

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)

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Wonderful Hi-Tech Co., Ltd.

Parent Company Only Financial Statements and Independent Auditor's Report
for the Years Ended December 31, 2022 and 2021

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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)	(243,767)	(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 proofing 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>(including related party)</u>	<u>Notes receivable</u>	<u>Accounts receivable</u> <u>(including related party)</u>	<u>Notes receivable</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>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>

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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

		<u>2022</u>		<u>2021</u>
January 1	\$	184,647	\$	184,647
Reclassification		<u>3,878</u>		<u>-</u>
December 31	\$	188,525	\$	184,647

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

		<u>2022</u>		<u>2021</u>
Rental income from investment property	\$	9,082	\$	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	\$	<u>-</u>	\$	<u>-</u>

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.

	<u>2022</u>							
	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

	<u>2021</u>							
	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>2022</u> <u>Recognized in</u> <u>P/L</u>	<u>Recognized in</u> <u>other</u> <u>comprehensive</u> <u>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>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

	<u>Nature</u>	<u>2022</u>	<u>2021</u>
Subsidiary	Commissions		
- ABA	expense	\$ 7,760	\$ 4,679

(XXIX) Key management compensation information

		<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits		\$ 30,645	\$ 20,169
Post-retirement benefits		800	910
Share-based payments		<u>2,756</u>	<u>340</u>
		<u>\$ 34,201</u>	<u>\$ 21,419</u>

VIII. Pledged Assets

The Company's assets pledged as collateral are as follows:

<u>Asset item</u>	<u>Carrying value</u>		<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	"
	<u>\$ 301,821</u>	<u>\$ 306,767</u>	

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

(Foreign currency: functional currency)	December 31, 2021		Carrying amount NT\$ (thousand)
	Foreign currency amount (In Thousands)	Exchange Rate	
<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:

(Foreign currency: functional currency)	2022 Sensitivity Analysis		Effect on other comprehensive income
	Fluctuation	Effects on P/L	
<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	-

(Foreign currency: functional currency)	2021 Sensitivity Analysis		Effect on other comprehensive income
	Fluctuation	Effects on P/L	
<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

1. 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</u>		<u>Fair value</u>	
	<u>amount</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</u>		<u>Fair value</u>	
	<u>amount</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		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.
Cash and cash equivalents
December 31, 2022

Table 1

Unit: NT\$ thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>
Cash on hand and petty cash		\$ 802
Cash in banks		
Demand deposits		82,992
Foreign currency deposits	USD\$ 5,165 thousand, exchange rate of 30.71	158,612
	Other currency	<u>3</u>
		<u>\$ 242,409</u>

Wonderful Hi-Tech Co., Ltd.
Accounts receivable
December 31, 2022

Table 2

Unit: NT\$ thousand

<u>Customer name</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Accounts receivable			
Customer A		\$ 157,750	
Customer B		67,375	
Customer C		63,464	
Customer D		29,672	
Customer E		27,235	
Other secondary customers		<u>189,668</u>	Note: The amount of each secondary customer does not exceed 5% of the account balance.
Subtotal		535,164	
Less: allowance for impairment		(23,668)	
		<u>\$ 511,496</u>	
Accounts receivable related party			
ABA		\$ 363,134	
Wonderful Cabling Systems		30,773	
Others		28,568	Note: The amount of each secondary customer does not exceed 5% of the account balance.
Subtotal		422,475	
Less: allowance for impairment		(481)	
		<u>\$ 421,994</u>	

Wonderful Hi-Tech Co., Ltd.
Inventory
December 31, 2022

Table 3

Unit: NT\$ thousand

<u>Item</u>	<u>Summary</u>	<u>Amount</u>		Remarks
		<u>Costs</u>	<u>Net realizable value</u>	
Raw materials		\$ 223,903	\$ 231,299	For raw materials and raw materials in transition, the replacement cost was used as the net realizable value. For works in process and merchandise inventory, the net realizable value was used for valuation.
Works in process		80,796	115,515	
Finished products		125,053	125,338	
Merchandise inventory		2,593	1,254	
Raw materials in transition		42,059	42,059	
		474,404	<u>\$ 515,465</u>	
Less: Allowance for price decline and slow moving inventories		<u>(19,368)</u>		
		<u>\$ 455,036</u>		

Wonderful Hi-Tech Co., Ltd.
Change in investment accounted for under the equity method
January 1 to December 31, 2022

Table 4

Unit: NT\$ thousand

Name of investee	<u>Balance at beginning of the period</u>		<u>Increase in current period</u>		<u>Decrease in current period</u>		<u>Ending balance Shareholding</u>		<u>Market value or equity net value</u>			<u>Valuation basis</u>	<u>Guarantee or pledge status</u>
	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>Amount</u>	<u>Number of Shares</u>	<u>percentage (%)</u>	<u>Amount</u>	<u>Unit price</u>	<u>Total</u>		
	Wanshih Electronic Co., Ltd.	18,168,272	\$ 285,266	-	\$ 11,203	(1,000,000)	(\$63,321)	17,816,272	24.55%	\$ 233,148	\$ 21.10		
Le Hao International Co., Ltd.	14,373	417,653	472	111,088	-	(23,444)	14,845	74.23	505,297	-	505,297	"	None
Wonderful Holding (Cayman) Co., Ltd.	9,373,944	628,965	-	191,585	-	(11,002)	9,373,944	100.00%	809,548	-	809,548	"	None
Wonderful Cabling Systems Corporation	2,000,000	53,467	-	16,302	-	(12,000)	2,000,000	80.00%	57,769	-	57,769	"	None
Vietnam Wonderful Wire Cable Co., Ltd.	-	168,072	-	140,276	-	-	-	50.00%	308,348	-	308,348	"	None
Wan Shih (Hong Kong) Co., Ltd.	3,067,500	19,789	-	1,007	-	(737)	3,067,500	17.04%	20,059	-	20,059	"	None
Suzhou Wanshih Optical Communication Co., Ltd.	-	-	-	-	-	-	-	2.56%	-	-	-	"	None
Yi-Tai Technology Co., Ltd.	21,377,348	10,612	-	234	-	(7,785)	21,377,348	100.00%	3,061	-	3,061	"	None
Saga YesFamily Healthcare Co.	283,019	-	-	-	-	-	283,019	28.30%	-	-	-	"	None
ABA Industry Inc.	92,000	183,271	-	33,954	-	(19,370)	92,000	56.10%	197,855	-	197,855	"	None
Inga Nano Technology Co., Ltd.	2,450,000	35,543	-	-	-	(3,115)	2,450,000	28.00%	32,428	-	32,428	"	None
ACTife Hi-Tech Co., Ltd.	4,800,000	(10,684)	1,000,000	10,000	(3,800,000)	(21,803)	2,000,000	100.00%	(22,487)	-	(22,487)	"	None
Leading LOHAS International Trading Company	100,000	977	-	-	-	(297)	100,000	100.00%	680	-	680	"	None
ALPHA TREASURE INVESTMENT LIMITED	175,000	2,630	175,000	5,404	-	(2,401)	350,000	35.00%	5,633	-	5,633	"	None
Total		\$ 1,795,561		\$ 521,053		(\$165,275)			\$2,151,339			"	None

Note: The ending balance of ACTife Hi-Tech Co., Ltd. was recognized under other non-current liabilities - others.

Wonderful Hi-Tech Co., Ltd.
Short-term borrowings
December 31, 2022

Table 5 Unit: NT\$ thousand

<u>Creditor</u>	<u>Summary</u>	<u>Ending balance</u>	<u>Contract period</u>	<u>Interest rate range</u>	<u>Financing amount</u>	<u>Pledge or guarantee</u>	<u>Remarks</u>
CTBC Bank Co., Ltd.	Credit loan	10,000	2022.11.10~2023.02.08	1.45%	130,000	None	
Shanghai Commercial & Savings Bank, Ltd.	Credit loan	20,000	2022.11.16~2023.02.14	1.56%	50,000	None	
Yuanta Commercial Bank Co., Ltd.	Credit loan	100,000	2022.12.02~2023.03.01	1.45%	150,000	None	
		<u>\$ 130,000</u>			<u>\$ 330,000</u>		

Wonderful Hi-Tech Co., Ltd.
Accounts payable
December 31, 2022

Table 6

Unit: NT\$ thousand

<u>Customer name</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
<u>Accounts receivable</u>			
Supplier A		\$ 40,277	
Supplier B		35,494	
Supplier C		29,854	
Supplier D		21,758	
Supplier E		20,116	
Supplier F		19,347	
Supplier G		16,656	
Others		<u>84,681</u>	Note: The amount of each secondary customer does not exceed 5% of the account balance.
		<u>\$ 268,183</u>	
<u>Accounts receivable related party</u>			
Le Hao Hong Kong		\$ 74,648	
Vietnam Wonderful Wire and Cable		62,289	
Thai Wonderful Wire and Cable		38,745	
Others		<u>277</u>	Note: The amount of each secondary customer does not exceed 5% of the account balance.
		<u>\$ 175,959</u>	

Wonderful Hi-Tech Co., Ltd.
Net operating income
January 1 to December 31, 2022

Table 7

Unit: NT\$ thousand

Item	Quantity (KM)	Amount	Remarks
LAN cables	169,519	\$ 2,864,485	
Electronic cables	38,308	545,619	
Pagie cables	1,497	403,940	
Computer cables	4,558	87,075	
High temperature wires	2,948	25,647	
Power cables	106	2,399	
Others	107,196	<u>169,691</u>	
		<u>\$ 4,098,856</u>	

Wonderful Hi-Tech Co., Ltd.
Operating cost
January 1 to December 31, 2022

Table 8

Unit: NT\$ thousand

	<u>Amount</u>
Own product sales cost	
Direct raw materials	
Raw materials at beginning of the period	\$ 164,703
Add: Net purchase of the period	1,655,972
Transfer in from work in process	14,273
Less: Sales of raw materials	(17,236)
Raw materials at end of the period	(265,962)
Others	(473)
Material consumption of the period	1,551,227
Direct labor	101,797
Production overheads	368,765
Production cost	2,021,839
Add: Work in process at beginning of the period	117,583
Net purchase of the period	8,484
Transfer in from finished products	1,040,436
Transfer in from goods	17
Less: Sales of work in process	(9,468)
Work in process at end of the period	(80,796)
Transfer out from work in process	(14,273)
Others	<u>(1,974)</u>
Cost of finished goods inventory	3,081,848
Add: Finished goods at beginning of the period	146,003
Net purchase of the period	112,736
Less: Transfer to work in process	(1,040,436)
Finished products at end of the period	(125,053)
Others	<u>(237)</u>
Own product sales cost	<u>2,174,861</u>
Externally purchased product sales cost	
Inventory at beginning of the period	3,332
Add: Net purchase of the period	1,308,222
Less: Transfer in from Work in proces	(17)
Merchandise inventory at end of the current period	(2,593)
Others	(50)
Externally purchased product sales cost	<u>1,308,894</u>
Sales of raw materials and work in process sales cost	26,704
Income from sale of scrap and waste materials	<u>(26,050)</u>
Inventory falling price loss	3,850
Total operating costs	<u>3,488,259</u>

Wonderful Hi-Tech Co., Ltd.
Production overheads
January 1 to December 31, 2022

Table 9

Unit: NT\$ thousand

<u>Projects</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Outsourced processing expense		\$ 191,805	
Indirect labor		44,779	
Depreciation		38,528	
Electricity expense		24,109	
Other expenses		<u>69,544</u>	The amount of each item does not exceed 5% of the account.
		<u>\$ 368,765</u>	

Wonderful Hi-Tech Co., Ltd.
Operating expenses
January 1 to December 31, 2021

Table 10

Unit: NT\$ thousand

Item	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>R&D budget invested</u>	<u>Total</u>	<u>Remarks</u>
Salary expense	\$ 22,609	\$ 106,180	\$ 17,987	\$ 146,776	
Import/export expense	119,303	-	-	119,303	
R&D expense	-	-	6,110	6,110	
Inspection and testing expense	169	-	1,915	2,084	
Others	<u>17,812</u>	<u>51,065</u>	<u>3,840</u>	<u>72,717</u>	The amount of each item does not exceed 5% of the account.
	<u>\$ 159,893</u>	<u>\$ 157,245</u>	<u>\$ 29,852</u>	<u>\$ 346,990</u>	