 101% of par value. The main issuance criteria are as follows:

(1) Issuance period: 3 years, from October 31, 2022 to October 31, 2025 for maturity.

(2) Coupon rate: fixed annual interest rate of 0%

(3) Redemption method:

Unless the Company has redeemed early, repurchased and written off or the holders of the fifth convertible bonds has exercised the conversion right or put right, during the maturity date of the fifth convertible bonds, the Company will redeem the fifth convertible bonds based on the par value of the fifth convertible bonds plus the earning rate of annual interest rate of 0.0%.

(4) Conversion period:

Except that the fifth convertible bonds have been redeemed or repurchased early, or the suspension of transfer period prescribed in the law and specified in the trust contract, up to the end of the next day when the issuance of the fifth convertible bonds has reached three full months, the holders of the fifth convertible bonds may request the Company to convert the fifth convertible bonds into common shares newly issued by the Company.

(5) Conversion price:

The conversion price of the fifth convertible bonds is 101.63% of the reference price, i.e. NT\$36.20. The reference price is determined based on the closing price of NT\$35.62 of the common shares price listed at TPEX on the business day one day before the base date specified by the Company.

(6) Callable right:

Under the following conditions, the Company may redeem the fifth convertible bonds early:

- a. From the next day when the issuance has reached three full months to the date of 40 days before the maturity of the issuance period, if the closing price of the

common shares of the Company in Taiwan continues to reach more than 30% of the conversion price at that time for thirty business days, the Company may redeem all of the fifth convertible bonds early based on the early redemption amount.

- b. From the next day when the issuance has reached three full months to the date of 40 days before the maturity of the issuance period, if the balance of the outstanding fifth convertible bonds is lower than 10% of the original total issuance amount, the Company may redeem all of the fifth convertible bonds early based on the early redemption amount.
3. During the issuance of the convertible bonds of the Group, according to the regulations of IAS 32 “Financial Instruments: Presentation”, the conversion right of equity nature is separated from the liability component, which is recognized under the “Capital surplus - subscription right” at an amount of NT\$36,094 and 65,027. In addition, with regard to the embedded callable right, according to IFRS 9 “Financial Instruments”, since it is not closely related to the economic characteristic and risk of the debt instruments of the main contract, it is handled separately, and its net value is recognized under the “financial assets at fair value through profit or loss”.
 4. Up to December 31, 2022 and December 31, 2021, the convertible bonds of the par value of NT\$63,500 and \$236,500 have been converted into common shares of 2,560 and 9,536 thousand shares, and the conversion price is NT\$24.8 per share.

(XI) Short-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2020</u>
Secured bank loans	\$ -	\$ 400,000
Unsecured bank loans	<u>130,000</u>	<u>580,926</u>
	<u>\$ 130,000</u>	<u>\$ 980,926</u>
Interest rate range	1.45%~1.56%	0.90%~1.18%

1. The interest expenses recognized for the years ended 2022 and 2021 were NT\$13,036 and NT\$11,981, respectively.
2. Please refer to Note 8 for details of the collaterals provided for the short-term borrowings of the Company.

(XII) Pension

- 1.(1) By adhering to the requirements set forth in the Labor Standards Act, the Company has established its own defined retirement benefits plan, which is applicable both to the service years of all regular employees rendered before the enforcement of the Labor Pension Act on July 1, 2005, and to the service years of all employees who elected to continue applying the Labor Standards Act after the implementation of the Labor Pension Act. Pensions for employees qualified for retirement are calculated based on their servicing years and their average salaries of the 6 months prior to their retirement. Two bases are given for each full year of service rendered within 15 years (inclusive). But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the Independent Retirement Fund Committee. In

addition, the Company estimates the balance of the said designated pension account before the end of year. If the balance calculated in the manner specified above is not sufficient to cover the amount to be paid to all employees qualifying the retirement conditions next year, a lump-sum deposit will be made before of the end of March of the following year to cover the difference.

(2) The amounts recognized in the balance sheet are determined as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligation	\$ 86,812	\$ 98,801
Fair value of plan assets	<u>(54,741)</u>	<u>(40,524)</u>
Net defined benefit liabilities	<u>\$ 32,071</u>	<u>\$ 58,277</u>

(3) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
2022			
Balance on January 1	(\$ 98,801)	\$ 40,524	(\$ 58,277)
Current service costs	(1,158)	-	(1,158)
Interest expense (income)	<u>(692)</u>	<u>284</u>	<u>(408)</u>
	<u>(100,651)</u>	<u>40,808</u>	<u>(59,843)</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,711	3,711
Changes in financial assumptions	2,845	-	2,845
Experience adjustments	<u>2,844</u>	<u>-</u>	<u>2,844</u>
	<u>5,689</u>	<u>3,711</u>	<u>9,400</u>
Pension fund appropriated	-	18,372	18,372
Pension paid	<u>8,151</u>	<u>(8,151)</u>	<u>-</u>
Balance as of December 31	<u>(\$ 86,811)</u>	<u>\$ 54,740</u>	<u>(\$ 32,071)</u>

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
2021			
Balance on January 1	(\$ 102,097)	\$ 52,356	(\$ 49,741)
Current service costs	(1,362)	-	(1,362)
Interest expense (income)	<u>(306)</u>	<u>157</u>	<u>(149)</u>
	<u>(103,765)</u>	<u>52,513</u>	<u>(51,252)</u>
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	790	790
Changes in demographic assumptions	(68)	-	(68)
Changes in financial assumptions	2,833	-	2,833
Experience adjustments	<u>(15,055)</u>	<u>-</u>	<u>(15,055)</u>
	<u>(12,290)</u>	<u>790</u>	<u>(11,500)</u>
Pension fund appropriated	-	4,475	4,475
Pension paid	<u>17,254</u>	<u>(17,254)</u>	<u>-</u>
Balance as of December 31	<u>(\$ 98,801)</u>	<u>\$ 40,524</u>	<u>(\$ 58,277)</u>

(4) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes 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 securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 Paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) The principal actuarial assumptions used were as follows:

	<u>2022</u>	<u>2021</u>
Discount rate	<u>1.2%</u>	<u>0.7%</u>
Future salary increase rate	<u>3.5%</u>	<u>3.5%</u>

The assumption of future mortality rates is estimated according to Taiwan life insurance industry sixth experience life table.

Due to the change of the main actuarial assumption, the present value of defined benefit obligation is affected. The analysis was as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase by</u>	<u>Decrease by</u>	<u>Increase by</u>	<u>Decrease by</u>
	<u>1%</u>	<u>1%</u>	<u>1%</u>	<u>1%</u>
December 31, 2022				
Impact on present value of defined benefit obligation	\$ <u>5,458</u>	(\$ <u>5,611</u>)	(\$ <u>4,757</u>)	\$ <u>4,660</u>

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase by</u>	<u>Decrease by</u>	<u>Increase by</u>	<u>Decrease by</u>
	<u>1%</u>	<u>1%</u>	<u>1%</u>	<u>1%</u>
December 31, 2021				
Impact on present value of defined benefit obligation	\$ <u>6,650</u>	(\$ <u>6,849</u>)	(\$ <u>5,854</u>)	\$ <u>5,726</u>

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The method and assumptions used for the preparation of sensitivity analysis the current period are the same as the ones of the previous period.

(6) The Company expects to contribute \$4,029 to the pension plan in 2023.

(7) As of December 31, 2022, the weighted average duration of that retirement plan is 7 years.

2. (1) Since July 1, 2005, the Company has established the pension regulations applicable to Taiwanese nationals in accordance with the "Labor Pension Act". For employees of the Company that choose to apply the Labor Pension Act, the Company makes a contribution equal to 6% of the monthly salary to their individual retirement account with the Bureau of Labor Insurance. Employee pensions may be paid in

monthly installments or in lump-sum payment based the accumulated amount in the employee's individual retirement account.

- (2) The pension costs of the Company recognized according to the aforementioned pension regulations for the years ended 2022 and 2021 were NT\$6,240 and NT\$6,136 respectively.

(XIII) Share-based payments

1. The Company's share-based payment arrangements for 2022 and 2021 are as follows:

<u>Type of agreement</u>	<u>Grant date</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Transfer of treasury stock to employees	2022.01.28	1,645 thousand shares	Not applicable	Immediate vesting
The portion of common shares issuance reserved for employee subscription	2021.10.5	920 thousand shares	Not applicable	Immediate vesting

On January 28, 2011, the company gave employees a share-based payment transaction, restricting employees from transferring it within one year.

The said share-based payment arrangements are settled with equity.

2. The share-based payment transaction granted by the company on the grant day is based on the closing price on the grant day minus the performance price to estimate the fair value of the stock option.
3. The Company adopted the Black-Scholes option pricing model to evaluate the fair value of its employee stock options granted under share-based payment arrangements, stated as follows:

<u>Type of agreement</u>	<u>Grant date</u>	<u>Share price</u>	<u>Exercise price</u>	<u>Expected volatility</u>	<u>Expected duration</u>	<u>Expected dividend</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
Transfer of treasury stock to employees	2022.1.28	32.85	13.78~ 14.41	55.90%	0.118 year	-	0.1643%	10.71~ 11.34
The portion of common shares issuance reserved for employee subscription	2022.10.5	24.3	20.80	45.14%	0.041 year	-	0.053%	3.54

Note: The expected volatility is estimated by using the stock price of the year before the grant as the sample range and the standard deviation of the stock return rate during the period.

3. The cost of the Company recognized due to the share-based payment transactions as follows:

	<u>2022</u>	<u>2021</u>
Equity delivery	\$17,942	\$3,257

(XIV) Share capital

1. Up to December 31, 2022, the Company's authorized capital equal was NT\$2,000,000, paid-in capital equal was NT\$1,616,652, at par value of NT\$10 per share. All proceeds for share subscription of the Company were collected in full.

Adjustments in the number of the Company's ordinary shares outstanding (in thousand shares) are as follows:

	<u>2022</u>	<u>2021</u>
January 1	149,845	132,123
Conversion of convertible corporate bonds	2,560	9,536
transfer of treasury shares	1,645	
Cash capital increase		9,200
Recovered shares	=	(1,014)
December 31	<u>154,050</u>	<u>149,845</u>

2. On September 22, 2022, the Board of Directors of the Company resolved to execute cash capital increase with issuance of common shares of 9,200 thousand shares with the face value of NT\$10 per share, the issue price was NT\$20.8 per share, and the total capital increase was NT\$191,360. All relevant proceeds had been collected in full, and the capital increase base date was October 22, 2022, and the change registration was completed on November 22, 2022.

3. Treasury shares

(1) Reason of recovering shares and quantity change status (thousand shares):

		<u>December 31, 2022</u>	
<u>Name of shareholding company</u>	<u>Reason of recovering shares</u>	<u>Number of shares</u>	<u>Carrying amount</u>
The Company	For transfer of shares to employees	7,614 thousand shares	\$ 128,532
		<u>December 31, 2021</u>	
<u>Name of shareholding company</u>	<u>Reason of recovering shares</u>	<u>Number of shares</u>	<u>Carrying amount</u>
The Company	For transfer of shares to employees	9,259 thousand shares	\$ 156,301

- (2) According to the regulations of Securities and Exchange Act, the buyback ratio of the outstanding shares of a company shall not exceed 10% of the issued shares of the company, and the total amount of the buyback shares must not exceed the retained earnings plus the premium of the issued shares and the realized capital reserve amount.
 - (3) The treasury shares held by the Company, in accordance with Securities and Exchange Act, shall not be pledged and shall not enjoy the shareholders' right before transfer.
 - (4) According to the regulations of the Securities and Exchange Act, the shares bought back for transfer to employees shall be transferred within 5 years from the buyback date. If transfer is not completed by such time-limit, it shall be deemed that the Company has not issued such shares, and the registration of share cancellation must be made. In addition, for the shares bought back for the purpose of protecting the credit of the Company and the shareholders' equity, the registration of share cancellation must be made within 6 months from the buyback date.
 - (5) Up to the date of January 1, 2021, the number of treasury shares of the Company was 8,245 thousand shares. The quantity of buyback shares in 2021 were 1,014 thousand shares; and the buyback prices in 2021 were NT\$25,817. In addition, in 2022, 1,645 thousand treasury shares were transferred to employees, and the stock payment was \$23,310. As of December 31, 2022, the number of treasury shares was 7,614 thousand shares.
4. The number of shares held by associates of the Company as of December 31, 2022 and 2021 were 9,282 thousand shares and 6,300 thousand shares respectively.

(XV) Capital surplus

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

	2022							
	Share premium	Treasury stock transactions	Employee restricted shares	Corporate Bond Option	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
January 1	\$ 234,399	\$ 6,352	\$ -	\$ 7,640	\$ 5,695	\$ 1,491	\$ 2,562	\$258,139
Share-based payment transaction	-	-	17,942	-	-	-	-	17,942
Share-Based Benefit Transactions	-	13,483	(17,942)	-	-	-	-	(4,459)
Conversion of convertible bonds	36,548	-	-	(7,640)	-	-	-	28,908
Issuance of convertible bonds	-	-	-	65,027	-	-	-	65,027
The difference between the equity acquired in the subsidiary and the book value	-	-	-	-	4,816	-	-	4,816
Recognition of change in equity of subsidiaries in portion to the Group's	-	-	-	-	-	2,854	-	2,854
Recognition of change in equity of associates in portion to the Group's	-	-	-	-	-	-	10,450	10,450
December 31	\$ 270,947	\$ 19,835	\$ -	\$ 65,027	\$ 10,511	\$ 4,345	\$ 13,012	\$383,677

	2021							
	Share premium	Treasury stock transactions	Employee restricted shares	Corporate Bond Option	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates	Total
January 1	\$ 2,249	\$ 6,352	\$ -	\$ -	\$ 5,695	\$ -	\$ 2,562	\$ 16,,858
Issuance of convertible bonds	-	-	-	36,094	-	-	-	36,094
cash capital increase	102,617	-	(3,257)	-	-	-	-	99,360
Share-Based Benefit Transactions	-	-	3,257	-	-	-	-	3,257
Conversion of convertible bonds	129,533	-	-	(28,454)	-	-	-	101,079
Recognition of change in equity of subsidiaries in portion to the Group's	-	-	-	-	-	1,491	-	1,491
December 31	\$ 234,399	\$ 6,352	\$ -	\$ 7,640	\$ 5,695	\$ 1,491	\$ 2,562	\$258,139

(XVI) Retained earnings

1. According to the Articles of Incorporation of the Company, when the Company has a profit after the closing account of a fiscal year, amount shall be appropriated to pay tax and make up losses for the preceding years first, followed by setting aside a legal reserve of 10% thereof. For the remaining amount, in addition to the distribution of dividends, If there is still remaining surplus, the distribution of shareholders' dividends shall be determined according to the resolution of the shareholders' meeting.

2. According to the dividend policy of the Company, the factors of profit status, financial plan, future development of the Company and shareholders' interests are comprehensively considered, and the Board of Directors then establishes the dividend distribution proposal annually according to the law, and the distribution amount shall not be less than 50% of the earnings after tax of the current year, and at least 10% of the cash dividends is distributed among the dividends distributed for the current year.
3. Except for covering accumulated deficits or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
4. According to law, the Company may appropriate earnings only after it has provided special reserve under the debit balance of other equity on the balance sheet date. If subsequently the debit balance of other equity is reversed, the reversed amount may be used as appropriable earnings.
5. The 2019 earnings distribution proposal of the Company resolved by the shareholders' meeting on July 20, 2021 was as follows:

	<u>Amount</u>	<u>2020</u> <u>Dividends Per</u> <u>Share (In</u> <u>Dollars)</u>
Statutory reserves	\$ 13,643	
Special reserves	45,048	
Cash dividends	132,124	\$ 1.00
	\$ 190,815	

6. The 2021 earnings distribution proposal of the Company resolved by the shareholders' meeting on June 8, 2022 was as follows:

	<u>Amount</u>	<u>2021</u> <u>Dividends Per</u> <u>Share (In</u> <u>Dollars)</u>
Statutory reserves	\$ 21,566	
Special reserves	(3,419)	
Cash dividends	214,667	\$ 1.40
	\$ 232,814	

7. The 2022 earnings distribution proposal of the Company submitted to the Board of Directors on March 17, 2023 for resolution was as follows:

	<u>Amount</u>	<u>2022</u> <u>Dividends Per</u> <u>Share (In</u> <u>Dollars)</u>
Statutory reserves	\$ 48,904	
Special reserves	(49,901)	
Cash dividends	308,102	\$ 2.00

\$ 307,105

The aforementioned 2022 earnings distribution proposal has not yet been resolved by the shareholder's meeting.

(XVII) Operating revenue

	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers	\$ 4,098,856	\$ 3,720,507

Details of revenue from contracts with customers

The Company's revenue derived from transfer of goods at a particular point of time are classified into the following categories:

	<u>2022</u>	<u>2021</u>
LAN cables	\$ 2,864,485	\$ 1,950,888
Electronic cables	545,619	592,560
Paige cables	403,940	664,778
Computer cables	87,075	73,630
High temperature wires	25,647	27,029
Power cables	2,399	60,220
Others	<u>169,691</u>	<u>351,402</u>
	<u>\$ 4,098,856</u>	<u>\$ 3,720,507</u>

(XVIII) Interest income

	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	\$ 912	\$ 79
Other interest income	<u>943</u>	<u>710</u>
	<u>\$ 1,855</u>	<u>\$ 789</u>

(XIX) Other income

	<u>2022</u>	<u>2021</u>
Rental income	\$ 9,147	\$ 9,146
Dividend income	612	102
Others	<u>2,512</u>	<u>3,143</u>
	<u>\$ 12,271</u>	<u>\$ 12,391</u>

(XX) Other gains and losses

	<u>2022</u>	<u>2021</u>
Net gain on financial assets (liabilities) at fair value through profit or loss	(\$ 19,100)	\$ 28,051
Net foreign exchange losses	85,671	(1,948)
Gain from disposals of investments	11,661	
Gains on fair value adjustment, investment property	3,878	
Gains on disposal of property, plant and equipment	600	785
Miscellaneous expenses	(13)	(10)
	<u>\$ 82,697</u>	<u>\$ 26,878</u>

(XXI) Finance costs

	<u>2022</u>	<u>2021</u>
Interest expenses:		
Bank loans	\$ 13,036	\$ 11,981
Convertible bonds	2,841	1,207
Other financial expenses	433	456
	\$ 16,310	\$ 13,644

(XXII) Employee benefit expense

By function By nature	2022			2021		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense						
Salary expense	\$ 141,960	\$ 132,697	\$ 274,657	\$ 122,472	\$ 72,280	\$ 194,752
Labor and health insurance expense	9,910	7,557	17,467	9,462	6,410	15,872
Pension expense	4,615	3,191	7,806	4,164	3,483	7,647
Remuneration of directors	-	14,079	14,079	-	13,178	13,178
Other employee benefit expense	7,928	3,321	11,249	7,562	3,321	10,883
Depreciation expense	38,528	4,574	43,102	33,294	3,842	37,136
Amortization expenses	1,073	430	1,503	810	2,683	3,493

1. For the years of 2022 and 2021, the Company had average 240 and 232 employees respectively, which included 7 non-employee directors and 5 respectively.
2. (1) The average employee benefit expenses recognized for the years of 2022 and 2021 were NT\$1,336 and NT\$1,009, respectively.
(2) The average employee salary expenses recognized for the years of 2022 and 2021 were NT\$1,179 and NT\$858, respectively.
(3) The adjustment status of average employee salary expenses was 37%.
(4) Since the Company has established the Audit Committee, the remuneration of supervisor is not applicable.
(5) The remuneration of directors is evaluated by the Remuneration Committee according to the directors' participation level in the operation of the Company and their contribution value. Independent directors may have different remuneration from regular directors. The remuneration of managerial officers is determined according to the operation result and performance achievement status of the Company.
(6) The remuneration of employees of the Company includes the monthly salary, bonus and employee compensation. The remuneration standard of employees is determined according to their job duty, educational background, professional knowledge and market price. The starting salary and compensation adopt the same standard regardless of any difference in gender, religion and political party. Remuneration of employees is determined according to the budget achievement of the Company and individual job duty, contribution and performance, and the Company's appreciation for employees' contribution is also reflected. In addition, the Company also shares the operation result with employees in order to

establish harmonic labor-management relations.

3. According to the Articles of Incorporation of the Company, when the Company has a profit for a fiscal year, 2% to 4% of the profit before tax and before the deduction of the distribution of remunerations of employees and directors shall be set aside as the remuneration of employees and no higher than 2% thereof shall be set aside as the remuneration of directors. However, when the Company has accumulated losses, amount shall be reserved for making up the accumulated losses first.
4. The estimated remunerations of employees and directors of the Company are as follows.

	<u>2022</u>	<u>2021</u>
Remuneration of directors:	\$ 8,503	\$ 2,750
Remuneration of employees	<u>17,007</u>	<u>5,500</u>
	<u>\$ 25,510</u>	<u>\$ 8,250</u>

- (1) The remuneration of employees and the remuneration of directors for 2022 and 2021 were estimated at 2% and 1%, respectively according to the profit status up to the current period.
- (2) The remuneration of employees and the 2022 remuneration of directors according to the resolution of the board of directors' meeting on March 17, 2023 were NT\$17,915 and NT\$8,958 respectively, and the remuneration of employees is to be distributed in the form of cash.
- (3) For 2021, the employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors amounted to \$8,456 and \$4,228, respectively. The difference of \$4,434 between the amounts resolved by the Board of Directors and the amounts recognized in the 2021 financial statements, had been adjusted in the profit or loss of 2022.
- (4) Relevant information of the remunerations of employees and directors of the Company as resolved by the board of directors is available at the Market Observation Post System" (MOPS) website for inquiries.

(XXIII) Income tax

1. Income tax expense

(1) Income tax components:

	<u>2022</u>	<u>2021</u>
Current income tax:		
Tax attributable to taxable income of the period	\$ 66,393	\$ 18,424
Underestimate of income tax of the previous year	(7,652)	75
Total current income tax	58,741	18,499
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	47,073	30,361
Income tax expense	\$ 105,814	\$ 48,860

(2) Income tax associates with other comprehensive income:

	2022	2021
Translation difference of foreign operations	(\$ 20,602)	\$ 14,021
Other comprehensive income of associates	(342)	376
Remeasurement of defined benefit obligation	(1,880)	2,300

2. Reconciliation between income tax expense and accounting profit

	<u>2022</u>	<u>2021</u>
Income tax of net loss before tax calculated at the statutory rate	\$ 114,334	\$ 54,724
Income tax effects of eliminated item according to tax law	(868)	(5,939)
Underestimate of income tax of the previous year	(7,652)	75
Income tax expense	\$ 105,814	\$ 48,860

3. Amounts of deferred income tax assets or liabilities as a result of temporary difference are as follows:

	<u>January 1</u>	<u>Recognized in P/L</u>	<u>Recognized in other comprehensive income</u>	<u>December 31</u>
Temporary differences:				
Deferred tax assets:				
Actuarial gains and losses	\$ 13,937	\$ -	(\$ 1,880)	\$ 12,057
Unrealized exchange loss	-	517	-	517
Unrealized gain from sale	5,008	3,874	-	8,882
Foreign operation exchange difference	23,687	-	(20,944)	2,743
Others	855	266	-	<u>1,121</u>
	\$ 43,487	\$ 4,657	(\$ 22,824)	\$ 25,320
Deferred income tax liabilities:				
Unrealized gains (losses)	(\$ 139)	(\$ 22)	\$ -	(\$ 161)
Unrealized exchange loss	(102)	102	-	
Share of profit or loss of associates and joint ventures accounted for using equity method	(86,447)	(48,447)	-	(134,894)
Accrued pension liabilities	(2,595)	(3,363)	-	(5,958)
Appreciation of investment property	(10,247)	-	-	(10,247)
	(\$ 99,530)	(\$ 51,730)	\$ -	(\$ 151,260)

	<u>January 1</u>	<u>Recognized in P/L</u>	<u>2021 Recognized in other comprehensive income</u>	<u>December 31</u>
Temporary differences:				
Deferred tax assets:				
Actuarial gains and losses	\$ 11,637	\$ -	\$ 2,300	\$ 13,937
Unrealized exchange loss	1,079	(1,079)	-	-
Unrealized gain from sale	3,665	1,343	-	5,008
Foreign operation exchange difference	9,290	-	14,397	23,687
Others	1,591	(736)	-	855
	\$ 27,262	(\$ 472)	\$ 16,696	\$ 43,487
Deferred income tax liabilities:				
Unrealized gains (losses)	(\$ 32)	(\$ 107)	\$ -	(\$ 139)
Unrealized exchange loss	-	(102)	-	(102)
Share of profit or loss of associates and joint ventures accounted for using equity method	(57,360)	(29,087)	-	(86,447)
Accrued pension liabilities	(2,002)	(593)	-	(2,595)
Appreciation of investment property	(10,247)	-	-	(10,247)
	(\$ 69,641)	(\$ 29,889)	\$ -	(\$ 99,530)

4. Amounts of deductible temporary differences unrecognized as deferred tax liabilities:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deductible temporary differences	\$ 77,080	\$ 92,298

5. The Company's profit-seeking income tax has been approved by the taxation authority through 2020.

(XXIV) Earnings per share

	<u>After-tax amount</u>	<u>2022 Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (EPS) (NT\$)</u>
<u>Basic earnings per share</u>			
Net profit attributable to owners of the parent company	\$ 465,854	153,195	\$ 3.04
<u>Diluted earnings per share</u>			
Net profit attributable to owners of the parent company	\$ 465,854	153,195	
Dilutive effects of the potential common shares Remuneration of employees	-	647	
Effects of net profit attributable to owners of the parent company and potential common shares	\$ 465,854	153,842	\$ 3.03
	<u>After-tax amount</u>	<u>2021 Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (NT\$)</u>
<u>Basic earnings per share</u>			
Net profit attributable to owners of the parent company	\$ 224,760	133,764	\$ 1.68
<u>Diluted earnings per share</u>			
Net profit attributable to owners of the parent company	\$ 224,760	133,764	
Dilutive effects of the potential common shares Remuneration of employees	-	185	
Convertible bonds	<u>(29,952)</u>	<u>3,060</u>	
Effects of net profit attributable to owners of the parent company and potential common shares	\$ 194,808	137,009	\$ 1.42

(XXV) Additional Information on Cash Flows

	<u>2022</u>	<u>2021</u>
Acquisition of property, plant, and equipment	\$ 17,026	\$ 30,309
Add: Opening balance of payable on equipment	3,938	5,264
Prepayments for business facilities at end of period	4,834	781
Less: Prepayments for business facilities at beginning of period	(781)	(10,597)
Ending balance of payable on equipment	(5,076)	(3,938)
Cash paid in the period	\$ 19,941	\$ 21,819

(XXVI) Changes in liabilities arising from financing activities

	<u>2022</u>				<u>Total liabilities</u>
	<u>Short-term</u>	<u>Long-term</u>	<u>Lease</u>	<u>Bonds</u>	<u>from financing</u>
	<u>borrowings</u>	<u>borrowings</u>	<u>liabilities</u>	<u>payable</u>	<u>activities</u>
January 1	\$ 980,926	\$ -	\$ 26,676	\$ 61,022	\$ 1,068,624
Changes in cash flow from financing activities	(850,926)		(6,610)	804,593	(52,943)
Other non- monetary changes			5,259	(103,037)	(97,778)
December 31	\$ 130,000	\$ -	\$ 25,325	\$ 762,578	\$ 917,903

	<u>2021</u>				<u>Total liabilities</u>
	<u>Short-term</u>	<u>Long-term</u>	<u>Lease</u>	<u>Bonds payable</u>	<u>from financing</u>
	<u>borrowings</u>	<u>borrowings</u>	<u>liabilities</u>		<u>activities</u>
January 1	\$ 779,837	\$ 220,000	\$ 27,887	\$ -	\$ 1,027,724
Changes in cash flow from financing activities	201,089	(220,000)	(5,421)	314,990	290,658
Other non- monetary changes	=	=	4,210	(253,968)	(249,758)
December 31	\$ 980,926	\$ -	\$ 26,676	\$ 61,022	\$ 1,068,624

VII. Related Party Transactions

(XXVII) Name and Relationship of Related Party

Related party name	Relationship with the Company
Thai Wonderful Wire Cable Co., Ltd. (Thai Wonderful Wire Cable)	Subsidiary
Vietnam Wonderful Wire Cable Co., Ltd. (Vietnam Wonderful Wire Cable)	"
Le Hao Co., Ltd. (Le Hao Hong Kong)	"
Wonderful Photoelectricity (Dongguan) Co., Ltd. (Wonderful Photoelectricity Dongguan)	"
Shanghai Elitech Technology Co., Ltd. (Elitech Technology)	"
Wonderful Cabling Systems Corporation (Wonderful Cabling Systems)	"
ABA Industry Inc. (ABA)	"
ACTife Hi-Tech Co., Ltd. (ACTife Hi-Tech)	"
Leading LOHAS International Trading Company (Leading LOHAS International)	"
Wanshih Electronic Co., Ltd. (Wanshih Electronic)	Associate
Dongguan Humen Wanshih Electronics Co., Ltd. (Dongguan Humen)	"
Suzhou Wanshih Optical Communication Co., Ltd. (Suzhou Wanshih)	"
Wan Shih (Hong Kong) Co., Ltd. (Wan Shih Hong Kong)	"
Inga Nano Technology Co., Ltd. (Inga Nano Technology)	"
Ming-Lieh Chang	Key management of the Company
Wonderful Wire Cable Co., Ltd. (Wonderful Wire Cable)	Other related parties

(XXVIII) Significant Transactions with Related Parties

1. Operating revenue

	<u>2022</u>	<u>2021</u>
Sale of goods:		
- Subsidiary - ABA	\$ 887,156	\$ 736,500
- Subsidiary - Wonderful Cabling Systems	79,099	157,233
- Subsidiary - Vietnam Wonderful Wire and Cable	66,655	66,839
- Subsidiary - Others	15,008	89,440
- Associates - Others	<u>67,845</u>	<u>64,878</u>
	<u>\$ 1,114,890</u>	<u>\$ 1,114,890</u>

The transaction prices of product sales is based on the regular market transaction price for the product sales. The term of payment receipt of the Company from related parties is 45~210 days, and the term of payment receipt from non-related parties is 3~120 days.

2. Purchase

	<u>2022</u>	<u>2021</u>
Sale of goods:		
- Subsidiary - Vietnam Wonderful Wire and Cable	\$ 645,569	\$ 494,545
- Subsidiary - Thai Wonderful Wire and Cable	361,657	699,694
- Subsidiary- Le Hao Hong Kong	347,429	349,119
- Subsidiary - Others	8	1,427
- Associates - Others	<u>728</u>	<u>405</u>
	<u>\$ 1,355,391</u>	<u>\$ 1,545,190</u>

The transaction prices of product purchase is based on the regular market transaction price for the product purchase. The term of payment of the Company to related parties is 90~105 days, and the term of payment to non-related parties is 30~105 days.

3. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
- Subsidiary - ABA	\$ 363,134	\$ 397,706
- Subsidiary - Others	42,432	88,411
- Associates - Others	16,909	27,714
-	422,475	513,831
Less: allowance for impairment	(481)	(484)
	<u>421,994</u>	<u>513,347</u>

4. Payables to related parties:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable:		
- Subsidiary- Le Hao Hong Kong	\$ 74,648	\$ 80,959
- Subsidiary - Vietnam Wonderful Wire and Cable	62,289	205,326
- Subsidiary - Thai Wonderful Wire and Cable	38,745	230,506
- Subsidiary - Others	-	99
- Associate	<u>277</u>	<u>333</u>
	<u>\$ 175,959</u>	<u>\$ 517,223</u>

5. Other receivables from and payables to related parties

(1) Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
- Subsidiary - Elitech Technology	\$ 471	\$ 11,386
- Subsidiary- Le Hao Hong Kong	5,346	5,487
- Subsidiary - Thai Wonderful Wire and Cable	2,081	1,789
- Subsidiary - Others	309	1,106
- Associate	122	173
	8,329	19,941
Less: allowance for impairment	(4,134)	(4,430)
	<u>\$ 4,195</u>	<u>\$ 15,511</u>

The aforementioned others receivables from related parties mainly refer to payments on behalf of others.

(2) Financing funds receivable

	<u>The Highest</u>	<u>Ending</u>	<u>2022</u>	<u>Interest</u>	<u>Interest</u>
	<u>Balance</u>	<u>balance</u>	<u>Interests</u>	<u>income</u>	<u>rate (%)</u>
- Subsidiary - Elitech Technology	\$ 12,3762	\$ 12,376	\$ -	\$ -	-

	<u>The Highest Balance</u>	<u>Ending balance</u>	<u>2021 Interests receivable</u>	<u>Interest income</u>	<u>Interest rate (%)</u>
- Subsidiary - Vietnam Wonderful Wire and Cable	\$ 25,682	\$ 13,840	\$ 35	\$ 648	3.00%
- Subsidiary - Thai Wonderful Wire and Cable	27,680	27,680	45	45	1.30%
-	\$ 53,362	\$ 41,520	\$ 80	\$ 693	

(3) Other payables to related parties

	<u>Nature</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
- Subsidiary - ACTife Hi-Tech	Other expenses	\$ 4,010	\$ 1,702
- Subsidiary - ABA	Commissions payable	1,355	1,894
- Subsidiary - Cayman Holding	Temporary receipts	390	390
- Subsidiary - Others	Salary payments	455	291
- Associate	Other expenses	38	32
		\$ 6,248	\$ 4,309

6. Transaction of property sales

	<u>2022</u>	<u>2021</u>
	<u>Disposal proceeds</u>	<u>Disposal gain (loss)</u>
Vietnam Wonderful Wire and Cable	\$ 1,188	\$ 1,173
Vietnam Wonderful Wire and Cable	\$ 6,117	\$ 5,812
Inga Nano Technology	630	44
	<u>\$ 6,747</u>	<u>\$ 5,856</u>

7. Rental income

The Company leases the following assets to the related parties, and the details are as follows:

<u>Leasing party</u>	<u>Subject property</u>	<u>Lease term</u>	<u>Rental income</u>	
			<u>2022</u>	<u>2021</u>
Associate	Office at 3F to 5F of Wugu District, New Taipei City	January 1, 2020 to December 31, 2022		
- Wanshih Electronic			\$ 7,764	\$ 7,751
Subsidiary	Office at 1F of Wugu District, New Taipei City	January 1, 2020 to December 31, 2021		
- Wonderful Cabling Systems			980	994
Subsidiary	Office at 2F of Wugu District, New Taipei City	August 1, 2020 to December 31, 2021		
- ACTife Hi-Tech			326	306
Subsidiary	Office at 2F of Wugu District, New Taipei City	January 1, 2021 to July 31, 2025		
- Leading LOHAS International			<u>12</u>	<u>5</u>
			<u>\$ 9,082</u>	<u>\$ 9,056</u>

The Company leases office to related parties, and rent is determined according to the general rent standard of the location of the lease property and the area of use, and the rent is collected on a monthly basis.

8. Other income

The Company's incomes for providing information processing service and other support services to the subsidiaries and associates in 2022 and 2021 were NT\$1,405 and NT\$1,630 respectively.

10. Operating expenses

Subsidiary	Nature	2022	2021
- ABA	Commissions expense	\$ 7,760	\$ 4,679

(XXIX) Key management compensation information

Salaries and other short-term employee benefits	2022	2021
Post-retirement benefits	\$ 30,645	\$ 20,169
Share-based payments	800	910
	2,756	340
	\$ 34,201	\$ 21,419

VIII. Pledged Assets

The Company's assets pledged as collateral are as follows:

<u>Asset item</u>	Carrying value		<u>Purpose of collateral</u>
	<u>December 31, 2021</u>	<u>December 31, 2021</u>	
Other financial assets - current	\$ 8,000	\$ 8,000	Loan security
Investment accounted for under the equity method	46,906	54,341	"
Property, plant and equipment	58,390	59,779	"
Investment property	188,525	184,647	"
	\$ 301,821	\$ 306,767	

IX. Significant Contingent Liabilities and Unrecognized Commitments

(I) Contingencies

None.

(II) Commitments

None.

X. Losses Due to Major Disasters

Please refer to Note 6(6)、(16) and (22) for details.

XI. Others

(I) Capital Management

The purposes of the Company's capital management are to ensure that the Group continues as a going concern, to maintain an optimal capital structure to lower financing costs, and to provide returns of investment to shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return share capital to shareholders, issue new shares or sell assets in order to adjust to reach the most suitable capital structure.

(II) Financial Instrument

1. Categories of financial instruments

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets compulsorily measured at fair value through profit or loss	\$ 8,758	\$ 10,898
Financial assets at fair value through other comprehensive income		
Investment in equity instruments of which the fair value is designated to be recognized in other comprehensive income	37,433	12,256
Financial assets/loans and receivables at amortized cost		
Cash and cash equivalents	242,409	238,084
Notes receivable	35,199	40,431
Accounts receivable	511,496	734,326
Accounts receivable - related party	421,994	513,347
Other receivables	10,337	13,333
Other receivables - related Party	16,571	57,111
Other financial assets - current	8,000	8,000
Other non-current assets - others	5,807	4,670
	<u>\$ 1,298,004</u>	<u>\$ 1,632,456</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 130,000	\$ 980,926
Accounts payable	268,183	354,116
Accounts payables to related parties	175,959	517,223
Other payables	149,454	121,478
Other accounts payable - related party	6,248	4,309
Bonds payable	762,578	61,022
Lease liabilities - current	6,922	5,561
Lease liabilities - non-current	18,403	21,115
	<u>\$ 1,517,747</u>	<u>\$ 2,065,750</u>

2. Risk management policy

- (1) The Company's daily operations are affected by various financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk. The Company's risk management policy focuses on the unpredictable market events in order to minimize their potentially adverse factors on the Company's financial position and financial performance. The Company uses various derivative financial Instruments to hedge specific risk exposure. Please refer to Note 6(2) for details.
- (2) The risk management of the Company is executed by the financial department according to the policies approved by the board of directors. The financial department of the Company cooperates with all operating units of the Company closely in order to be responsible for the identification, assessment and hedging of financial risks. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as

foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. Nature and Degree of Significant Financial Risks

(1) Market risk

Exchange rate risk

The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

B. The Company's management has formulated relevant policy to require entities within the Company to manage the foreign exchange risks associated with their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the financial department of the Company. The measurement of exchange rate risk is based on the expected transactions that are very likely to generate USD and RMB expenses, and to use forward exchange contracts in order to reduce the impacts of exchange rate fluctuation on the expected transactions.

C. The Company used forward exchange transactions to hedge the exchange rate risk; however, the hedge accounting was not applied. Please refer to Notes 6(2) for information on recognition of financial assets or liabilities at fair value through profit or loss.

D. The Company's businesses involve some non-functional currency operations such that it can be affected by the exchange rate fluctuation. The information on assets and liabilities denominated in foreign currencies whose values are materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	<u>December 31, 2022</u>		<u>Carrying amount NT\$ (thousand)</u>
	<u>Foreign currency amount (In Thousands)</u>	<u>Exchange Rate</u>	
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	34,086	30.710	\$ 1,046,781
<u>Non-monetary items</u>			
USD : NTD	60,234	30.710	1,849,801
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	11,376	30.710	\$ 349,357

		<u>December 31, 2021</u>		
(Foreign currency: functional currency)	<u>Foreign currency amount (In Thousands)</u>	<u>Exchange Rate</u>	<u>Carrying amount NT\$ (thousand)</u>	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	51,791	27.680	\$	1,433,575
<u>Non-monetary items</u>				
USD : NTD	51,698	27.680		1,430,992
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	33,950	27.680	\$	939,736

E. The total exchange Gain(loss) (including realized and unrealized) arising from significant foreign exchange variation on the monetary items held by the Company for the years ended 2022 and 2021, amounted to NT\$85,671 and NT(\$ 1,948) respectively.

F. Foreign exchange risks arising from significant exchange rate changes that the Company is exposed to are as follows:

		<u>2022</u>		<u>Effect on other comprehensive income</u>
		<u>Sensitivity Analysis</u>		
(Foreign currency: functional currency)	<u>Fluctuation</u>	<u>Effects on P/L</u>		<u>income</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	10,468	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%		3,494	-

		<u>2021</u>		<u>Effect on other comprehensive income</u>
		<u>Sensitivity Analysis</u>		
(Foreign currency: functional currency)	<u>Fluctuation</u>	<u>Effects on P/L</u>		<u>income</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	14,336	-
<u>Financial liabilities</u>				
<u>Monetary projects</u>				
USD : NTD	1%		9,397	-

Price risk

A. The Company is exposed to equity securities price risk due to the financial assets and available-for-sale financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income held and accrued by the Company. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

- B. The Company mainly invests in equity instruments issued by a domestic or foreign company. The price of such equity instruments can be affected by changes in future value of their investment targets. If the prices of these equity instruments had increased/decreased by 1% with all other variables held constant, the profit or loss of the equity instruments measured at fair value through profit or loss for the net income after tax of 2022 and 2021 would have increased or decreased by NT\$20 and NT\$19 respectively; and for other comprehensive income of 2022 and 2021 classified as the equity instrument measured at fair value through comprehensive income, the profit or loss would have increased or decreased by NT\$374 and NT\$123 respectively.

Cash flow and fair value interest rate risk

- A. The borrowing interest rate risk of the Company mainly came from the short-term borrowings. Due to the borrowings at floating interest rate, the Company borne the cash flow interest rate risk, and a portion of the risk was being offset by the cash and cash equivalents held. The borrowing according to the fixed interest rate caused the Company to be under the fair value interest rate risk.
- B. The borrowing of the Company was measured at amortized cost, and re-pricing was performed according to the annual interest rate specified in the contract. Therefore, the Company is exposed to the risk of the future market interest rate change.
- C. When the borrowing interest rate in NTD increases or decreases by 1%, with other variables remain constant, the net income after tax for 2022 and 2021 will also decrease or increase by NT\$1,300 and NT\$9,809, respectively, which is mainly due to changes in interest expense caused by borrowings bearing a floating interest rate.

(2) Credit risk

- A. The Company's credit risk refers to the risk of financial loss to the Company arising from default by the clients or transaction counterparties of financial instruments on the contract obligations. Such risk is mainly due to the counterparties cannot repay the accounts payable according to the payment terms, classified as the contract cash flow.
- B. The Company established management of credit risk from the company's perspective. According to the internally specified credit extension policy, before each operating entity and each new customer of the Company establish the terms for payment and goods delivery, it is necessary to perform management and credit risk analysis. Internal risk control is achieved by evaluating a client's credit quality against the client's financial position, credit records, and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored.
- C. The Company adopts IFRS 9 to provide preliminary assumption, and when the payment specified according to the contract term has exceeded 90 days, breach of contract is deemed to have occurred.

- D. The Company adopts IFRS 9 to provide the following preliminary assumption, in order to use it as the basis for determining whether the credit risk of financial Instrument has increased significantly since the original recognition:
If the contract payments are past due over 30 days based on the terms, it is deemed that there has been a significant increase in credit risk on that instrument since initial recognition.
- E. The Company classifies accounts receivable due from clients according to the characteristics of trading credit risk, and adopts the simplified approach that measures expected credit losses based on the preparation matrix.
- F. After the company's recovery process, the amount of financial assets that cannot be reasonably expected to be recovered is written off. The company's written-off claims were \$1,329 and \$0 as of December 31, 2022 and December 31, 2021 respectively.
- G. (A) The expected loss rate of customers of the related party group was 0.2%, and the accounts receivable - related party total carrying value and allowance for loss as of December 31, 2022 and 2021 were NT\$422,475 and NT\$481; NT\$513,831 and NT\$484 respectively.
- (B) The Company, according to the past experience, adopted the individual evaluation to calculate the expected credit loss for customers of relatively higher credit risk. The total carrying amount and allowance for loss as of December 31, 2022 and 2021 were NT\$4,185 and NT\$4,185, and NT\$6,230 and NT\$6,230 respectively.
- (C) By including the forward-looking consideration on the global economic information, the Company adjusts the expected credit loss rate that was established based on historical or present information, so as to estimate the preparation matrices, as of December 31, 2022 and 2021, of the loss allowance for the accounts and notes receivable as follows:

	<u>Not overdue</u>	<u>Overdue within 30 days</u>	<u>Overdue 30 days</u>	<u>Overdue 60 days</u>	<u>Overdue 90 days</u>	<u>Total</u>
<u>December 31, 2022</u>						
Expected loss (%)	0.02%	1.30%	9.28%	32.39%	100.00%	
Total carrying amount	\$ 520,310	\$ 26,831	\$ -	\$ -	\$ 19,037	\$ 566,178
Allowance for loss	\$ 97	\$ 349	\$ -	\$ -	\$ 19,037	\$ 19,483
	<u>Not overdue</u>	<u>Overdue within 30 days</u>	<u>Overdue 30 days</u>	<u>Overdue 60 days</u>	<u>Overdue 90 days</u>	<u>Total</u>
<u>December 31, 2021</u>						
Expected loss (%)	0.02%	0.60%	30.95%	66.80%	100.00%	
Total carrying amount	\$ 772,359	\$ 236	\$ 3,328	\$ 73	\$ 20,384	\$ 796,380
Allowance for loss	\$ 158	\$ 2	\$ 1,030	\$ 49	\$ 20,384	\$ 21,623

- H. The notes and accounts receivable (including related party) allowance loss change table under the simplified approach of the Company is as follows:

	<u>2022</u>
January 1	\$ 28,337
Impairment loss recognized	(2,859)
Write-off	(1,329)
December 31	<u>\$ 24,149</u>

	<u>2021</u>	
January 1	\$	24,918
Impairment loss recognized		5,767
Write-off		(2,348)
December 31	\$	<u>28,337</u>

The impairment loss (Rotation benefits) recognized for accounts receivable from customer contracts for 2022 and 2021 were (NT\$2,859) and NT\$5,767 respectively.

(3) Liquidity risk

- A. The cash flow forecast of the Company is executed by the companies within to all operating entity and summarized by the financial department of the Company. The financial department of the Company monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- B. The table below analyses the Company's non-derivative 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. Derivative financial liabilities were analyzed based on the balance sheet date to the retaining period at the expected maturity date. The table below disclosed the contractual cash flows not discounted.

December 31, 2022

<u>Non-derivative financial liabilities:</u>	<u>Within 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 130,000	\$ -
Accounts payable (including related party)	444,142	-
Other payables (including related party)	155,702	-
Lease liabilities	7,292	18,987
Bonds payable	-	800,000

December 31, 2021

<u>Non-derivative financial liabilities:</u>	<u>Within 1 year</u>	<u>Over 1 year</u>
Short-term borrowings	\$ 980,926	\$ -
Accounts payable (including related party)	871,339	-
Other payables (including related party)	125,787	-
Lease liabilities	5,954	21,879
Bonds payable	-	63,500

(III) Fair Value Information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in most of the derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The Company's investments in equity instrument investment of non-active market and investment properties are included in Level 3.

2. Financial instruments not measured at fair values

Except for the ones listed in the table below, including cash and cash equivalents, notes receivable, accounts receivable, other accounts receivable, other financial assets, long/short-term borrowings, notes payable, accounts payable and other accounts payable, their book values are approximate to the reasonably close values of fair values:

	<u>December 31, 2022</u>			
	<u>Carrying amount</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	\$ 762,578	\$ -	\$ 767,669	\$ -

	<u>December 31, 2021</u>			
	<u>Carrying amount</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	\$ 61,022	\$ -	\$ 61,710	\$ -

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

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

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity instruments	\$ 1,991	\$ -	\$ -	\$ 1,991
Forward exchange	-	807	-	807
Convertible corporate bond redemption right	-	-	5,960	5,960
Equity instruments	-	-	37,433	37,433
Investment property	-	-	<u>188,525</u>	<u>188,525</u>
	<u>\$ 1,991</u>	<u>\$ 807</u>	<u>\$ 231,918</u>	<u>\$ 234,716</u>
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity instruments	\$ 1,925	\$ -	\$ -	\$ 1,925
Forward exchange	-	695	-	695
Convertible corporate bond redemption right	-	-	8,278	8,278
Equity instruments	-	-	12,256	12,256
Investment property	-	-	<u>184,647</u>	<u>184,647</u>
	<u>\$ 1,925</u>	<u>\$ 695</u>	<u>\$ 205,181</u>	<u>\$ 207,801</u>

- (2) The techniques and assumptions used by the Company to measure fair value are stated as follows:
- A. For the equity-based securities that the Company used the market quoted price as the fair value (i.e. level 1 inputs), the market quoted price refers to the closing price on the balance sheet date.
 - B. Except for financial instruments with an active market, the fair value of other financial instruments is obtained either based on the valuation technique or by reference to the quotes from counter-parties. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (such as the reference yield curve of TPEX, Reuters commercial paper interest rate average price).
 - C. When assessing non-standard and low-complexity financial instruments, such as forward exchange and forward commodity, the Company adopts the valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.
 - D. For high-complexity financial instruments, the Company measures the fair value by using self-developed valuation model based on the valuation method and technique widely used within the same industry. Such type of valuation model is normally applied to derivative financial instruments, embedded derivative debt instruments or securitized commodities. Certain inputs used in such type of valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions. For the impacts of non-market observable parameters on financial instrument valuation, please refer to Notes 12(3)-8 for details.
 - E. The valuation of derivative financial Instrument is based on the valuation model widely used and accepted by users in the market, such as discount method and option pricing model. Forward exchange agreement is typically evaluated based on the current forward exchange rate.
 - F. The fair value valuation technique for investment property at fair value adopted by the Company complies with the provisions of the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and the fair value is determined according to the valuation result of independent expert. Please refer to Note 6(9) for details.
 - G. Outputs from the valuation models are estimates and valuation techniques may not be able to reflect all relevant factors of the financial and non-financial instruments held by the Company. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company’s management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments in the consolidated balance sheet. The inputs and

pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

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

5. The following table shows the change of Level 3 for 2022 and 2021.

	<u>2022</u>			
	<u>Equity</u>	<u>Convertible</u>	<u>Investment</u>	<u>Total</u>
	<u>instruments</u>	<u>corporate bond</u>	<u>property</u>	
		<u>redemption</u>		
		<u>right</u>		
January 1	\$ 12,256	\$ 8,278	\$ 184,647	\$ 205,181
Purchase in current period	19,380			19,380
Issuance in current period	-	20,368	-	20,368
Gain recognized in profit or loss	-	(15,980)	3,878	(12,102)
Gains recognized in other comprehensive income	5,797	-	-	5,797
Conversion in current period	-	(6,706)	-	(6,706)
December 31	<u>\$ 37,433</u>	<u>\$ 5,960</u>	<u>\$ 188,525</u>	<u>\$ 231,918</u>

	<u>2021</u>			
	<u>Equity instruments</u>	<u>Convertible</u>	<u>Investment</u>	<u>Total</u>
		<u>corporate</u>	<u>property</u>	
		<u>bond</u>		
		<u>redemption</u>		
		<u>right</u>		
January 1	\$ 10,655	\$ -	\$ 184,647	\$ 195,302
Issuance in current period	-	8,190	-	8,190
Gain recognized in profit or loss	-	30,918	-	30,918
Gains recognized in other comprehensive income	1,601	-	-	1,601
Conversion in current period	-	(30,830)	-	(30,830)
December 31	<u>\$ 12,256</u>	<u>\$ 8,278</u>	<u>\$ 184,647</u>	<u>\$ 205,181</u>

6. For the investment property of the Company, it is assumed that the financial department of the Company has retained an external appraiser to perform appraisal according to the valuation method and parameter announced by the FSC. The financial department establishes the financial instrument and investment property fair value valuation policy, valuation procedure and verifies the compliance with requirements of relevant International Financial Reporting Standards.

7. The non-observable input value quantified information and significant non-observable input value change sensitivity analysis for the valuation model used in relation to the Level 3 fair value measurements are as follows:

	<u>Fair value at</u> <u>December 31,</u> <u>2022</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable</u> <u>inputs</u>	<u>Range</u> <u>(weighted</u> <u>average)</u>	<u>Relationship of</u> <u>inputs to fair</u> <u>value</u>
Investment property	\$ 188,525	Cash flow discount method	Discount rate	2.720%	The higher the discount rate, the lower the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	-	Cash flow discount method	Discount rate	5.180%	The higher the discount rate, the lower the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	15,388	Public company comparables	Enterprise value to operating revenue ratio	0.3330-0.5735	The higher the value multiples, the higher the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	22,045	Public company comparables	Price to book ratio	1.6636-3.5048	The higher the value multiples, the higher the fair value
Convertible corporate bond redemption right	5,960	Least-squares Monte Carlo simulation approach	Volatility	43.99%	The higher the volatility, the higher the fair value
	<u>Fair value at</u> <u>December 31,</u> <u>2021</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable</u> <u>inputs</u>	<u>Range</u> <u>(weighted</u> <u>average)</u>	<u>Relationship of</u> <u>inputs to fair</u> <u>value</u>
Investment property	\$ 184,647	Cash flow discount method	Discount rate	2.595%	The higher the discount rate, the lower the fair value
Non-derivative equity instruments-stocks not listed in the stock exchange or the OTC market	-	Cash flow discount method	Discount rate	5.180%	The higher the discount rate, the lower the fair value
Non-derivative equity instruments-	12,256	Public company comparables	Enterprise value to operating revenue ratio	0.3247-0.5820	The higher the value multiples, the higher the

stocks not listed in the stock exchange or the OTC market					fair value
Convertible corporate bond redemption right	8,278	Least-squares Monte Carlo simulation approach	Volatility	53.95%	The higher the volatility, the higher the fair value

(IV) Other Matters

The COVID-19 pandemic and numerous pandemic prevention measures implemented by the government have not caused material impact on the operation, ability to continue as a going concern and financing risk of the Company. In addition, according to the review, the Company has not been subject to the condition of material impairment of assets due to the above. The epidemic response management of the Company has complied with relevant measures announced by the Central Epidemic Command Center and relevant epidemic control requirements specified in the Communicable Disease Control Act.

XII. Other Disclosures

(I) Information on Significant Transactions

1. Loaning funds to others: Please refer to Table 1.
2. Provision of Endorsements and Guarantees: Refer to Table 2.
3. Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies, and the Control Portion in a Joint Venture): Refer to Table 3.
4. Accumulative purchase or disposal of the same marketable securities reaching NT\$300 million or 20% of paid-in capital or more: None.
5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
7. Transaction with related party reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 4.
8. Receivables due from related party reaching NT\$100 million or 20% of paid-in capital or more: Please refer to Table 5.
9. Trading in derivative instruments: Please refer to Note 6(2) for details.
10. Business relationship, significant transactions, and significant transaction amount between parent and subsidiaries, or among subsidiaries: Please refer to Table 6.

(II) Information on Investees

Name and location of investees (excluding those in Mainland China): Please refer to Table 7.

(III) Information on investments in Mainland China

1. Basic Information: Refer to Table 8.
2. Significant transactions with investees in Mainland China that are invested by the Company directly or indirectly through another third region entity: Please refer to Table

6.

(IV) Information on Major Shareholders

Major shareholder information: Please refer to Table 9.

XIII. Operating Segment Information

Not applicable.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries

Loaning funds to others

January 1 to December 31, 2022

Table 1

Unit: NT\$ thousand
(unless otherwise specified)

No. (Note 1)	Lending company	Borrower	Current items (Note 2)	Whether related	Current	Ending	Interest	Loan	Current	Reason for	Allowance	Security		Loan limit for	Total loan	Remarks	
					maximum amount (Note 3)	balance (Note 8)						rate range	nature (Note 4)	amount (Note 5)			short-term financing (Note 6)
0	Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire	Financing funds	Yes	32,215	\$ 30,710	\$ -	3.0%	2	\$ -	Working capital	\$ -	Promissory note	\$ 30,710	\$ 100,000	\$ 484,996	
0	Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire	Financing funds	Yes	25,043	-	-	3.0%	2	-	Working capital	-	-	-	100,000	484,996	
0	Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire	Financing funds	Yes	32,215	30,710	-	3.0%	2	-	Working capital	-	Promissory note	30,710	100,000	484,996	
0	Wonderful Hi-Tech Co., Ltd.	Thai Wonderful Wire Cable Co.,	Financing funds	Yes	64,430	-	-	1.3%	2	-	Working capital	-	-	-	100,000	484,996	
0	Wonderful Hi-Tech Co., Ltd.	Shanghai Elitech Technology Co.,	Financing funds	Yes	12,376	12,376	12,376	N/A	2	-	Working capital	-	-	-	100,000	484,996	
0	Wonderful Hi-Tech Co., Ltd.	Thai Wonderful Wire Cable Co.,	Financing funds	Yes	61,420	61,420	-	3.2%	2	-	Working capital	-	Promissory note	61,420	100,000	484,996	
1	Wonderful Photoelectricity	Shanghai Elitech Technology Co.,	Financing funds	Yes	3,061	-	-	N/A	2	-	Working capital	-	-	-	19,690	67,485	
1	Wonderful Photoelectricity	Shanghai Elitech Technology Co.,	Financing funds	Yes	11,757	4,441	4,441	N/A	2	-	Working capital	-	-	-	19,690	67,485	
1	Wonderful Photoelectricity	Shanghai Elitech Technology Co.,	Financing funds	Yes	7,341	7,341	7,341	N/A	2	-	Working capital	-	-	-	19,690	67,485	
2	Thai Wonderful Wire Cable Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	Financing funds receivable	Yes	23,580	-	-	3.5%	2	-	Working capital	-	-	-	22,353	40,521	

Note 1: Instruction for the number column is as follows:

(1) Fill in 0 for the issuer.

(2) The investees are numbered in order starting from number 1.

Note 2: Accounts receivable from related companies, receivable from related parties, shareholder current account, advance payments, temporary payments... or any other items of loan nature must be filled in this field.

Note 3: The maximum balance of funds lent in the current year.

Note 4: The loan nature shall be specified as business payment or short-term financing.

(1) For business payment, please fill in 1.

(2) For short-term financing, please fill in 2.

Note 5: If the loan is a business payment, the amount should be filled in. The amount of business payment refers to the amount of the business transaction between the lending company and the borrower in the recent one year.

Note 6: If the loan is a short-term financing, the reason for the loan and use by the borrower shall be specified, such as repayment of loans, purchase of equipment, business turnover... etc..

Note 7: (1) For companies or firms that do business with Wonderful Hi-Tech Co., Ltd., the total loan amount shall not exceed 30% of the lower of the paid-up capital and net value of Wonderful Hi-Tech Co., Ltd., with individual loan amount not exceeding the amount of business transactions between the two parties in the recent one year, and shall not exceed NT\$100 million based on risk considerations.

For companies or firms that need short-term financing, the total loan amount shall not exceed 30% of the lower of the paid-up capital and net value of Wonderful Hi-Tech Co., Ltd., with the individual loan amount not exceeding NT\$60 million.

(2) The total amount of loan lent by Wonderful Photoelectricity (Dongguan) Co., Ltd. shall not exceed 20% of the net value of Wonderful Photoelectricity (Dongguan) Co., Ltd., with the individual loan amount not exceeding HK\$5 million.

(3) The total amount of loan lent by Thai Wonderful Wire Cable Co., Ltd. shall not exceed 20% of the lower of the paid-up capital and net value of Thai Wonderful Wire Cable Co., Ltd., with the individual loan amount not exceeding THB 25 million. The "Maximum balance accumulated to the end of this month" and "Ending balance" of the loan lent by Thai Wonderful Wire Cable Co., Ltd. to Vietnam Wonderful Wire Cable Co., Ltd. are greater than the "Loan limit for specific borrower" due to the exchange rate difference.

Note 8: If the public offering company proposes the loan to the board of directors one by one in accordance with paragraph 1 of Article 14 of the Standards for the Treatment of Capital Loan and Endorsement Guarantee of Public Offering

Wonderful Hi-Tech Co., Ltd. and Subsidiaries
Provision of Endorsements and Guarantees
January 1 to December 31, 2022

Table 2

Unit: NT\$ thousand
(unless otherwise specified)

No. (Note 1)	Endorsement and guarantee provider	The endorsed or guaranteed Company name	Relations (Note 2)	endorsement and guarantee for a single enterprise	maximum balance of endorsement and guarantee	Ending balance of endorsement and guarantee (Note 5)	Actually paid (Note 6)	endorsement and guarantee secured by	accumulated amount of endorsement and guarantee to the	Maximum limit of endorsement and guarantee (Note 3)	and guarantee provided by the parent	and guarantee provided by a subsidiary	t and guarantee provided to the mainland	Remarks
0	Wonderful Hi-Tech Co., Ltd.	Le Hao Co., Ltd.	2	\$ 260,285	\$ 50,898	\$ -	\$ -	\$ -	0.00%	\$ 1,041,138	Y	N	N	
1	Thai Wonderful Wire Cable Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	2	91,065	38,658	36,852	-	-	4.12%	304,369	N	N	N	
1	Thai Wonderful Wire Cable Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	2	91,065	19,329	18,426	18,426	-	2.06%	304,369	N	N	N	

Note 1: Instruction for the number column is as follows:

(1) Fill in 0 for the issuer.

(2) The investees are numbered in order starting from Arabic digit 1.

Note 2: There are 7 types of relationship between the endorser and the endorsed as follows, fill in the code:

(1) A company having business dealings with the Company.

(2) A company in which the Company directly or indirectly holds more than 50% of shares with voting rights.

(3) A company that directly or indirectly holds more than 50% of shares with voting rights of the Company.

(4) Between companies where the Company directly or indirectly holds more than 90% of shares with voting rights.

(5) Companies of the same trade or joint manufactures that are mutually endorsed for the needs of the contracted works.

(6) A company endorsed and guaranteed by all the contributing shareholders in accordance with their shareholding ratio due to the joint investment relationship.

(7) Joint and several performance guarantee of the same trade for pre-sale house sales contracts in accordance with the consumer protection law.

Note 3: (1) The total amount of external endorsement and guarantee provided by Wonderful Hi-Tech Co., Ltd. shall not exceed 40% of the current net value of Wonderful Hi-Tech Co., Ltd., and the limit of endorsement and guarantee for a single

The net value shall be subject to the most recent financial statement audited or reviewed by an accountant.

(2) The total amount of external endorsement and guarantee provided by Thai Wonderful Wire Cable Co., Ltd. shall not exceed 40% of the current net value of Thai Wonderful Wire Cable Co., Ltd., and the limit of endorsement and guarantee for a

The net value shall be subject to the most recent financial statement audited or reviewed by an accountant.

For those provided with endorsement and guarantee due to business relationship with Thai Wonderful Wire Cable Co., Ltd., in addition to the foregoing limit, the amount of individual endorsement or guarantee shall not exceed the amount of

Note 4: The maximum balance of endorsement and guarantee provided for others in the current year.

Note 5: The amount approved by the board of directors shall be disclosed. However, if the board of directors authorizes the Chairman to determined the amount in accordance with paragraph 8 of Article 12 of the Standards for the Treatment of

Note 6: The actual amount used by the endorsed or guaranteed within the balance of the endorsement and guarantee amount.

Note 7: Fill in Y for endorsement and guarantee provided by the listed parent company to a subsidiary, or provided by a subsidiary to the parent company, or provided to the mainland China.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries

Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies, and the Control Portion in a Joint Venture)

December 31, 2022

Table 3

Unit: NT\$ thousand
(unless otherwise specified)

Holding company	Type and name of marketable securities (Note 1)	Relationship with the marketable securities issuer (Note 2)	Account	Ending				Remarks (Note 4)
				Number of shares (in thousands)	Carrying amount (Note 3)	Shareholdin g percentage	Fair value	
Wonderful Hi-Tech Co., Ltd.	Sanitar Co., Ltd.	-	Financial assets measured at fair the consideration through profit or loss - current	51.00	\$ 1,931	-	\$ 1,931	-
	NT Pharma Group Co., Ltd. (Hong Kong	-	Financial assets measured at fair the consideration	170.00	60	-	60	-
	Asahi Malaysia Co., Ltd.	-	Financial assets at fair the consideration through other	1,900.00	15,388	9.40	15,388	-
	M-Mobility Co. Ltd.	-	Financial assets at fair the consideration through other	0.67	-	4.53	-	-
Thai Wonderful Wire Cable Co., Ltd.	Sunpower Energy Technology Co., Ltd.	-	Financial assets at fair the consideration through other	663.00	22,045	2.78	22,045	-
	Focuz Manufacturing Company Ltd.	-	Financial assets at fair the consideration through other comprehensive income - non-current	58.82	27,488	4.90	27,488	-

Note 1: The "marketable securities" in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items falling within IFRS No. 9 "Financial Instruments".

Note 2: If the issuer of marketable securities is not a related party, this column can be left blank.

Note 3: If measured at fair value, please fill in the book balance after the adjustment of fair value evaluation and deducting the accumulated impairment in the carrying amount column; if it is not measured at fair value, please fill in the book balance of original acquisition cost or amortized cost minus accumulated impairment in the carrying amount column.

Note 4: If the marketable securities are subject to restricted use due to the provision of guarantee, pledge loan or others agreed upon, the number of shares guaranteed or pledged, the amount of guarantee or pledge and the restricted be indicated in the remarks column.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries
Transaction with related party reaching NT\$100 million or 20% of paid-in capital or more.
January 1 to December 31, 2022

Table 4

Unit: NT\$ thousand
(unless otherwise specified)

Involved company	Name of Counterparty	Relationship	Transaction		Ratio to total		Period of credit		Bills receivable (payable), accounts		Remarks (Note 2)
			Transaction	Amount	transaction	granting	Unit price	granting	Balance	Ratio to total bills receivable (payable) and accounts	
Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	Subsidiary	Sales	\$ (887,156)	22%	90 days	\$ -	-	\$ 363,134	37%	None
Wonderful Hi-Tech Co., Ltd.	Le Hao Co., Ltd.	Subsidiary	Purchase	347,429	11%	90 days	-	-	(74,648)	17%	None
Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	Subsidiary	Purchase	645,569	21%	90 days	-	-	(62,289)	14%	None
Wonderful Hi-Tech Co., Ltd.	Thai Wonderful Wire Cable Co., Ltd.	Subsidiary	Purchase	361,657	12%	90 days	-	-	(38,745)	9%	None

Note 1: If the related party transaction conditions are different from the general transaction conditions, the situation and reasons for the difference shall be stated in the field of unit price and credit granting period.

Note 2: If any payment is received (paid) in advance, the reasons, terms agreed, amount and the difference from the general transaction type shall be stated in the remarks column.

Note 3: The sale and purchase between Wonderful Hi-Tech Co., Ltd. and its subsidiaries is equivalent to the purchase and sale between the subsidiaries and Wonderful Hi-Tech Co., Ltd., so the relative transactions will not be disclosed separately.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries
 Receivables due from related party reaching NT\$100 million or 20% of paid-in capital or more.
 December 31, 2022

Table 5

Unit: NT\$ thousand
 (unless otherwise specified)

Company disclosing receivables	Name of Counterparty	Relationship	Balance of receivables		Overdue Receivables due from related parties		Amount recovered		Allowance for loss
			due from related parties	Turnover rate	Amount	Accounting treatment	after the payment		
Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	Subsidiary	\$ 363,134	2.3	\$ 8,309	Strengthen collection	\$ 134,679	\$ -	

Note 1: Please fill in separately according to the accounts receivable, bills, other receivables... etc.

Note 2: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares have no par value or the par value of each share is not NT\$10, the transaction amount requirement of 20% of the paid-in capital shall be calculated at 10% of the equity attributable to the owner of the parent company in the balance sheet.

Note 3: The post-payment period ends on February 28, 2023

Wonderful Hi-Tech Co., Ltd. and Subsidiaries

Business relationship, significant transactions, and significant transaction amount between parent and subsidiaries, or among subsidiaries.

January 1 to December 31, 2022

Table 6

Unit: NT\$ thousand
(unless otherwise specified)

No. (Note 1)	Name of trader	Counterparty	Relationship with the trader (Note 2)	Transaction circumstance			Ratio to total consolidated revenue or total assets (Note 3)
				Item	Amount	Conditions	
0	Wonderful Hi-Tech Co., Ltd.	Le Hao Co., Ltd.	1	Purchase	347,429	Note 4	4%
0	Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	1	Purchase	645,569	Note 4	7%
0	Wonderful Hi-Tech Co., Ltd.	Thai Wonderful Wire Cable Co., Ltd.	1	Purchase	361,657	Note 4	4%
0	Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	1	Sales revenue	887,156	Note 4	10%
0	Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	1	Accounts receivable	363,134	Note 4	6%
0	Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	1	Accounts payable	62,289	Note 4	1%
0	Wonderful Hi-Tech Co., Ltd.	Le Hao Co., Ltd.	1	Accounts payable	74,648	Note 4	1%

Note 1: The business transaction information between the parent company and its subsidiaries shall be indicated in the number column respectively, details are as follows:

(1) Fill in 0 for the parent company.

(2) The subsidiaries are numbered in order starting from number 1.

Note 2: There are 3 types of relationship with counterparties as follows, fill in the code:

(1) The parent company to a subsidiary.

(2) A subsidiary to the parent company.

(3) Among subsidiaries.

Note 3: The ratio of transaction amount to total consolidated revenue or total assets shall be calculated by the ending balance as a percentage of the consolidated total assets for assets and liabilities items; for profit and loss items, it shall be calculated by the cumulative amount as a percentage of the consolidated total revenue.

Note 4: In accordance with the general sales method.

Note 5: Individual transaction with an amount less than 1% of the consolidated total revenue and consolidated total assets will not be disclosed.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries
Name and location of investees (excluding those in Mainland China).
January 1 to December 31, 2022

Table 7

Unit: NT\$ thousand
(unless otherwise specified)

Name of investor	Name of investee (Note 1, Note 2)	Location	Main business items	Original investment amount		Shareholding at the end of the period		Current gain and loss of the investee (Note 2(2))	Investment gains and losses recognized in the current period (Note 2(3) and 3)	Remarks	
				At the end of the period	At the end of last year	Number of shares	Ratio				Carrying amount
Wonderful Hi-Tech Co., Ltd.	Wonderful Holding (Cayman) Co., Ltd.	Cayman Islands	Holding company of investment	\$ 272,219	\$ 272,219	9,373,944	100.00	\$ 809,548	\$ 137,756	\$ 137,756	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Wanshih Electronic Co., Ltd.	Taiwan	Assembly of distribution lines	285,266	300,269	17,816,272	24.55	233,148	(66,109)	(16,229)	The investee evaluated by the equity method.
Wonderful Hi-Tech Co., Ltd.	Le Hao International Co., Ltd.	British Virgin Islands	Holding company of investment	411,992	401,197	14,845	74.23	505,297	90,311	65,719	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Yi-Tai Technology Co., Ltd.	Hong Kong	Holding company of investment	83,120	83,120	21,377,348	100.00	3,061	(7,784)	(7,784)	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Wonderful Cabling Systems Corporation	Taiwan	Sales of wires and cables	12,800	12,800	2,000,000	80.00	57,769	20,568	16,302	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	Vietnam	Sales and manufacturing of wires and cables	217,101	155,558	-	50.00	308,348	118,458	55,922	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Wan Shih (Hong Kong) Co., Ltd.	Hong Kong	Assembly of distribution lines	28,541	28,541	3,067,500	17.04	20,059	(4,322)	(737)	The investee evaluated using the equity method.
Wonderful Hi-Tech Co., Ltd.	Inga Nano Technology Co., Ltd.	Taiwan	Other Textile Products Manufacturing	34,325	34,325	2,450,000	28.00	32,428	(16,004)	(5,358)	The investee evaluated using the equity method.
Wonderful Hi-Tech Co., Ltd.	Saga YesFamily Healthcare Co.	Taiwan	Business in the long-term care industry	10,189	10,189	283,019	28.30	-	-	-	The investee evaluated using the equity method.
Wonderful Hi-Tech Co., Ltd.	ABA Industry Inc.	U.S.A.	Sales of wires and cables	171,766	171,766	92,000	56.10	197,855	47,933	22,678	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	ACTife Hi-Tech Co., Ltd.	Taiwan	Sales of non-woven fabric processing products	58,000	48,000	2,000,000	100.00	(22,487)	(21,680)	(21,803)	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Leading LOHAS International Trading Company	Taiwan	Sales of non-woven fabric processing products	1,000	1,000	100,000	100.00	680	(297)	(297)	Subsidiary of the Company.
Wonderful Hi-Tech Co., Ltd.	Alpha Treasure Investments Limited	Republic of Seychelles	Holding company of investment	10,123	4,988	350,000	35.00	5,633	(7,445)	(2,402)	The investee evaluated using the equity method.
Wonderful Holding (Cayman) Co., Ltd.	Wonderful International (Cayman) Co., Ltd.	Cayman Islands	Holding company of investment	272,219	272,219	9,373,944	100.00	809,548	137,756	Note 3	Sub-subsidiary of the Company.
Wonderful International (Cayman) Co., Ltd.	ABA Industry Inc.	U.S.A.	Sales of wires and cables	20,909	20,909	72,000	43.90	140,889	47,933	Note 3	Subsidiary of the Company.
Wonderful International (Cayman) Co., Ltd.	Wonderful Holding (Thailand) Co., Ltd.	Thailand	Holding company of investment	47	47	490	100.00	273,256	49,189	Note 3	Sub-subsidiary of the Company.
Wonderful International (Cayman) Co., Ltd.	Thai Wonderful Wire Cable Co., Ltd.	Thailand	Sales and manufacturing of wires and cables	124,353	124,353	845,890	43.50	396,133	164,195	Note 3	Great-subsidiary of the Company.
Wonderful Holding (Thailand) Co., Ltd.	Thai Wonderful Wire Cable Co., Ltd.	Thailand	Sales and manufacturing of wires and cables	103,781	103,781	583,372	30.00	273,195	164,195	Note 3	Great-subsidiary of the Company.
Thai Wonderful Wire Cable Co., Ltd.	Vietnam Wonderful Wire Cable Co., Ltd.	Vietnam	Sales and manufacturing of wires and cables	226,415	198,407	-	50.00	315,724	118,458	Note 3	Subsidiary of the Company.
Le Hao International Co., Ltd.	Le Hao Co., Ltd.	Hong Kong	Sales of wires and cables	245,513	245,513	41,401,000	100.00	680,764	90,311	Note 3	Sub-subsidiary of the Company.

Note 1: If the public offering company has a foreign holding company and the consolidated financial report is the main financial report according to the local law, the disclosure of information about the foreign investee may be disclosed only to the information about the holding company.

Note 2: For persons other than those mentioned in Note 1, fill in the following:

(1) The columns of "the investee's name", "location", "main business items", "original investment amount" and "ending shareholding situation" shall be filled out in accordance with the reinvestment situation of the (publicly issued) company and the reinvestment of the investee directly or indirectly under control. Indicate in the remarks column the relationship between each investee and the (public offering) company (if it is a subsidiary or a great -subsidiary).

(2) The "current profit and Loss of investees" shall be fill in the amount of current profit and loss of each investee.

(3) The column "investment profit and loss recognized in the current period" is only required to fill in the profit and loss of the subsidiaries recognized by the (public offering) company for direct reinvestment and that of the investee evaluated by the equity acquisition method. The rest is not required. Fill in "The balance of loss of each subsidiary directly reinvested in the current period shall still be the loan limit approved by the board of directors. Although the funds may be repaid later, considering the loan may be granted again, the amount approved by the board of directors

Note 3: The investment profit and loss listed in the current period only discloses the part recognized by Wonderful Hi-Tech Co., Ltd., and the rest is exempted from completion according to regulations.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries
Information on investments in Mainland China - Basic Information
January 1 to December 31, 2022

Table 8

Unit: NT\$ thousand
(unless otherwise specified)

Name of investee in Mainland China	Main business items	Paid-in capital	Form of investment (Note 1)	Accumulated investment remitted from Taiwan at the beginning of the period	Investment remitted or recovered in the current period		Accumulated investment remitted from Taiwan at the end of the period	Current gain and loss of the investee	The Company's shareholding in direct or indirect investment	Recognize investment gains and losses in the current period (Note 2)	Carrying amount of investment at the end of the period	Repatriated investment income as of the current period	Remarks
					Remitted	Recovered							
Suzhou Wanshieh Optical Communication Co., Ltd.	Assembly of distribution lines	\$ 520,584	1	\$ 11,380	\$ -	\$ -	\$ 11,380	(\$ 67,512)	2.56%	\$ -	\$ -	\$ 5,008	Note 3
Siyang Wanshieh Electronic Element Co., Ltd.	Assembly of distribution lines	367,939	2	16,099	-	-	16,099	-	-	-	-	-	Note 4
Shanghai Elitech Technology Co., Ltd.	Computer software development, manufacturing and sales of own products and surveillance equipment	83,081	2	83,081	-	-	83,081	(7,784)	100.00%	(7,784) (2) B	3,061	-	
Wonderful Photoelectricity (Dongguan) Co., Ltd.	Sales and manufacturing of wires and cables	177,616	2	50,624	-	-	50,624	75,927	74.23%	56,357 (2) A	250,452	-	
Company name	Cumulative investment remitted from Taiwan to the mainland China at the end of the period	The investment approved by the Ministry of Economic Affairs	Investment to the Mainland China approved by the Ministry of Economic Affairs										
Wonderful Hi-Tech Co., Ltd.	\$ 325,940	\$ 360,985	\$ 1,561,708										

Note 1: Investments are made in the following four ways, fill in the code:

(1) Direct investment in mainland China.

(2) Re-investment in Mainland company through a third region company (please specify the third region company).

A. Reinvestment in Siyang Wanshieh Electronic Element Co., Ltd., through Wonderful Holding (Cayman) Co., Ltd., and then through Wonderful International (Cayman) Co., Ltd.

B. Reinvestment in Shanghai Elitech Technology Co., Ltd. through Yi-Tai Technology Co., Ltd.

C. Reinvestment in Wonderful Photoelectricity (Dongguan) Co., Ltd. through Le Hao International Co., Ltd.

(3) Other ways.

Note 2: In the investment profit and loss recognized in the current period:

(1) Please specify if it is in preparation and there is no investment gain or loss.

(2) Investment profit and loss are recognized on the following three basis, which should be specified.

A. Financial statements audited by an international accounting firm in partnership with a Republic of China accounting firm.

B. Financial statements audited by certified accountants of the parent company in Taiwan.

C. Financial statements prepared and not verified by accountants for the corresponding period

Note 3: Suzhou Wanshieh Optical Communication Co., Ltd., an investee held by the Company under the acquisition equity method, is provided for impairment in full in 2012 because its recoverable amount is lower than the book value.

Note 4: Siyang Wanshieh Electronic Element Co., Ltd., an investee held by the Group under the equity method, was disposed of in 2020.

Wonderful Hi-Tech Co., Ltd. and Subsidiaries
Information on Major Shareholders
December 31, 2022

Table 9

Name of major shareholders	Shares	
	Number of shares held	Shareholding percentage
Ming-Lieh Chang	12,644,911	7.82%
Mei Ming Investment Co., Ltd.	12,562,070	7.77%
Wanshih Electronic Co., Ltd.	9,282,121	5.74%

Note 1: The information on major shareholders in this table shows the information of shareholders holding more than 5% of the Company's ordinary and special shares (including treasury shares) that have been delivered without physical registration as calculated by the depository company. The capital stock recorded in the financial report may be different from the actual number of shares delivered by the Company without physical registration due to a

Note 2: If the above information involves shareholder's handing over their shareholding to the trust, it shall be disclosed by the individual account of the trustor whose special trust account is opened by the trustee. As for shareholders who hold more than 10% of the shares and are subject to reporting requirements under the securities trading laws, this includes their own shareholding as well as shares held through entrusted arrangements where they have decision-making power over the entrusted assets.

For insider share declaration information, please refer to the Market Observation Post System.

Wonderful Hi-Tech Co., Ltd.

Chairman: Ming-Lieh Chang