



威健實業股份有限公司
Weikeng Industrial Co., Ltd.
(Stock Code: 3033)

2023 Annual Report

Notice to readers

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

2023 Annual Report is available at:

Taiwan Stock Exchange Market Observation Post System:

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

Corporate Website

<https://www.weikeng.com.tw>

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I. Report to Shareholders

2023 Business Report & Report to shareholders

2023 Business Performance

In 2023, the two major economies showed inflation in the United States and deflation in China. In the face of the inevitable business cycle and the pressure of financial costs, Taiwan's electronic and optical PMI indexes both remained below 50. The semiconductor industry environment faced many challenges, which the industry posted a decline in global revenue compared with 2021 and 2022, yet still slightly higher than the global semiconductor revenue in 2020. As the semiconductor applications became increasingly integrated into everyday life as well as to national policy infrastructure, we feel hopeful that the basic demand can be maintained. In response to relocation of operation bases of the industrial chain extended by the Sino-US technology war, the company has also expanded its service scope to cater our vendors and customers need. In addition to the existing Greater China (Taiwan, Hong Kong, China) and Southeast Asia (Singapore, Philippines, Malaysia, Thailand), in response to customers "China + 1" layout, we extended logistics support to Vietnam, Indonesia, India, Mexico and other regions.

Weikeng Group continued to play the role of connecting technology and creating value in the semiconductor industry. We aim to deepen our business and maintain our competitive position in the industry in facing economic downturn and pressure from rising financial costs. The Group consolidated sales revenue and net profit before tax reached approximately NT\$70.8 billion and NT\$1.04 billion in 2023, equivalent to a 0.87% year-on-year growth and 55.05% decline, respectively.

Commitment to Sustainable Development

Weikeng is dedicated to actively learn and promote sustainable operations, to engage in various operational activities with integrity and to comply with government regulations, hoping to maintain operational performance to create decent jobs and promote prosperity of the society. Decarbonization and digitalization are now the new norm of business operations, we see the implementation of decarbonization plan as the top priority after the Group's GHG inventory quantification is completed. This pushes us towards deeper digitalization as the group adopts more digital tools to meet real-time delivery of information, which allows Weikeng to share information simultaneously and respond promptly to issues the stakeholders may have. As a member of the semiconductor industry chain, we continue to invest resources and work with our upstream and downstream partners to build a green and sustainable semiconductor supply chain, striving to reduce environmental impact and act in accordance with social compliance.

Regarding investment in the environment, starting in 2022, the Company established its ESG Executive Office under the Sustainable Development Committee. The office's role is to initiate an organizational greenhouse gas inventory and implement the ISO-14064 organizational greenhouse gas inventory specification at the Group level. In 2023, the ESG Executive Office helped set up the internal verification team of the Parent Company and the quantification teams of the Subsidiaries. The management scope extends from the parent company to the group level, ensuring organizational GHG management's integrity and completeness. The Company recognizes that climate change poses risks and opportunities to almost all industrial sectors and considers its climate change strategy critical to maintaining its economic performance. As energy conservation and carbon reduction have become significant growth drivers of demand for semiconductors, especially in the era of decarbonization, the rise of AI, and green computing. The Company aims to work closely with upstream vendors and downstream clients to identify opportunities and industry insights regarding end products and applications. To create demand for related application solutions, the Company will continue to invest more resources. It will also continue to invest resources in the automotive/electric vehicle and industrial energy-related markets. The Company will

collaborate closely with industry partners to develop decarbonization and green computing product solutions. Together with our industry partners, we hope to do our best to support the development of green products and create a sustainable supply chain.

Weikeng remains steadfast in its commitment to contributing to the United Nations Sustainable Development Goals (SDGs) and was awarded the Middle-aged and Senior Citizen Friendly Enterprise Certification in Taipei City in 2023. One of the key values and principles of the Company is to support its employees. The Company places great emphasis on talent training and retention. Over the past year, the Company has continued to promote ESG practices and awareness within the organization to foster a culture of sustainability. As a token of appreciation for hard work and dedication, the Company organized a two-day ESG-themed trip for the 2023 Weikeng Family Day. The event was attended by the employees, along with their friends and families, and a charity performance team was invited to perform. Additionally, the Company encourages its employees to participate in charitable activities and support domestic cultural and art development. As part of this effort, the Company hosted a charity film appreciation event for charity organizations, employees, their families, and friends. The Company actively supports environmental protection, education, medical and sports resources, research institutions, and the cultivation of scientific and technological talents to enhance its ESG ability and contribute to the United Nations Sustainable Development Goals (SDGs).

The company's operation emphasizes on "ethical corporate management", "risk management" and "supply chain efficiency", and to achieve such we adhere international standards to improve our corporate governance. Weikeng's objective is to become an indispensable and high-standard partner in the logistic support system and supply chain management within the semiconductor and electronics industry. The Company continues to promote a sustainable workplace and policies supporting sustainable governance. In the previous year, the Group adopted ISO quality and environmental systems for occupational safety and health management to reduce occupational hazards and risks while enhancing operational efficiency. The Company reported to the Sustainable Development Committee in August 2023, and after selecting a consulting firm, we began planning and building an occupational safety and health management system (ISO45001-2018) which was certified by ARES International Certification (ARES) in February, 2024. We hope to promote and establish the Occupational Safety and Health Management System to implement the occupational safety and health policy based on the following five principles - Compliance with Laws, Hazard Prevention, Competence Awareness, Continuous Improvement, and All-Staff Participation. Furthermore, to augment the quality of logistics services in supply chain management, we introduced the ISO9001-2015 (warehousing services) system in 2023. We obtained internationally recognized certifications issued by BSI (for the Shatin Warehouse in Hong Kong) and ARES (for Neihu Tanmei and Taoyuan Housheng warehouses in Taiwan) in September and November, respectively. All of the aforementioned endeavors manifest our commitment to advancing our performance in logistic and supply chain management, assuring workplace safety, and ensuring the quality of warehousing centers, and fulfilling the Company's commitment to a sustainable, responsible supply chain.

The company is dedicated to fulfilling its corporate social responsibilities in line with international trends. We are actively addressing the concerns of our stakeholders regarding environmental, social, and corporate governance issues. Additionally, we will conduct practical risk assessments and implement countermeasures to achieve our goals of strong corporate governance and sustainable operations.

2024 Business Outlook

In 2024, the global semiconductor industry is still waiting for an increase in demand from end consumers. Research institutions have predicted that the semiconductor industry will shift from a recession to growth in 2024. The medium to long-term outlook is promising for the automotive and AI chip markets, and high inventory levels are expected to gradually resolve. However, challenges lie ahead as the Federal Reserve's policy on interest rates remains unclear, and ongoing geopolitical

factors continue to affect the operation bases relocation of the industrial chain. Our top priority is to maintain stable operations and enhance risk management in 2024. As for business expansion, the semiconductor sector's supply chain regionalization is being driven by geopolitics. Weikeng will continue to examine and adjust our business expansion strategies, providing technical support and seeking appropriate industry cooperation to understand the needs of both vendors and customers. In time of foreseeable growth and business expansion, it is hoped that the management team will lead all colleagues to strictly abide by the risk management policy, operation performance optimization and Ethical Corporate Management Best Practice Principles, together we will continue to strive towards the goal of integrity, sustainable operation and stable operation, thus creating more value for all stakeholders.

Weikeng Group has successfully won the franchises of product lines, covering many semiconductor Integrated Device Manufacturers (IDMs) or IC design companies such as MD、Amazing、GSD、Infineon (Infineon、Cypress)、Lattice、Microchip、Molex、NXP、Sitronix、Sinopower、Vishay、Western Digital, etc. However, the Company continues to find and develop new products and applications in the semiconductor market, look for new cooperation opportunities of franchises, and create new customer demand. At present, in the application fields of industrial electronics, automotive electronics, mobile communications, consumer electronics, computer peripherals, and AI/5G, Weikeng Group's regional companies are capable of providing customers with competitive parts, technical support services, and efficient management services of supply chain to achieve a triple win value through the Group's intermediary technology connection between upstream vendors and downstream customers.

A. The annual business report for 2023

i) Business plan implementation results

Financial Figures	Amount (in Thousands of NT\$)	YoY %
Net Sales Revenue	\$70,892,413	0.87
Gross Profit	4,491,181	(18.19)
Net Operating Income	1,845,851	(32.34)
Profit before Tax	1,047,336	(55.05)
Net Profit	786,767	(53.70)

ii) Budget Execution in 2023

In 2023, the Group's execution of the operating budget was affected by the economic downturn caused by US and European inflation, deflation in China, and increased financial cost pressure, the Group consolidated sales revenue and net profit before tax reached approximately NT\$70.8 billion and NT\$1.04 billion in 2023, equivalent to a 0.87% year-on-year growth and 55.05% decline, respectively. The overall budget execution met internal expectations.

iii) Financial Income, Costs and Profitability Analysis

Financial Ratios		%
Finicial Structure	Debt Ratio	77.32
	Long-term Capital to Property and Equipment Ratio	7,926.99
Solvency	Current Ratio	140.16
	Quick Ratio	61.19
Profitability	Return on Assets	4.28
	Return on Equity	8.77
	Net Profit Margin	1.11
	Basic EPS(in NT\$)	1.85

iv) Research Development Status

The Company has set up a Marketing Development Division and a FAE Division in order to provide technical services and product solutions to customers, and enhance the value and efficiency of our sales and logistics services. The two divisions work closely with domestic and international vendors/clients towards the common goal of innovative R&D that support sustainability. The two main areas that Weikeng and our upstream vendors

focus on are the automotive market and the industrial energy related, therefore, the related power semiconductor applications are extremely important. With upstream vendors actively expanding their R&D into compound/Group III semiconductor products, the electric vehicle and industrial application markets such as solar energy, electric vehicles and fast charging are the major focuses of R&D and business development. The Company's total Research and Development Expenditure in 2023 (mainly R&D personnel and equipment, etc.) has reached NT\$135,112 thousand 21.85% of the total R&D expenditure were dedicated to green products research and development, which has met the goal of at least 20% of total R&D expenditure each year.

Marketing Development Division and a FAE Division continue to provide complete solutions in line with future low-carbon and environmentally-friendly norms to customers, hence to strengthen competitive advantages. With decent effort of "Business Development Division", the Group was able to successfully win the franchises of product lines of well-known domestic and foreign semiconductor manufacturers, and has succeeded in maintaining or amplifying the continuation of the franchises after the integration of the upstream vendors. The "FAE / AE Division" continues to establish a solid foothold in 3C electronic product applications. It also actively provides technical support of the relevant IC products to vendors and customers in emerging applications in order to expand the new business scopes of the Company. The division assists customers in saving product research development expenses and shortening time to market, enhances service levels, and strengthens the cooperation with the vendors and customers. In addition, the "ELCOM Division" is officially entering the field of research development and design, and is responsible for the turnkey solution of the products.

At this stage, the Group's companies are developing product solutions for 5G (smartphones, Customer Premise Equipment (CPE), Open Radio Access Network (O-RAN) and Small Cell Station), artificial intelligence/AIoT, WiFi 6/7, automotive electronics (including electric vehicles, electric locomotives, charging piles/stations, etc.), consumer electronics (PC, AI PC, TV, Smartphone, Tablet), industrial control, Type C-Power Delivery (PD), and various power supply applications. We also devote our resources to the development of product solutions for servers/data centers, motor control, battery energy storage management systems, human-machine interface for in-vehicle infotainment systems, automotive radar, Tire-Pressure Monitoring System (TPMS) and Center Information Display (CID), in order to provide customers with immediate product reference solutions. All of these solutions are now available to customers.

B. Annual Business Plan in 2024

i) Operating Principles

- (1) To prudently face the situation of destocking in the industry chain, actively manage and evaluate the speed of purchasing and sales, carefully prevent the loss of inventory depreciation, strengthen the efficiency of working capital, and enhance control measures for the prevention of dead inventory and improvement measures for the disposal of dead inventory.
- (2) To strengthen cost structure management by adopting active financial management, capital structure optimization, digitalization to reduce operating costs, and implementation of "Zero-Based Budgeting", where each department must review its own business and propose a budget starting from the highest priority items based on cost-benefit analysis in order to save costs and expenses.
- (3) To timely grasp the dynamic adjustment of suppliers and customers due to trade policies or geopolitical factors, such as the "China+1"

layout of semiconductor application electronics manufacturers. In order to relocate a production base, move, or adjust the production lines according to its plan, the Company must also be able to build transnational and trans-regional capacity and flexibility of strategy establishment, and expand its product portfolio on the premise of compliance with the provisions of the United States' (various countries) import and export laws and regulations.

- (4) In the face of a changing market and uncertainty, to continue to pay attention to the price and demand changes of each item, master the development trends of application-end technology products, invest appropriate R&D resources, and cooperate with industry partners to continue to create added value and competitiveness.
- (5) To attach importance to the green economy and sustainable development in the long term, continue to provide customers with competitive components, and through technical support services and research and development projects, achieve technological link in the industry chain, support the industry chain to promote the carbon reduction operation mode, and grasp business opportunities from the green energy industry, as well as work with upstream and downstream partners to build a green and sustainable industry chain.
- (6) To continue to comply with the risk management system and ethical corporate management best practice principles, strengthen the operational efficiency, pay attention to the needs and feelings of employees, take a stable business model as the principle, analyze the profitability of revenue growth, and take appropriate measures to grasp market opportunities.

ii) Production and Sales Policy

- (1) Pricing Strategy: In the face of the high-cost environment, to carefully evaluate the product pricing strategy and profit analysis, maintain good communication with the franchising vendors and downstream manufacturers, and through the mechanism of negotiation with customers and on the premise of improving the quality of product services, timely adjust product pricing to ensure the maintenance of the profit of each product line.
- (2) New Business Development: To continue to grasp the development trend of "decarbonization", "digitization", "green computing", and the "regionalization" of the supply chain collaboration to expand business cooperation opportunities and solidify customer structure.
- (3) Resilience: In the face of the cross-border movement of upstream and downstream manufacturers among the Asia-Pacific region, North American region, and European region, as well as the adjustment of production line planning made by the customers due to marginalization of trade policies, the Group must strengthen its support, service momentum and resilience, assess its cost-effectiveness, and improve its capability of strategy establishment at any time.
- (4) Compliance with laws and regulations: To pay attention to and implement laws and regulations on the export and import of strategic high-tech products, including whether a transaction or service object is set forth in the control list of the United States' regulatory authority for export, re-export, or transfer.
- ⑤ With the continuous expansion of operation scale and franchises, to prudently review risk and profitability.

iii) Expected sales volume and its basis in 2024

The Company classifies the franchising products into chipsets/special application standard ICs, mixed signals and discrete components according to product characteristics. In 2024, the external environment posts challenges

as we continue to navigate through supply chain regionalization, caused by geopolitical disputes and tech-war, and the US fed interest rate uncertainty. The industry is still facing inventory adjustments, economic cycles, and high financial costs. However, based on the management team's consideration of relevant research institutions' estimates of the semiconductor industry's sales forecast, the upstream vendors' set targets and the Company's internal business plan, the operating target of sales forecast for the fiscal year 2024 is expected to have growth opportunities, despite the challenges and difficulties in external environment.

The Company's management team and all colleagues hereby give thanks to all shareholders for your support and encouragement. We also look forward to all of your continuing greatest support and advice to Weikeng. Wishing all shareholders a good health and all the best!

Weikeng Industrial Co., Ltd.

Chairman: Hu, Chiu- Chiang (@Douglas Hu)

President Ting-Fang (@Stan Chi)

Chief Accountant: Huang Li-Hsiang (@Alice Huang)

II. Company Profile

I. Date of Incorporation: January 20, 1977

II. Company History: The most recent year (2023) and the date of publication of the annual report

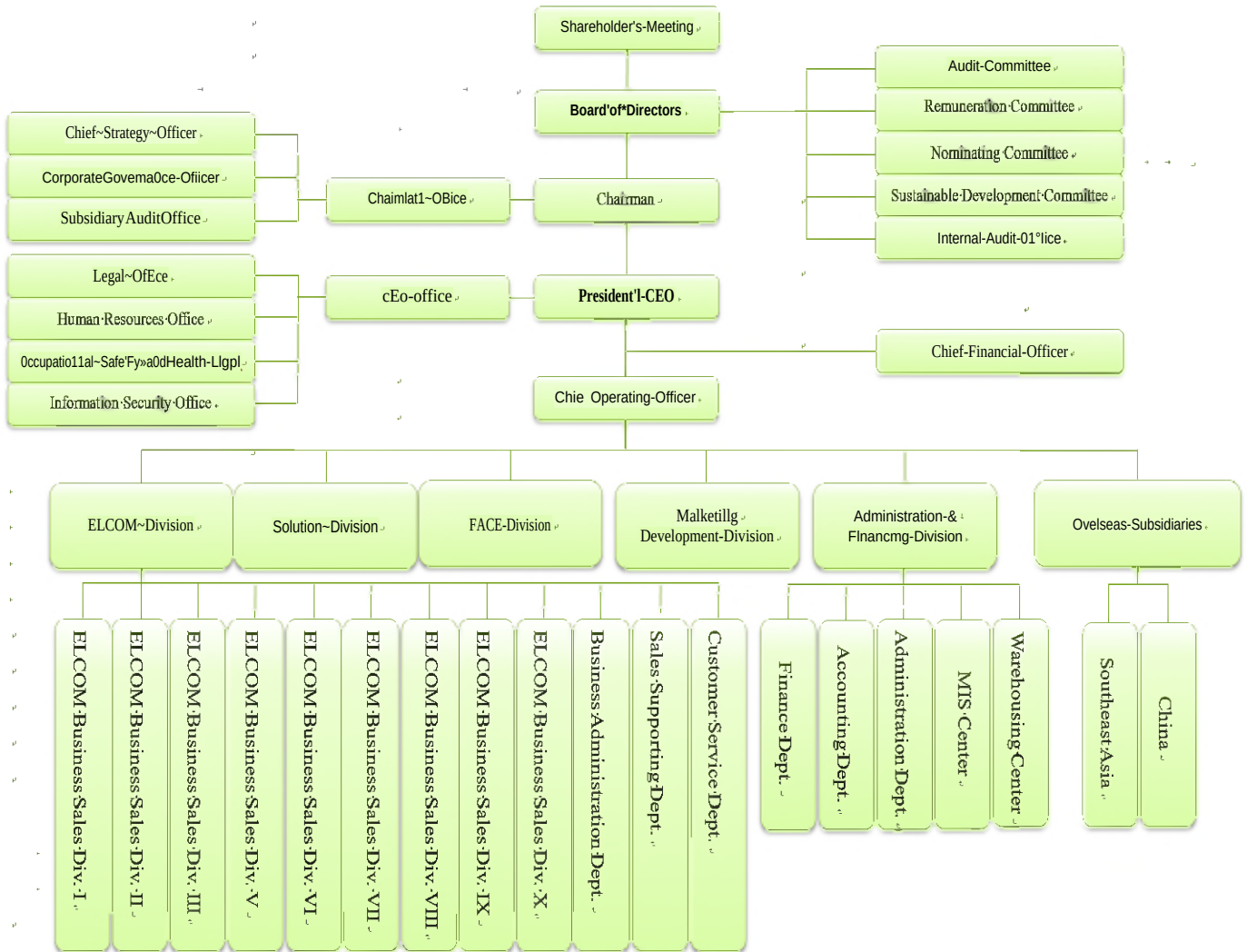
Year	Milestones
2022/12	The Keelung Customs of Customs Administration, Ministry of Finance approved the Company as a "general high-quality enterprise", number: AAC100000900, and the period is from December 3, 2022 to December 2, 2025.
	The Company's Nominating Committee acknowledged the external evaluation report on the performance of the Board of Directors issued by the "Taiwan Corporate Governance Association", and it was acknowledged by the Nominating Committee on December 28, 2022 and Board of Directors on January 13, 2023.
2023/1	The Health Promotion Administration of the Ministry of Health and Welfare has assessed that the Company meets the Healthy Workplace Certification - Healthy Startup Label (Certificate No.: HPAB1110793), valid from January 1, 2023 to December 31, 2025.
2023/5	Xconn Technologies, Inc. authorized the Company as a distributor of electronic components.
2023/6	The Company published the 2022 ESG Sustainability Report.
2023/8	The 6 th domestic unsecured convertible corporate bonds issued by the Company, the bondholders exercised the conversion from June 15, 2023 to June 29, 2022 (i.e. the 2 nd quarter of 2023), resulting in an increase in the number of issued ordinary shares 2,984,809 shares, and the paid-in capital amounted to NT\$ 4,265,279,730.
	A contribution of NT\$500,000 was donated to sponsor the Kaohsiung Autism Foundation, a non-profit organization, to support their mission of upholding the dignity and well-being of individuals with autism. The foundation, driven by parental love, aims to provide resources for education, employment, and sustainable living, enabling continued support for individuals with autism.
	In response to the "Thousands of Blood Donation Campaign in Neihs Science Park", a blood donation event was hosted by Weikeng at the Wall Street Technology Headquarters Building Plaza on August 31. A total of 110 people participated in this activity, and the blood donation amount reached 38,250 ml.
2023/9	The Company received certification as the "2023 First Annual Age-Friendly Enterprise for Middle-aged and Elderly Workers" from the Taipei City Government.
	Obtained BSI certification for ISO9001-2015 (Warehouse Service Quality Management) in the Group's Sha Tin warehouse in Hong Kong. Certificate number: FS795603. Validity period: September 29, 2023, to September 28, 2026.
	The Company, in response to the principles of "Humanitarian Care Knows No Borders" and "Love Knows No Rareness, Illuminating Hope," has sponsored the "Médecins Sans Frontières Taiwan" and the "Taiwan Foundation for Rare Disorders" each with a total of NT\$500,000, for a total donation of NT\$1 million in September 2023.
2023/10	The 6 th domestic unsecured convertible corporate bonds issued by the Company, the bondholders exercised the conversion from June 30, 2023 to September 30, 2022 (i.e. the 3 rd quarter of 2023), resulting in an increase in the number of issued ordinary shares 1,543,522 shares, and the paid-in capital amounted to NT\$ 4,280,714,950.
	International Trade Administration, Ministry of Economic Affairs issued an award for "2022 International Trade Outstanding Export/Import Business Certificate" to the Company.
2023/11	Obtained certification from ARES International Certification Co. Ltd. for ISO9001-2015 (Warehouse Service Quality Management) for the Group's warehouses in Neihs Tanmei, Taipei, and Housheng, Taoyuan, Taiwan. Certificate number: ARES/TW/12311116Q. Validity period: November 23, 2023, to November 22, 2026.
	Xilinx, Inc.; Xilinx Ireland Unlimited Company; Xilinx Sales International Pte. Ltd. authorized the Company as a distributor of electronic components.
2024/2	Implemented Occupational Health and Safety Management System (ISO45001-2018), completed external verification, and obtained ISO45001:2018 certificate issued by ARES International Certification Co., Ltd. on February 6, 2024 (Certificate Number: ARES/TW/I2402011S). The certificate is valid until February 5, 2027.
2024/3	The Nominating Committee of the Company has completed the nomination process for the election of directors at the 2024 Annual General Meeting of Shareholders, and has submitted the nominated candidates to the Board of Directors for review and approval.
2024/4	The Board of Directors of the Company has resolved to implement an employee stock ownership trust scheme.
2024/5	The Board of Directors of the Company has adopted a special resolution to issue 10,000 units of

Year	Milestones
	employee stock warrants at an exercise price lower than the prevailing market price. Each unit of employee stock warrants allows the subscription of 1,000 shares of the Company's common stock. The total number of new common shares to be issued upon exercise of the stock warrants is 10,000,000 shares. This proposal will be submitted to the 2024 Shareholders' Annual Meeting for discussion and resolution.

III. Corporate Governance Report

I. Organization System

(I) Organizational Chart



(II) Tasks of Principal Divisions

Committee/Office/ Division/ Department	Tasks
Functional Committees	The Functional Committees, including the Audit Committee, the Remuneration Committee, the Nominating Committee and the Sustainable Development Committee, perform their functions and powers in accordance with the charters of each committee, and are responsible to the Board of Directors, and submit the proposed proposals to the Board of Directors for resolution.
Chairman Office	- Participates in the formulation of strategies and policies within the group company, and convenes the Functional Committees and the board of directors periodically or as needed, in accordance with the powers and procedures of the Functional Committees and the Board of Directors. - Implements the operating policies and objectives proposed by the Board of Directors and the Functional Committees, and is responsible for the governance of the entire group company, sustainable development, and internal control supervision and management of the overseas subsidiaries, and reports to the Functional Committees and the Board of Directors.

Committee/Office/ Division/ Department	Tasks
CEO Office	1. Formulate strategies and policies to implement the corporate governance, sustainable development and other management objectives assigned by the Board of Directors, and report the results to the Functional Committees and the Board of Directors. 2. Responsible for the supervision of the Group's business, financial and risk management operations, formulate and implement control strategies, and report to the Board of Directors. 3. Formulate and update the Company and Group's overall systems, rules and regulations. 4. The planning of the overall marketing activities of the Company and the Group and the promotion of corporate public relations matters.
Internal Audit Office	1. Responsible for the formulation, implementation and rationality assessment of the internal control audit plan of the (parent) Company, and report to the audit committee or other Functional Committees and the Board of Directors. Follow-up advice and risk management evaluation for the suggestions and corrections that are found in the audit. 2. Review and supervise the internal control system audit plan and procedures of each subsidiary of the overseas business group, and report the implementation audit content to the audit committee or other Functional Committees and the Board of Directors. 3. Report the inspection deficiencies mentioned by the competent authority, accountants, and internal auditors, as well as the improvements listed in the internal control statement that should be strengthened for improvement, to the Audit Committee and the Board of Directors. 4. Assess whether the deficiencies found during the audit have been improved according to the proposed suggestions and correction plans, and conduct further risk and effectiveness assessments of the internal control system. 5. Review the deficiencies of the internal control system in a timely manner, evaluate the effectiveness and efficiency of operations, and provide appropriate improvement suggestions to ensure the effectiveness and continuous improvement of the internal control system.
Corporate Governance Officer	1. Handle the matters related to Board of Directors and shareholders meeting in accordance with the law. 2. Prepare the minutes of the Board of Directors and shareholders' meetings. 3. Assisting directors and independent directors in their appointments and continuing education. 4. Provide information necessary for directors and Functional Committees to perform their duties. 5. Assisting directors and Functional Committees to comply with laws and regulations. 6. Matters related to investor relations. 7. To report to the Board of Directors the results of its inspection on whether the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and term of office. 8. Handle matters related to the change of directors. 9. Other matters stipulated in the Company's articles of association, contracts or laws and regulations.
Human Resources Office	1. Executive human resources management strategy prepared by the CEO Office, responsible for the execution and assessment of human resources management, reporting to the CEO Office. 2. Implementation of personnel system regulations, recruitment training, personnel changes and other related operations.

Committee/Office/ Division/ Department	Tasks
	3. To assist the Board of Directors and Functional Committees to convene related matters and handle matters assigned by them.
Legal Office	1. Responsible for the management of legal affairs of the Company, and provide legal strategic support for the Company's operations, and prevent and control the Company's operating risks to ensure that the company's interests are not infringed. 2. Participate in the demonstration and negotiation of relevant contracts of the Company's operations, conduct legal assessments, and draft relevant contract texts. 3. Assist in handling related legal matters in the Company's operation process, and organize the formulation of various legal documents. 4. Examine various legal documents and contracts that occur during the operation of the Company, and supervise the implementation of the contracts. 5. Assist the company in handling and resolving various legal disputes in operation, and safeguard the Company's legal rights and interests. 6. Management of litigation and non-litigation affairs of the Company. 7. Assist in the Company's sustainable development, corporate governance and other related matters. 8. Consultation and assistance in compliance with trade regulations.
Occupational Safety and Health Dept.	Formulate, plan, supervise and promote occupational safety and health management plans and related environmental protection, safety and health management matters, and guide relevant departments to implement.
Information Security Office	Responsible for formulating, planning, supervising and promoting data security and cyber security related matters, including: 1. To help the Board of Directors understand the network intelligence of potential security issues. 2. Assist the CEO Office to analyze threats in real time for safe operation. 3. Ensure that the design of IT and network infrastructure achieves infrastructure security protection. 4. Ensure that internal employees will not misuse or steal data to protect data. 5. Formulate relevant internal control procedures and management, and conduct regular or irregular internal information and cyber security inspections.
ELCOM Business Division	1. Market planning for electronic component related products. 2. Development and guarantee of franchises rights for electronic component related products. 3. Use business, technical support, channel marketing, customer service, and other methods to win customers. 4. Perform the company's import and export, customs declaration, shipping, insurance, HUB / VMI warehouse operations, compliance with product trade regulations etc.
Solution Division	Research and development on the product reference solution for the franchises of product lines.
F&E Division	Provide customers with technical support for product applications, emphasizing demand creation services.
Marketing Development Division	Master the pulse and trends of the information technology market, leading the fight for the franchises of high-tech products and semiconductor components.
Administration &Financing Division	1. Accounting Department: Responsible for accounting process, budget planning, preparation of various financial accounting statements and management information offering. 2. Finance Department: Take charge of fund dispatching, daily cash receipt and payment of cashiers, establishment and maintenance of credit relationship between financial institutions, management and assurance of accounts receivables, company's credit line control, etc.

Committee/Office/ Division/ Department	Tasks
	3. Administration Department: Responsible for stock affairs administration, including stock affairs planning, shareholders meeting, Board of Directors and Functional Committee meetings and other related matters, as well as general affairs such as general office procurement and management. 4. MIS Center: Responsible for the establishment, execution and assessment of back-end system maintenance and operation management functions such as information technology and management information systems, including ERP operations, email operations, warehouse management systems and information management programs, tools and platforms, etc. And together with the Information Security Office to carry out cyber and information security operations, etc. 5. Warehousing center: implement logistics operations and management, establish and maintain a warehouse management system, and improve the efficiency of the operation and management of the warehouse operation center.
Overseas Subsidiaries	1. Evaluate the implementation of the strategic goals of managing overseas subsidiaries and branches based on the group strategy prepared by the CEO Office. 2. Evaluate the implementation of the management system and risk management analysis of overseas subsidiaries and branches.

II. Directors and Management Team

(I) Directors_1

As of April 22, 2024

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman (Note)	Taiwan(R.O.C)	Hu, Chiu- Chiang (@Douglas Hu)	M 61~70	2021.7.20	3	2009.6.19	8,843,627	2.40	8,843,627	2.09	467,059	0.11	—	—	- Ph.D. of Institute of Management of Technology, National Chiao Tung University, Taiwan - Master of Business Administration, Da-Yeh University, Taiwan - Executives Program, Graduate School of Business Administration, National Cheng-Chi University - Bachelor of Science in Communications Engineer, National Chiao Tung University, Taiwan - R&D Engineer, SAMPO Co., Ltd. - Chairman & CEO, Weikeng Industrial Co., Ltd. and its affiliates - Chairman, Taipei County Computer Association (TCCA) - Executive Director, Taipei Electronic Components Suppliers' Association (TECSA) - R&D Engineer, SAMPO Co.,Ltd. - Chairman & CEO, Weikeng Industrial Co., Ltd. and its affiliates - Chairman, Taipei County Computer Association (TCCA) - Executive Director, Taipei Electronic Components Suppliers' Association (TECSA) - Director, LEADTEK RESEARCH INC.	Chief Strategy Officer (Resigned as President and concurrently served as the Chief Strategy Officer since 2022.09.01), Weikeng Industrial Co., Ltd. Chairman, Weiji Investment Co., Ltd. Chairman, Weikeng International Co., Ltd. Chairman, Weikeng Technology Pte Ltd. Chairman, Weikeng Technology Co., Ltd. Independent Director & Remuneration Committee, and Audit Committee, V-TAC Technology Co., Ltd. Independent Director, Nominating Committee, Remuneration Committee, and Audit Committee, CIPHERLAB Co., Ltd. Director, Promate Electronic Co., Ltd. Director (Representative of Juristic Person/ Promate Electronic Co., Ltd.), Promate Solutions Co., Ltd. Director, Amazing Microelectronic CO., Ltd. Supervisor, EVGA Technology Incorporated Director (Representative of Juristic Person/ Hydroionic Technologies Co., Ltd.), Hydroionic EnviroTec Co., Ltd. Director (Representative of Juristic Person/ Hydroionic EnviroTec Co., Ltd.), Hydroionic EnviroServices Co., Ltd. Nominating Committee and Sustainable Development Committee, Weikeng Industrial Co., Ltd.	—	—	—

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	Taiwan(R.O.C)	Chi, Ting-Fang (@Stan Chi)	M 61~70	2021.7.20	3	1989.12.18	6,278,150	1.71	6,278,150	1.48	146,817	0.03	—	—	• Bachelor of Science in Control Engineering, National Chiao Tung University, Taiwan • Associate Engineer, Institute of Machinery, Industrial Technology Research Institute (ITRI) • Chief Operating Officer, Weikeng Industrial Co., Ltd.	President /CEO, Weikeng Industrial Co., Ltd. Managing Director, Weikeng Technology Pte Ltd. Director, Weikeng Technology Co., Ltd. Sustainable Development Committee, Weikeng Industrial Co., Ltd.	---	---	---
Director	Taiwan(R.O.C)/ Taipei City	Weiji Investment Co., Ltd.	M 71~80	2021.7.20	3	1998.9.1	30,426,876	8.27	30,426,876	7.18	---	---	---	---	---	---	---	---	---
	Taiwan(R.O.C)/	Representative : Chen, Cheng- Fong (@Eric Chen)		2021.7.20			527,136	0.14	527,136	0.12	---	---	---	---	• Bachelor of Science in Electrophysics, National Chiao Tung University, Taiwan • Engineer, Texas Instruments Inc.	Chairman, Promate Electronic Co., Ltd. Chairman, Chuang Feng investment Co., Ltd. Chairman, Promate International Co. Ltd. Director, (Representative of Juristic Person/ Promate Electronic Co., Ltd.), Promate Solutions Co., Ltd. Supervisor, Ching Fong investment Co., Ltd. Director (Representative of Juristic Person/ Promate Electronic Co., Ltd.), CT CONTINENTAL Co., Ltd. Director, GLIMMER INC	---	---	---
Director	Taiwan(R.O.C)	Chen, Kuan-Hua (@Bill Chen)	M 51~60	2021.7.20	3	2018.6.13	191,301	0.05	191,301	0.05	645,593	0.15	---	---	• Master of Financial Engineering, Carnegie Mellon University, Commonwealth of Pennsylvania • Master of Computer Science & Information Engineering, National Taiwan University • Bachelor of Mathematical Sciences, National Cheng-Chi University • Supervisor, Weikeng Industrial Co., Ltd.	Director, King Yuan Electronics Co., Ltd. Director & President, CHAN-CHENG Investment Co., Ltd.	---	---	---

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	Taiwan(R.O.C)	Tsai, Yu-Ping (@Edward Tsai)	M 61~70	2021.7.20	3	2009.6.19	0	0	0	0	20,000	0.00	0	0	• Juris Doctor, Santa Clara University, California • Executives Program, Graduate School of Business Administration, National Cheng-Chi University • Chairman, Meitung Limited • Chief Strategy Officer, Allianz President Insurance Group • President, Allianz-President General Insurance Co., Ltd. • President & CEO, President Securities Investment Trust Co., Ltd. • Lawyer, Baker & McKenzie • Lawyer, Diepenbrock, Wulff, Plant & Hannegan, California • Associate Professor of Department of Law, National Chung Hsing University, Taiwan	Remuneration Committee, Audit Committee, Nominating Committee, and Sustainable Development Committee, Weikeng Industrial Co., Ltd. Chairman, Paradigm Venture Partners, L.L.C. Chairman, Paradigm Capital Limited Vice Chairman, Chinese Association of Valuation Director (Representative of Juristic Person/ Paradigm Venture Partners, L.L.C.) and President, Hydroionic Technologies Co., Ltd. Director (Representative of Juristic Person/ Hydroionic Technologies Co., Ltd.), Hydroionic EnviroTec Co., Ltd. Director (Representative of Juristic Person/ Hydroionic EnviroTec Co., Ltd.), Hydroionic Enviroservices Co., Ltd. Director, CellMax Taiwan Co., Ltd. Independent Director, Remuneration Committee, and Audit Committee, Welldone Co., Ltd. Independent Director, Nominating Committee, and Audit Committee, CIPHERLAB Co., Ltd.	---	---	---
Independent Director	Taiwan(R.O.C)	Lin, Hung (@Vincent Lin)	M 51~60	2021.7.20	3	2003.6.25	0	0	0	0	0	0	0	0	• Executive Master of Business Administration, National Cheng-Chi University • Bachelor of Science in Pharmacy, Kaohsiung Medical University • President, Harbor View Hotel • Director, National Federation of the Republic of China Hotel Association • Keelung City Council Legislative Affairs Consultant • Executive Committee Member of the Keelung Branch of the Association for Victims Support, AVS • Director (Representative of Juristic Person/ ALPIN INTERNATIONAL CO., LTD.), Leatec Fine Ceramics Co., Ltd.	Remuneration Committee, Audit Committee, Nominating Committee, and Sustainable Development Committee, Weikeng Industrial Co., Ltd. Chairman, Hua Shuai Hospitality Management Consulting Co. Ltd. Chairman, Dragonfly Gallery Co., Ltd. President of Ahotel, Taiwan Fine Business Travel Alliance Director, National Federation of the Hotel Industry Association of the Republic of China Director, Taiwan Miner’s General Hospital	---	---	---

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	Taiwan(R.O.C)	Yu, Hsueh-Ping (@Peggy Yu)	F 61~70	2021.7.20	3	2018.6.13	0	0	0	0	0	0	0	0	- Master of Accounting, National Taiwan University - Senior Vice President, Standard Chartered International Commercial Bank - Independent Director, CastleNet Technology Inc. - Supervisor, Promate Electronic Co., Ltd. - Supervisor, Well Glory Development Co., Ltd.(Renamed as Mega International Development Co., Ltd.)	Audit Committee and Sustainable Development Committee, Weikeng Industrial Co., Ltd. Vice President, Grand Aspect International Ltd. Vice President, Grand China Ltd. Director (Representative of Juristic Person/ Grand China Ltd.), PrinTec International Co., Ltd.	---	---	---

Note: Where the chairperson of the Board of Directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: No such situation exists.

Major shareholders of the institutional shareholders

As of April 22, 2024

Name of Institutional Shareholders	Major Shareholders	Shareholding %
Weiji Investment Co., Ltd.	Sung, Yi-Lin	19.87 %
	Chan, Ming- Chuan	16.67 %
	Tu, Huai-Chi	16.67 %
	Chen, Ching- Hui	16.38 %
	Hu, Chiu- Chiang	16.65 %
	Sung, Nai- Ke	8.38 %
	Sung, Po-Wei	5.08 %
	Chen, Chung-Ling	0.28 %
	Hu Hsieh, Su-E	0.02 %

(II)Directors_2

1. Board Members' Diversity Policy

The election of the directors of the Company is based on the "Articles of Incorporation" and adopts a candidate nomination system. Each term of office is three years, and is elected in accordance with the Company's " Rules for Election of Directors"; the structure of the Board of Directors, in addition to the scale of the Company's business development and the shareholding of major shareholders, and the actual operation needs, determine the appropriate number of directors between five and nine (inclusive), the Company also follows the " Corporate Governance Best Practice Principles, which stipulates that the composition of the Board of Directors should consider diversity, and formulate appropriate diversification policies according to its own operation, operation type and development needs, which should include but not limited to the following standards:

- (1) Basic conditions and values: gender, age, nationality and compliance with laws and regulations (qualification conditions and independence, etc.).
- (2) Professional background, professional knowledge and skills: professional background (such as law, accounting, finance, marketing, technology industry or business experience), professional knowledge and skills, etc.

2. Professionalism and Independence of the Board of Directors

Members of the board of directors should possess the diverse knowledge, skills and accomplishments necessary to perform their duties. In order to achieve the goal of sustainable corporate governance, the professional knowledge and skills that the board of directors should have as a whole are as follows:

- (1) Operational decision-making judgment ability
- (2) Business strategy management and leadership
- (3) Crisis and risk analysis, decision-making and handling capabilities
- (4) Insights into industrial development and technology applications
- (5) The pulsating forward-looking force of sustainable development
- (6) Accounting information and financial analysis ability
- (7) Industry and business knowledge ability.

Criteria Name	Qualifications and Experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Hu, Chiu- Chiang (@Douglas Hu)	Dr. Hu holds a doctorate degree in technology management from National Chiao Tung University (renamed to National Yang Ming Chiao Tung University NYCU). He also lectures at NYCU as	1. Also the Chief Strategy Officer of the Company, as a director with managerial personnel. 2. Also a director of the Company's	2

	contracted professor-level technical expert, specialties include technology innovation, management of technology companies, IC and components distribution, entrepreneurship and venture capital. Dr. Hu has 42 years of experience in the IC industry strategic management, leadership as well as academic intelligence in the field. In addition to his role as board member within the Weikeng Group, including Weikeng Taiwan and its subsidiaries, he also takes on several roles, board director and independent director, of other companies in the high-tech industry. Dr. Hu brings to the Board extensive experiences in areas of finances, business execution, marketing and sales, operational management, and corporate governance.	affiliated companies (100% subsidiary). 3. The top ten natural person shareholders of the Company. 4. The chairman of Weiji Investment Co., Ltd., a juristic person shareholder holding more than 5% of the Company's issued shares. 5. The rest have been verified in accordance with the independence requirements listed in the " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements and still meet the relevant independence requirements.	
Chi, Ting-Fang (@Stan Chi)	Mr. Chi holds a bachelor of Science degree in Electrical and Control Engineering from National Chiao Tung University (renamed to National Yang Ming Chiao Tung University NYCU). Prior to joining Weikeng July, 1986, he was an associate engineer at Institute of Machinery, Industrial Technology Research Institute (ITRI). In 1997, Mr. Chi was appointed as President, and later in 2002 Mr. Chi continued his leadership role as Chief Operating Officer and in September 2022, he was promoted to the CEO of Weikeng Group and the Present of the Company. So far, he is responsible for executing strategies set by the Board and managing Weikeng's business units, sales and operations across Taiwan, Hong Kong, China and South East Asia (Singapore, Malaysia, Thailand, Vietnam and Philippines etc.) Mr. Chi has been with the Weikeng force for more	1. Also the Group CEO and the President of the Company, a director with managerial personnel. 2. Also a director of the Company's affiliated companies (100% subsidiary). 3. The top ten natural person shareholders of the Company. 4. The rest have been verified in accordance with the independence requirements listed in the " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements and still	0

	than 37 years, attributing to business execution and strategic management in the semiconductor industry. He brings to the Board valuable feedback and communications in terms of strategic management, business execution, marketing and sales and industry insights. He also provides the Board timely opinions on operation based on his role as the Company's Chief Operating Officer.	meet the relevant independence requirements.	
Weiji Investment Co., Ltd. (Representative : Chen, Cheng-Fong (@Eric Chen)	Mr. Chen holds a bachelor of Science in Electrophysics from National Chiao Tung University (renamed to National Yang Ming Chiao Tung University NYCU). He was an engineer at Texas Instruments Inc.. Mr. Chen is the President and Chairman of Promate Electronic Co., Ltd. and Director of Promate Solutions Corporation. With 38 years of experience in the semiconductor industry, Mr. Chen brings to the Board substantial experience and insights as the representative of Weiji Investment in the areas of corporate governance, business execution, marketing and sales, and high tech industry expertise. He provides the Board with valuable corporate governance and management insights for strategic planning and execution.	1. Weiji Investment Co., Ltd., a juristic person shareholder, holds more than 5% of the Company's issued shares and is the Company's largest shareholder. 2. Mr. Chen, Cheng-Fong (@Eric Chen) was elected director as the designated representative of Weiji Investment Co., Ltd. 3. The rest have been verified in accordance with the independence requirements listed in the " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements and still meet the relevant independence requirements..	0
Chen, Kuan-Hua (@Bill Chen)	Mr. Chen holds two master degrees, master of Financial Engineering degree from Carnegie Mellon University and master of Computer Science & Information Engineering degree from National Taiwan University. He is a director at King Yuan Electronics Co., Ltd., and is also President and Director at Chan-Cheng Investment Co., Ltd.	1. A relative within the second degree of kinship of the Company's top ten natural person shareholders. 2. The rest have been verified in accordance with the independence requirements listed in the " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public	0

	Mr. Chen brings to the Board extensive knowledge of semiconductor industry development, investment portfolio management, accounting information and financial analysis, industry and technology application insights.	Companies" promulgated by the Financial Supervisory Commission, and still meet the relevant independence requirements and still meet the relevant independence requirements.	
Tsai, Yu-Ping (@Edward Tsai) (Independent Director)	Mr. Tsai is the chairman of Paradigm Venture Partners, L.L.C., a venture capital company that provides fund to ventures mainly in the semiconductor, telecommunication, software development, opto-electronics, bio-tech, medical equipment, aerospace and materials sectors. He has served as President & CEO at President Securities Investment Trust Co., Ltd, Chief Strategy Officer at Allianz President Insurance Group, President at Allianz-President General Insurance Co., Ltd. Mr. Tsai holds a Juris Doctor degree from Santa Clara University, California. He was a lawyer at Baker & McKenzie and at Diepenbrock Wulff Plant & Hannegan, California. He was also an associate professor of Department of Law at National Chung Hsing University. Mr. Tsai brings to the Board legal expertise and significant experiences in the areas of law, finance, tech companies management and corporate governance. Although Mr. Tsai has served as independent directors of the Company for more than 3 consecutive terms (9 years), none of the violations of Article 30 of the Company Act has occurred. He continues to take on the responsibilities as independent director and functional committees to enhance the quality of the Company's corporate governance and the supervision of the functional committees by providing the Board with insightful industry analysis and integration, risk management, legal strategy / compliance and management decision-making opinions on the operation and management.	1. The two independent directors listed on the left have served as independent directors of the Company for more than three terms. 2. The Company has also verified that the 2 independent directors are in compliance with the qualification requirements stipulated in the " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act promulgated by the Financial Supervisory Commission during the two years before their election and during their tenure. In addition, independent directors have been given the power to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act to perform relevant functions and powers accordingly.	2
Lin, Hung (@Vincent Lin)	Mr. Lin holds an Executive Master of Business Administration (EMBA) degree from National Cheng Chi		0

(Independent Director)	University. Currently. He currently serves as the Chairman of Hua Shuai Hospitality Management Consulting Co. Ltd., the President of Harbor View Hotel, and the Chairman of Dragonfly Gallery Co., Ltd., President of Ahotel, Taiwan Fine Business Travel Alliance, Director of National Association of the Republic of China Hotel Association, and the Director of Taiwan Miner's General Hospital. He has previously held positions such as Director of Leatec Fine Ceramics Co., Ltd., a passive electronic component manufacturer. His successful management in the tourism and hotel service industry, coupled with his deep understanding of commercial laws and expertise in corporate governance, are noteworthy. Our company hopes to leverage his cross-industry management experience and perspective to provide timely and diverse insights on business operations and sustainable governance. This aims to enhance the diversity of our company's thinking in terms of business operations and sustainable management strategies, thus improving the quality of corporate governance and the supervisory function of the sustainability development committee. He has been serving as an independent director for over three terms, during which there have been no violations of any provisions of Article 30 of the Company Act.		
Yu, Hsueh-Ping (@Peggy Yu) (Independent Director)	Ms. Yu holds a Master's degree in Accounting from National Taiwan University, with expertise in accounting. She currently serves as the Vice President of Grand Aspect International Ltd., Vice President at Grand China Ltd., and Director of Printec International Co., Ltd. She has previously held the position of Vice President at Standard Chartered Bank, and has served as an independent director at CastleNet Technology and Supervisor of Promate Electronic Co., Ltd. in technology companies within the electronics industry. Additionally, she has served as a Supervisor at Well Glory Development Co., Ltd. (now renamed as Mega International Development Co., Ltd.).	1. She has served as an independent director of the Company for two consecutive terms, and this nomination is for her third term. 2. It has been verified that the independent director meets the qualification criteria set forth by the Financial Supervisory Commission's "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act, both	0

	Her expertise in areas such as corporate governance, financial accounting, business, marketing, and industry technology analysis and management can enhance the quality of corporate governance within the board of directors, the management quality of sustainability development, and the supervisory function of the functional committee. She is currently in her second term as an independent director, which has not exceeded three terms, and there have been no violations of any provisions of Article 30 of the Company Act.	during the two years prior to their appointment and throughout their tenure. Furthermore, the independent directors have been granted the right to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, thereby exercising their duties independently.	

3. Specific Management Objectives and Achievement Status of the Board Members' Diversification

The composition of the Company's Board of Directors, in addition to complying with legal requirements in a timely manner, also refers to the Company's internal and external operating environment, changing trends and development needs, and continues to expand the professional diversity of directors to strengthen the functions of the Board of Directors. Specific Board members' diverse management objectives and their achievement:

Diversity Management Goals	Achievement Status
Emphasizing gender equality in the composition of the board members, due consideration should be given to the appropriate allocation of seats for directors of different genders. For instance, for a board with one-third (inclusive) or more of its seats, gender diversity should be taken into account in a timely manner, with at least one director of a different gender. If by the year 2025, the representation of any gender on the board does not reach one-third, the Annual Report	There are currently seven directors. Although the number of female directors has not reached one-third (inclusive) of the Board of Directors, it has met at least one female director (accounting for 14.3%, Yu, Hsueh-Ping (@Peggy Yu)).

will disclose the reasons and corresponding measures taken.	
The number of independent directors shall not be less than one-third of all directors, and must meet the statutory negative qualifications and independence; if the nominee of an independent director has served for more than three terms, the reason for continuing to nominate him as an independent director shall be announced, and the reasons shall be explained to shareholders at the time of election at the shareholders' meeting; however, from 2024 onwards, more than half of the independent directors should have no more than three consecutive terms of office, in order to comply with the requirements for strengthening the functions and independence of independent directors; and after the re-election of directors in 2027, the term of office of all independent directors shall not exceed three terms.	1. There are currently seven directors, including three independent directors (accounting for 42.9%), and meet the statutory negative qualifications and independence. 2. There are currently 3 independent directors, and 2 of them have served for more than three terms. However, the company has explained to shareholders the reasons for continuing to nominate during the re-election of the shareholders' meeting on July 20, 2021, and was successfully elected. 3. The Board of Directors will be fully re-elected in 2024, and it will be planned that more than half of the independent directors will have no more than three consecutive terms of office.
Employees/executive officers who concurrently serve as directors shall not exceed one-third of the number of directors.	There are currently seven directors, of which 2 (account for 28.6%) are employees/executive officers, which is not more than one-third of all directors.
Directors who are initially elected or re-elected must meet	The current seven directors are all re-elected, and all have completed the minimum six-hour training requirement for the year.

the annual training hours requirements, so that the performance of the Board of Directors, corporate governance, and risk management can be strengthened and deepened.																																																																																				
The Board of Directors shall conduct an internal self-assessment of the performance of the board of directors and board members every year, and at least once every three years by an external professional independent organization or a team of external experts and scholars.	1. The current Board of Directors and its members have completed the internal self-assessment for the fiscal year 2023 in January 2024, in compliance with the annual internal self-assessment requirement. The self-assessment results have been submitted to the Nominating Committee and the Board of Directors on March 11, 2024. 2. The Company has successfully undergone its first external evaluation of the Board of Directors conducted by the Taiwan Corporate Governance Association from September 16, 2022, to November 25, 2022. This aligns with the regulatory requirement of conducting assessments at least once every three years by an external professional independent organization or a team of external expert scholars.																																																																																			
Implement an Appropriate Diversity Policy (1) Basic conditions and values: gender, age, nationality and compliance with laws and regulations (qualification conditions and independence, etc.). (2) Professional background, professional knowledge and skills: professional background (such as law, accounting, finance, marketing, technology industry or business experience), professional knowledge and skills, etc.	1. Basic conditions and values <table><tr><th rowspan="2">Director Name</th><th rowspan="2">Nationality</th><th rowspan="2">Gender</th><th rowspan="2">Compliance with laws and regulations</th><th rowspan="2">Concurrently as the executive officer of the Company</th><th colspan="3">Age range</th><th colspan="3">Term of Independent Director</th></tr><tr><th>Under 60</th><th>61~70</th><th>Over 71</th><th>3 or less</th><th>More than 3 to 9 or less</th><th>Over 9</th></tr><tr><td>Hu, Chiu-Chiang (@Douglas Hu)</td><td>R.O.C</td><td>M</td><td>✓</td><td>✓</td><td></td><td></td><td>✓</td><td></td><td></td><td></td></tr><tr><td>Tsai, Yu-Ping (@Edward Tsai) (Independent Director)</td><td>R.O.C</td><td>M</td><td>✓</td><td></td><td></td><td>✓</td><td></td><td></td><td></td><td>✓</td></tr><tr><td>Lin, Hung (@Vincent Lin) (Independent Director)</td><td>R.O.C</td><td>M</td><td>✓</td><td></td><td></td><td>✓</td><td></td><td></td><td></td><td>✓</td></tr><tr><td>Yu, Hsueh-Ping (@Peggy Yu) (Independent Director)</td><td>R.O.C</td><td>F</td><td>✓</td><td></td><td></td><td>✓</td><td></td><td></td><td>✓</td><td></td></tr><tr><td>Weiji Investment Co., Ltd. (Representative : Chen, Cheng-Fong (@Eric Chen))</td><td>R.O.C</td><td>M</td><td>✓</td><td></td><td></td><td></td><td>✓</td><td></td><td></td><td></td></tr><tr><td>Chi, Ting-Fang (@Stan Chi)</td><td>R.O.C</td><td>M</td><td>✓</td><td>✓</td><td></td><td>✓</td><td></td><td></td><td></td><td></td></tr></table>	Director Name	Nationality	Gender	Compliance with laws and regulations	Concurrently as the executive officer of the Company	Age range			Term of Independent Director			Under 60	61~70	Over 71	3 or less	More than 3 to 9 or less	Over 9	Hu, Chiu-Chiang (@Douglas Hu)	R.O.C	M	✓	✓			✓				Tsai, Yu-Ping (@Edward Tsai) (Independent Director)	R.O.C	M	✓			✓				✓	Lin, Hung (@Vincent Lin) (Independent Director)	R.O.C	M	✓			✓				✓	Yu, Hsueh-Ping (@Peggy Yu) (Independent Director)	R.O.C	F	✓			✓			✓		Weiji Investment Co., Ltd. (Representative : Chen, Cheng-Fong (@Eric Chen))	R.O.C	M	✓				✓				Chi, Ting-Fang (@Stan Chi)	R.O.C	M	✓	✓		✓				
Director Name	Nationality						Gender	Compliance with laws and regulations	Concurrently as the executive officer of the Company	Age range			Term of Independent Director																																																																							
		Under 60	61~70	Over 71	3 or less	More than 3 to 9 or less				Over 9																																																																										
Hu, Chiu-Chiang (@Douglas Hu)	R.O.C	M	✓	✓			✓																																																																													
Tsai, Yu-Ping (@Edward Tsai) (Independent Director)	R.O.C	M	✓			✓				✓																																																																										
Lin, Hung (@Vincent Lin) (Independent Director)	R.O.C	M	✓			✓				✓																																																																										
Yu, Hsueh-Ping (@Peggy Yu) (Independent Director)	R.O.C	F	✓			✓			✓																																																																											
Weiji Investment Co., Ltd. (Representative : Chen, Cheng-Fong (@Eric Chen))	R.O.C	M	✓				✓																																																																													
Chi, Ting-Fang (@Stan Chi)	R.O.C	M	✓	✓		✓																																																																														

	Chen, Kuan-Hua (@Bill Chen)	R.O.C	M	✓		✓				
	2. Professional Background :									
	Director Name	Law	Accounting	Finance	Marketing	technology industry	Business/Com mercial Experience			
	Hu, Chiu-Chiang (@Douglas Hu)			✓	✓	✓	✓			
	Tsai, Yu-Ping (@Edward Tsai) (Independent Director)	✓		✓		✓	✓			
	Lin, Hung (@Vincent Lin) (Independent Director)			✓	✓		✓			
	Yu, Hsueh-Ping (@Peggy Yu) (Independent Director)		✓	✓		✓	✓			
	Weiji Investment Co., Ltd. (Representative : Chen, Cheng-Fong (@Eric Chen)			✓	✓	✓	✓			
	Chi, Ting-Fang (@Stan Chi)			✓	✓	✓	✓			
	Chen, Kuan-Hua (@Bill Chen)			✓	✓	✓	✓			
3. Professional knowledge and skills										
Director Name	Operational decision- making judgment ability	Business strategy management and leadership	Crisis and risk analysis, decision- making and handling capabilities	Insights into industrial development and technology applications	The pulsating forward-looking force of sustainable development	Accounting information and financial analysis ability	Industry and business knowledge ability			
Hu, Chiu-Chiang (@Douglas Hu)	✓	✓	✓	✓	✓	✓	✓			
Tsai, Yu-Ping (@Edward Tsai) (Independent Director)	✓	✓	✓	✓	✓	✓	✓			
Lin, Hung (@Vincent Lin) (Independent Director)	✓	✓	✓		✓		✓			

	Yu, Hsueh-Ping (@Peggy Yu) (Independent Director)	✓	✓	✓		✓	✓	✓
	Weiji Investment Co., Ltd. (Representative : Chen, Cheng-Fong (@Eric Chen)	✓	✓	✓	✓	✓		✓
	Chi, Ting-Fang (@Stan Chi)	✓	✓	✓	✓	✓	✓	✓
	Chen, Kuan-Hua (@Bill Chen)	✓	✓	✓		✓	✓	✓

(III)Management Team

As of April 22, 2024

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
President & CEO	Taiwan(R.O.C)	Chi, Ting-Fang (@Stan Chi)	M	2022.9.1	6,278,150	1.47	146,817	0.03	—	—	• Bachelor of Science in Control Engineering, National Chiao Tung University, Taiwan • Associate Engineer, Institute of Machinery, Industrial Technology Research Institute (ITRI) • Chief Operating Officer, Weikeng Industrial Co., Ltd.	• President /CEO, Weikeng Industrial Co., Ltd. • Managing Director, Weikeng Technology Pte Ltd. • Director, Weikeng Technology Co., Ltd. • Sustainable Development Committee, Weikeng Industrial Co., Ltd.	—	—	—
Chief Strategy Officer	Taiwan(R.O.C)	Hu, Chiu- Chiang (@Douglas Hu)	M	2022.9.1	8,843,627	2.06	467,059	0.11	—	—	• Ph.D. of Institute of Management of Technology, National Chiao Tung University, Taiwan • Master of Business Administration, Da-Yeh University, Taiwan • Executives Program, Graduate School of Business Administration, National Cheng-Chi University • Bachelor of Science in Communications Engineer, National Chiao Tung University, Taiwan • R&D Engineer, SAMPO Co., Ltd. • Chairman & CEO, Weikeng Industrial Co., Ltd. and its affiliates • Chairman, Taipei County Computer Association (TCCA) • Executive Director, Taipei Electronic Components Suppliers' Association (TECSA) • R&D Engineer, SAMPO Co.,Ltd. • Chairman & CEO, Weikeng Industrial Co., Ltd. and its affiliates • Chairman, Taipei County Computer Association (TCCA) • Executive Director, Taipei Electronic Components Suppliers' Association (TECSA) • Director, LEADTEK RESEARCH INC.	• Chief Strategy Officer (Resigned as President and concurrently served as the Chief Strategy Officer since 2022.09.01), Weikeng Industrial Co., Ltd. • Chairman, Weiji Investment Co., Ltd. • Chairman, Weikeng International Co., Ltd. • Chairman, Weikeng Technology Pte Ltd. • Chairman, Weikeng Technology Co., Ltd. • Independent Director & Remuneration Committee, and Audit Committee, V-TAC Technology Co., Ltd. • Independent Director, Nominating Committee, Remuneration Committee, and Audit Committee, CIPHERLAB Co., Ltd. • Director, Promate Electronic Co., Ltd. • Director (Representative of Juristic Person/ Promate Electronic Co., Ltd.), Promate Solutions Co., Ltd. • Director, Amazing Microelectronic CO., Ltd. • Supervisor, EVGA Technology Incorporated • Director (Representative	—	—	—

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
												- of Juristic Person/ Hydroionic Technologies Co., Ltd.), Hydroionic EnviroTec Co., Ltd. • Director (Representative of Juristic Person/ Hydroionic EnviroTec Co., Ltd.), Hydroionic EnviroServices Co., Ltd. • Nominating Committee and Sustainable Development Committee, Weikeng Industrial Co., Ltd.			
Chief Operating Officer	Taiwan(R.O.C)	Chang, Chin-Hao (@Asser Chang)	M	2022.09.01	5,102,704	1.19	5,940	0.00	—	—	• National Taiwan Ocean University - Department of Electrical Engineering - B.S.degree • Sampo Corporation	• Statutory Representative, Weikeng International (Shanghai) Co., Ltd.	—	—	—
General Manager (China)				2011.07.01											
Executive VP	Taiwan(R.O.C)	Chen, Cheng-Hung (@ Tom Chen)	M	2011.07.01	76,027	0.02	77,000	0.02	—	—	• Chung Yuan Christian University - Department of Electronic Engineering - B.S.degree • Weikeng Industrial Co., Ltd.	• Director (Representative of Juristic Person/ Weikeng Industrial Co., Ltd.), Weikeng Technology Co., Ltd.	—	—	—
Chief Marketing Officer	Taiwan(R.O.C)	Li, Pei-Ting (@ Calvin Li)	M	2018.5.2	—	—	924	0.00	—	—	• National Chiao Tung University EMBA - Master • Bachelor of Science in Control Engineering, National Chiao Tung University, Taiwan • Macnica Galaxy Inc • NovaMake Technology • Promate Electronic Co., Ltd.	—	—	—	—
CEO Office (Overseas) Senior VP	Taiwan(R.O.C)	Hung, Tung-Hui (@Tony Hung)	M	2017.3.1	977,893	0.23	8,620	0.00	—	—	• National Taiwan Institute of Technology - B.S. degree • New Southern Engineering Enterprises Co., Ltd.	• Director (Representative of Juristic Person/ Weikeng Industrial Co., Ltd.), Weikeng Technology Pte Ltd.	—	—	—
F&E Division Senior VP	Taiwan(R.O.C)	Hsieh, Chi-Hung (@Kevin Hsieh)	M	2017.7.1	197,121	0.05	—	—	—	—	• Chung Yuan Christian University - Department of Electronic Engineering - B.S. degree • Elitigroup Computer Systems	—	—	—	—
ELCOM Business Sales Div. II Corporate VP	Taiwan(R.O.C)	Lu, Su-Hui (@Josie Lu)	F	2022.9.7	5,383	0.00	—	—	—	—	• Fu Jen Catholic University - Department of International Trade - B.S. degree • Cypress Semiconductor Taiwan Branch .	—	—	—	—
ELCOM Business Division V Division Director	Taiwan(R.O.C)	Shen, Hung-Chien (@Jason Shen)	M	2024.2.1	10,000	0.00	1,000	0.00	—	—	• Takming Commercial Junior College - Accounting and Statistics Department • Acromax Inc.	—	—	—	—
ELCOM Business Division VII	Taiwan(R.O.C)	Shen, Hsin-Chueh	M	2024.2.1	31,436	0.01	—	—	—	—	• National Taiwan University of Science and Technology, EMBA • Yonglin Optoelectronics Co., Ltd.	—	—	—	—

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Division VP		(@Peter Shen)													
ELCOM Business Sales Div. VIII Division Director	Taiwan(R.O.C)	Chen,Chin-Yi	M	2024.2.1	--	--	--	--	--	--	- Kuang Wu Institute of Technology - B.S. degree - AGENERAL TECHNOLOGY CORP.	--	--	--	--
ELCOM Business Sales Div. I Corporate VP	Taiwan(R.O.C)	Yang, Chin-Ming (@James Yang)	M	2024.1.1	--	--	--	--	--	--	- Mingshin Institute of Technology - Department of Electronic Engineering - Cypress Semiconductor Taiwan Branch - Emax Tech Co., Ltd	--	--	--	--
ELCOM Business Division IX Division P	Taiwan(R.O.C)	Shih, Cheng-Yu (@ Gary Shih)	M	2024.2.1	--	--	--	--	--	--	- University of Florida - Master of Industrial Engineering Institute - TECHMOSA INTERNATIONAL INC.	--	--	--	--
ELCOM Business Division IX Division Assistant VP	Taiwan(R.O.C)	Huang, Chien-Chung (@Ted Huang)	M	2022.3.7	--	--	--	--	--	--	- Tamkang University - Department of International Business - Weikeng Industrial Co., Ltd.	--			
ELCOM Business Division III Division Assistant VP	Taiwan(R.O.C)	Yang, Chung-Yi (@ Jeffrey Yang)	M	2023.1.15	5,946	0.00	131	0.00	--	--	- Chung Yuan Christian University - Department of Electronic Engineering - B.S. degree - New Mercury Industrial Corp.	--	--	--	--
ELCOM Business Division X Corporate VP	Taiwan(R.O.C)	Chen, Chang-Yao (@ Frank Chen)	M	2016.7.1	--	--	--	--	--	--	- Royal Roads University MBA - Ensoar Technologies Corp.	--	--	--	--
ELCOM Business Division X Division Assistant VP	Taiwan(R.O.C)	Tseng, Hsien-Wen (@Robert Tseng)	M	2015.5.18	5,173	0.00	18,669	0.00	--	--	- Vanung Junior College of Technology - Department of Electronic Engineering - ASEC INTERNATIONAL CORPORATION	--	--	--	--
CEO Office (Overseas) Senior VP	Taiwan(R.O.C)	Lu, Chao-Chieh (@Bert Lu)	M	2009.7.1	938,168	0.22	--	--	--	--	- National Taipei Institute of Technology - Department of Eleetronic Engineering - Texas Instruments	--	--	--	--
CEO Office (Overseas) Division VP	Taiwan(R.O.C)	Chiu, Chien-Tsang (@Rock Chiu)	M	2017.7.1	--	--	--	--	--	--	- Ming Chi Institute of Technology - Department of Eletrical Engineering - Winbond Electronics Crop.	--	--	--	--
CEO Office (Overseas) Division Assistant VP	Taiwan(R.O.C)	Chen, Li-Wei (@Vincent Chen)	M	2018.3.19	--	--	--	--	--	--	- Tamsui Institute of Business Administration - Department of Information Management - Zthc (Shanghai) Co Ltd	--	--	--	--
CEO Office (Overseas) Division Assistant VP	Taiwan(R.O.C)	Liang, Jih-Hsin (@Hubert Liang)	M	2018.8.16	--	--	--	--	--	--	- The University of Auckland - Bachelor of Finance - B.S. degree - Zthc (Shanghai) Co Ltd	--	--	--	--
Chief Financial Officer & Spokesperson	Taiwan(R.O.C)	Chou, Kan-Lin	M	2022.9.1	100,000	0.02	--	--	--	--	National Chung Cheng University - Graduate Institute of Finance - M.S.	Supervisor (Representative of	--	--	--

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Corporate Governance Officer		(@Fama Chou)		2021.5.13							degree • Yuanta Securities Co., Ltd	Juristic Person/ Weikeng Industrial Co., Ltd.), Weikeng Technology Co., Ltd. • Director & Chairman, Genlog Industrial Co., Ltd.			
Chairman Office Div. Assistant V.P.(ESG)	Taiwan(R.O.C)	Wu,Shih-Hao (@Hook Wu)	MM	2023.123.1	16,031	0.00	---	---	---	---	• Feng Chia University - Department of International Business - B.S. degree • JJihSun International Commercial Bank Co., Ltd.	---	---	---	---
Audit Office Department Director	Taiwan(R.O.C)	Chiu, Yu-Feng (@David Chiu)	M	2007.7.1	---	---	---	---	---	---	• National Cheng Kung University - Department of Accountancy - B.S. degree • Charoen Pokphand Enterprise Co., Ltd.	---	---	---	---
Administration & Finance Division Corporate VP	Taiwan(R.O.C)	Wu, Che-Pin (@Jason Wu)	M	2019.7.1.	647	0.00	---	---	100,921	0.02	• National Chengchi University - Executive Master of Business Administration - M.S. degree • International Bank of Taipei	---	---	---	---
Accounting Department Director	Taiwan(R.O.C)	Huang, Li-Hsang (@Alice Huang)	F	2011.7.1	31,972	0.00	---	---	---	---	• Chinese Culture University - Department of Accountancy - B.S. degree • Fastfame Technology Co., Ltd.	---	---	---	---

Note: Where the chairperson of the Board of Directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: No such situation exists.

III. Remuneration of Directors, President, and Vice Presidents

(I) Remuneration of Directors

(2) Remuneration of Directors

Title	Name	Remuneration								Total Remuneration (A+B+C+D) and its ratio to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Total Remuneration (A+B+C+D+E+F+G) and its ratio to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Remuneration (G)						
		The Company	All companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	Cash	Stock	Cash	Stock	The Company	Companies in the consolidated financial statements	
Chairman	Hu, Chiu-Chiang (@Douglas Hu)	---	---	---	---	2,293,280	3,296,418	140,000	140,000	2,433,280 0.31%	3,436,418 0.44%	15,982,400	46,104,476	134,208	134,208	13,520,000	---	13,520,000	---	36,836,448 4.68%	68,964,800 8.77%	---
Director	Chi, Ting-Fang (@Stan Chi)	---	---	---	---	2,293,280	3,296,418	100,000	100,000	2,393,280 0.30%	3,396,418 0.43%											
Director	Chen, Kuan-Hua (@Bill Chen)	---	---	---	---	2,293,280	2,293,280	80,000	80,000	2,373,280 0.30%	2,373,280 0.30%											
Director	Weiji Investment Co., Ltd.	---	---	---	---	9,173,120	9,173,120	90,000	90,000	9,263,120 1.18%	9,263,120 1.18%	---	---	---	---	---	---	---	---	9,263,120 1.18%	9,263,120 1.18%	---
	Representative : Chen, Cheng-Fong (@Eric Chen)																					
Independent Director	Tsai, Yu-Ping (@Edward Tsai)	---	---	---	---	2,293,280	2,293,280	250,000	250,000	2,543,280 0.32%	2,543,280 0.32%	---	---	---	---	---	---	---	---	7,579,840 0.96%	7,579,840 0.96%	---
Independent Director	Lin, Hung (@Vincent Lin)	---	---	---	---	2,293,280	2,293,280	250,000	250,000	2,543,280 0.32%	2,543,280 0.32%											
Independent Director	Yu, Hsueh-Ping (@Peggy Yu)	---	---	---	---	2,293,280	2,293,280	200,000	200,000	2,493,280 0.32%	2,493,280 0.32%											

1. Please describe the independent director's remuneration payment policy, system, standards and structure, and describe the relationship with the amount of remuneration according to the responsibilities, risks, investment time and other factors:

- The Company pays the remuneration of directors, including the remuneration appropriated by the Company's Articles of Incorporation and business execution fees (only the attendance fee for attending the meeting). The total appropriated amount of directors' remuneration shall be set at a maximum of 2.5% of the net profit before tax stated in the Articles of Incorporation of the Company. However, if the Company still has accumulated losses, it shall first be offset against any deficit, and in accordance with the Company's "Rules for Remuneration Management of Directors and Executive Managers" and "Rules for Board of Directors Performance Assessment" and after reporting to the annual shareholders' meeting, directors' remuneration will be paid accordingly. The Company's functional committees include: Audit Committee, Remuneration Committee, Nominating Committee and Sustainable Development Committee. All independent directors participate in all committees and perform their duties in accordance with the charts of relevant committees. In addition, the conveners of each committee shall convene a meeting at least once every quarter during the year to make effective resolutions on improving the Company's corporate governance and sustainability governance, which will be used as the basis for the promotion and implementation of the management team, and the implementation results will be submitted to the relevant committees for acknowledgement or reporting. For related matters, please refer to the functional committees in the corporate governance section of the Company's official website. Directors' remuneration appropriated in accordance with the Company's Articles of Incorporation is linked to the Company's financial performance, and the director's personal performance and the accountabilities of corporate governance, sustainability and risk management have been taken into account when distributing remuneration, and the rationality of the connection has been established. At the same time, in terms of operating conditions, directors were not guided to engage in decision-making behaviors that exceeded the Company's risk appetite in pursuit of remuneration. In addition, the principle of interest avoidance was also paid attention to in the procedures for approving personal remuneration.
- With regard to the payment of remuneration for independent directors, the business execution fees are based on the attendance fee for attending the meeting (Board meeting and Functional Committee meeting) in each meeting, and each independent director is paid NT\$10,000 each meeting. In addition, the total amount of remuneration appropriated according to the Company's Articles of Incorporation shall be distributed to 3 independent directors at 30% of the total amount appropriated.

2. Except as disclosed in the above table, the remuneration received by the directors of the Company in the most recent year(2023) for providing services (such as serving as a consultant to non-employees of the parent company / all companies listed in the financial report / reinvestment enterprises, etc.): None.

Unit: NT\$

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000				
NT\$1,000,000~NT\$2,000,000(Not included)				
NT\$2,000,000~NT\$3,500,000 (Not included)	Hu, Chiu-Chiang (@Douglas Hu) Chi, Ting-Fang (@Stan Chi) Chen, Kuan-Hua (@Bill Chen) Tsai, Yu-Ping (@Edward Tsai) Lin, Hung (@Vincent Lin) Yu, Hsueh-Ping (@Peggy Yu)	Hu, Chiu-Chiang (@Douglas Hu) Chi, Ting-Fang (@Stan Chi) Chen, Kuan-Hua (@Bill Chen) Tsai, Yu-Ping (@Edward Tsai) Lin, Hung (@Vincent Lin) Yu, Hsueh-Ping (@Peggy Yu)	Chen, Kuan-Hua (@Bill Chen) Tsai, Yu-Ping (@Edward Tsai) Lin, Hung (@Vincent Lin) Yu, Hsueh-Ping (@Peggy Yu)	Chen, Kuan-Hua (@Bill Chen) Tsai, Yu-Ping (@Edward Tsai) Lin, Hung (@Vincent Lin) Yu, Hsueh-Ping (@Peggy Yu)
NT\$3,500,000~NT\$5,000,000 (Not included)				
NT\$5,000,000~NT\$10,000,000 (Not included)	Weiji Investment Co., Ltd.	Weiji Investment Co., Ltd.	Weiji Investment Co., Ltd.	Weiji Investment Co., Ltd.
NT\$10,000,000~NT\$15,000,000 (Not included)				
NT\$15,000,000~NT\$300,000,000 (Not included)			Hu, Chiu-Chiang (@Douglas Hu) Chi, Ting-Fang (@Stan Chi)	
NT\$30,000,000~NT\$500,000,000 (Not included)				Hu, Chiu-Chiang (@Douglas Hu) Chi, Ting-Fang (@Stan Chi)
NT\$50,000,000~NT\$100,000,000 (Not included)				
Over NT\$100,000,000				
Total	7	7	7	7

(II) Remuneration of the President and Vice Presidents

Unit: NT\$

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Remuneration (D)				Total Remuneration A+B+C+D) and its ratio to net income (%)		Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President & CEO	Chi, Ting-Fang (@Stan Chi)	28,065,600	38,034,687	846,528	846,528	25,644,000	71,772,524	35,770,000	—	35,770,000	—	90,326,128 11.48%	146,423,739 18.61%	None
Chief Strategy Officer	Hu, Chiu- Chiang (@Douglas Hu)													
Chief Operating Officer & General Manager- China	Chang, Chin-Hao (@Asser Chang)													
Executive VP	Chen, Cheng-Hung (@ Tom Chen)													
Chief Marketing Officer	Li, Pei-Ting (@ Calvin Li)													
Senior VP	Lu, Chao-Chieh (@Bert Lu)													
Senior VP	Su, Ming-Sung													
Senior VP	Hung, Tung-Hui (@Tony Hung)													
Senior VP	Hsieh, Chi-Hung (@Kevin Hsieh)													
Senior VP	Chen, Yung-Hsin (@Rick Chen)													
Chief Financial Officer / Spokesperson & Corporate Governance Officer	Chou, Kan-Lin (@Fama Chou)													

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000		
NT\$1,000,000 ~ NT\$2,000,000 (Not included)		
NT\$2,000,000 ~ NT\$3,500,000 (Not included)		
NT\$3,500,000 ~ NT\$5,000,000 (Not included)	Chen, Yung-Hsin (@Rick Chen) Su, Ming-Sung	Chen, Yung-Hsin (@Rick Chen) Su, Ming-Sung
NT\$5,000,000 ~ NT\$10,000,000 (Not included)	Chang, Chin-Hao (@Asser Chang) Li, Pei-Ting (@ Calvin Li) Lu, Chao-Chieh (@Bert Lu) Hung, Tung-Hui (@Tony Hung) Hsieh, Chi-Hung (@Kevin Hsieh) Chou, Kan-Lin(@Fama Chou)	Li, Pei-Ting (@ Calvin Li) Hung, Tung-Hui (@Tony Hung) Hsieh, Chi-Hung (@Kevin Hsieh) Chou, Kan-Lin(@Fama Chou)
NT\$10,000,000 ~ NT\$15,000,000 (Not included)	Hu, Chiu- Chiang (@Douglas HU) Chi, Ting-Fang (@Stan Chi) Chen, Cheng-Hung (@ Tom Chen)	Chen, Cheng-Hung (@ Tom Chen) Lu, Chao-Chieh (@Bert Lu)
NT\$15,000,000 ~ NT\$30,000,000 (Not included)		Hu, Chiu- Chiang (@Douglas HU) Chi, Ting-Fang (@Stan Chi) Chang, Chin-Hao (@Asser Chang)
NT\$30,000,000 ~ NT\$50,000,000 (Not included)		
NT\$50,000,000 ~ NT\$100,000,000 (Not included)		
Over NT\$100,000,000		
Total	11	11

(III) Distribution of Employees' Remuneration to Executive Officers

Unit: NT\$

	Title	Name	Employee Remuneration - in Stock (Fair Market Value)	Employee Remuneration - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	President & CEO	Chi, Ting-Fang (@Stan Chi)	---	30,140,000	30,140,000	3.83%
	Chief Strategy Officer	Hu, Chiu- Chiang (@Douglas Hu				
	Chief Operating Officer & General Manager (China)	Chang, Chin-Hao (@Asser Chang)				
	Executive VP	Chen, Cheng-Hung (@ Tom Chen)				
	Chief Marketing Officer	Li, Pei-Ting (@ Calvin Li)				
	Senior VP	Hsieh, Chi-Hung (@Kevin Hsieh)				
	Senior VP	Lu, Chao-Chieh (@Bert Lu)				
	Senior VP	Hung, Tung-Hui (@Tony Hung)				
	Chief Financial Officer / Spokesperson & Corporate Governance Officer	Chou, Kan-Lin (@Fama Chou)				
	Administration & Finance Division Corporate VP	Wu, Che-Pin (@Jason Wu)				
	Accounting Department Directo	Huang, Li-Hsang (@Alice Huang)				

(IV) Comparison of Remuneration for Directors, Supervisors, President and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, President and Vice Presidents

Unit: NT\$ thousands

Paid to	2023				2022			
	Total remuneration		Ratio of total remuneration to net income (%) (Note)		Total remuneration		Ratio of total remuneration to net income (%) (Note)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Directors	24,043	26,049	3.06	3.31	48,611	48,611	2.86	2.86
President and vice presidents	90,326	146,424	11.48	18.61	155,236	228,680	9.14	13.46
Total	114,369	172,473	14.54	21.92	203,847	277,291	12.00	16.32

Note: The Company's 2023 and 2022 individual financial reports after-tax net income were NT\$786,767 thousand and NT\$1,699,134 thousand, respectively.

In the past two years of 2022 and 2023, the ratio of total remuneration paid to the Company's directors, president and vice presidents to net income was 12.00% and 14.54% respectively in the Company's individual statements, and 16.32% and 21.92% in the consolidated statements respectively.

The correlations between the Company's emoluments (salary and remuneration) policy of directors and executive officers and the operating performance are as follows:

1. Remuneration to directors including directors' remuneration and business execution fees.

(1) The Company pays the remuneration of directors, including the remuneration appropriated by the Company's Articles of Association and business execution fees (only the attendance fee for attending the meeting). The total appropriated amount of directors' remuneration shall be set at a maximum of 2.5% of the net profit before tax stated in the articles of association of the Company. However, if the Company still has accumulated losses, it shall first be offset against any deficit, and in accordance with the Company's "Rules for Remuneration Management of Directors and Executive Managers" and "Rules for Board of Directors Performance Assessment" and after reporting to the annual shareholders' meeting, directors' remuneration will be paid accordingly. Directors' remuneration appropriated in accordance with the Company's Articles of Association is linked to the Company's financial performance, and the director's personal performance and the accountabilities of corporate governance, sustainability and risk management have been taken into account when distributing remuneration, and the rationality of the connection has been established. At the same time, in terms of operating conditions, directors were not guided to engage in decision-making behaviors that exceeded the Company's risk appetite in pursuit of remuneration. In addition, the principle of interest avoidance was also paid attention to in the procedures for approving personal remuneration.

(2) With regard to the payment of remuneration for all directors, the business execution fees are based on the attendance fee for attending the meeting in each meeting, and each independent director is paid NT\$10,000 each meeting. In

addition, the total amount of remuneration appropriated according to the Company's Articles of Association shall be distributed to 3 independent directors at 30% of the total amount appropriated, and the remaining 70% shall be allocated to 4 non-independent directors.

- (3) The total amount of directors' remuneration for 2022 provided in accordance with the Company's Articles of Association was NT\$47,480,800, which has been paid to all directors on June 28, 2023 after reporting to 2022 General Meeting of Shareholders in accordance with the Company's "Rules for Remuneration Management of Directors and Executive Managers" and "Rules for Board of Directors Performance Assessment".
 - (4) The 2023 director's remuneration totaling NT\$22,932,800 has been approved by the Remuneration Committee and the Board of Directors on March 11, 2024, and once reported to the 2024 Annual General Meeting of Shareholders, the Company will pay the above amount to all directors according to the Company's "Rules for Remuneration Management of Directors and Executive Managers" and "Rules for Board of Directors Performance Assessment".
2. Emoluments (salary and remuneration) paid to executive officers are divided into fixed salary and variable remuneration.
- (1) The fixed salary includes base pay, duty allowance and meal allowance, which are determined by the following factors such as education, experience, skills, degree of responsibility for risk decision-making, contribution to the Company, the typical pay levels adopted by peer companies, and professional job conditions for participating in sustainability. The annual salary adjustment is carried out in accordance with the Company's operating conditions, the domestic economic growth rate, price index, the salary adjustment status of the industry, the personal performance appraisal (including related efforts in sustainability), and the Company's annual budget target.
 - (2) The variable remuneration includes business performance incentive, year-end bonus and employee (including executive officer) remuneration.
 - ① Business performance incentives are mainly paid to business and technical application engineers, and which are paid based on product operating performance and personal performance, sustainable development should also be considered in conjunction with business opportunity acquisition and performance creation, such as digital transformation, green and energy saving, carbon reduction, etc.
 - ② The year-end bonus for employees and executive officers is the amount of accumulated reserves appropriates in the accounting entry in advance on a monthly basis based on the achievement rate of the budget profit target; prior to the distribution of the above mentioned bonus, the top management must first complete a comprehensive assessment of employees and executive officers, including personal performance appraisal (including related efforts in sustainability), education, experience, skills, degree of responsibility for risk decision-making, contribution to the Company under ethical corporate management, the typical pay levels adopted by peer companies, responsibility for promoting sustainability and its performance contribution, etc., , and then according to the approved distribution plan, distribute the foresaid bonus to employees and executive officers. However, the distribution plan of year-end bonus belongs to executive officers must first be approved by the resolution of the Remuneration Committee and the Board of Directors.
 - ③ The employees (including executive officers) remuneration is the total appropriated amount in accordance with the Company's Articles of Association, which amount is first approved by the resolution of the Remuneration Committee and the Board of Directors and reported to the shareholders' meeting; the procedures for the distribution of remuneration to employees and executive officers are the same as described in the preceding subparagraph②. At the same time, in terms

- of operating conditions, executive officers were not guided to engage in decision-making behaviors that exceeded the Company's risk appetite in pursuit of remuneration. In addition, the principle of interest avoidance was also paid attention to in the procedures for approving personal remuneration.
- (3) Appropriation of employees (including executive officers) remuneration
In accordance with the Articles of Association of the Company, the earning in the Company's annual final accounts if any shall first be offset against any deficit, then, 6% to 10% of net profit before tax (before deducting remuneration to employees, executive officers, and directors) will be distributed as employees and executive officers' remuneration. Employees and executive officers who are entitled to receive the above mentioned remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements.
- ① The NT\$189,923,200 of 2022 employee remuneration appropriated in accordance with the Company's Articles of Association, which has been paid in cash on July 28, 2023 based on employee performance appraisal.
- ② The total remuneration of employees (including managers) for 2023 was NT\$91,731,200, which has been approved by the Remuneration Committee and the Board of Directors on March 11, 2024, and will be paid in cash. After the 2024 shareholders' meeting, the distribution will be made according to the performance appraisal of employees (including executive officers), but the approval and distribution of executive officers must be approved by the Remuneration Committee and the Board of Directors before distribution.

IV. Implementation of Corporate Governance

(I) Board of Directors

A total of 9 (A) and 4 (A) meetings of the Board of Directors were held in 2023 and 2024 (As of the date of publication of this Annual Report) respectively. The attendance of director was as follows:

Title	Name	Attendance in Person (B)		By Proxy		Attendance Rate (%) 【 B/A 】		Remarks
		2023	2024, As of the date of publication of this Annual Report	2023	2024, As of the date of publication of this Annual Report	2023	2024, As of the date of publication of this Annual Report	
Chairman	Hu, Chiu- Chiang (@Douglas Hu)	9	4	-	-	100.0	100.0	Re-elected on 2020/7/20
Director	Chi, Ting-Fang (@Stan Chi)	7	4	2	-	77.8	100.0	Re-elected on 2020/7/20
Director	Chen, Kuan-Hua (@Bill Chen)	9	4	-	-	100.0	100.0	Re-elected on 2020/7/20
Director	Weiji Investment Co., Ltd. Representative : Chen, Cheng-Fong (@Eric Chen)	8	4	1	-	88.9	100.0	Re-elected on 2020/7/20
Independent director	Tsai, Yu-Ping (@Edward Tsai)	9	4	-	-	100.0	100.0	Re-elected on 2020/7/20
Independent director	Lin, Hung (@Vincent Lin)	9	4	-	-	100.0	100.0	Re-elected on 2020/7/20
Independent Director	Yu, Hsueh-Ping (@Peggy Yu)	8	4	1	-	88.9	100.0	Re-elected on 2020/7/20

Other mentionable items:

- If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
 - Matters referred to in Article 14-3 of the Securities and Exchange Act.
The Company has established an Audit Committee, and Article 14-3 of the Securities Exchange Act does not apply. For relevant information, please refer to the "Operation of the Audit Committee" in this annual report.
 - Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors: None
- If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should

be specified:

Date of Board Meeting	Meeting sessions	Contents of motion	Names of directors who should be recused from interest	Reasons for recusal of interests and circumstances of participation
2023/1/13	1 st meeting in 2023	Discussion on the 2022 year-end bonus for Executive Officers of the Company and its important subsidiary WEIKENG INTERNATIONAL CO., LTD.	Hu, Chiu- Chiang (@Douglas Hu)	Except for directors Hu, Chiu-Chiang (@Douglas Hu) and Chi, Ting-Fang (@Stan Chi) who also served as executive officers and did not participate in voting due to their own interests, the chairman appointed acting proxy chairman director Chen, Cheng-Fong (@Eric Chen) to consult the remaining directors present, and the motion was approved as proposed.
			Chi, Ting-Fang (@Stan Chi)	
2023/7/28	6 th meeting in 2023	Discussion on the Company's 2022 employee remuneration distribution proposal to executive officers	Hu, Chiu- Chiang (@Douglas Hu)	Except for directors Hu, Chiu-Chiang (@Douglas Hu) and Chi, Ting-Fang (@Stan Chi) who also served as executive officers and did not participate in voting due to their own interests, the chairman appointed acting proxy chairman independent director Tsai, Yu-Ping (@Edward Tsai) to consult the remaining directors present, and the motion was approved as proposed.
			Chi, Ting-Fang (@Stan Chi)	
2024/1/13	1 st meeting in 2024	Discussion on the 2023 year-end bonus for Executive Officers of the Company and its important subsidiary WEIKENG INTERNATIONAL CO., LTD.	Hu, Chiu- Chiang (@Douglas Hu)	Except for directors Hu, Chiu-Chiang (@Douglas Hu) and Chi, Ting-Fang (@Stan Chi) who also served as executive officers and did not participate in voting due to their own interests, the chairman appointed acting proxy chairman independent director Lin Hung (@Vincent Lin) to consult the remaining directors present, and the motion was approved as proposed.
			Chi, Ting-Fang (@Stan Chi)	
2024/3/11	2 nd meeting in 2024	Discussion on the Company's Directors (including Independent Directors) candidate list and qualification review	Hu, Chiu-Chiang (@Douglas Hu)	1. Director candidate Hu, Chiu-Chiang (@Douglas Hu) , being the chairperson of the meeting, recused himself from voting due to a conflict of interest. The chairperson designated independent director Tsai, Yu-Ping (@Edward Tsai) to act as the proxy chairperson. Upon

			Chi, Ting-Fang (@Stan Chi)	consultation by the proxy chairperson with all other attending directors, the proposal was approved accordingly.
			Chen, Cheng-Fong (@Eric Chen)	2. Director candidate Chi, Ting-Fang (@Stan Chi) recused himself from voting due to a conflict of interest. Upon the chairperson's inquiry and with the consent of all other directors present, the proposal was approved as per the agenda.
			Chen, Kuan-Hua (@Bill Chen)	3. Director candidate Chen, Cheng-Fong (@Eric Chen), representative of Weiji Investment Co., Ltd. recused himself from voting due to a conflict of interest. Upon the chairperson's inquiry and with the consent of all other directors present, the proposal was approved as per the agenda.
			Lin, Hung (@Vincent Lin)	4. Director candidate Chen, Kuan-Hua (@Bill Chen) recused himself from voting due to a conflict of interest. Upon the chairperson's inquiry and with the consent of all other directors present, the proposal was approved as per the agenda.
			Yu, Hsueh-Ping (@Peggy Yu)	5. Independent Director candidate Lin, Hung (@Vincent Lin) recused himself from voting due to a conflict of interest. Upon the chairperson's inquiry and with the consent of all other directors present, the proposal was approved as per the agenda.
				6. Independent Director candidate Yu, Hsueh-Ping (@Peggy Yu) recused herself from voting due to a conflict of interest. Upon the chairperson's inquiry and with the consent of all other directors present, the proposal was approved as per the agenda.
2024/4/18	3 rd meeting in 2024	Discussion on the implementation of an employee (including executive officers) stock trust plan for the Company.	Hu, Chiu- Chiang (@Douglas Hu)	Except for directors Hu, Chiu-Chiang (@Douglas Hu) and Chi, Ting-Fang (@Stan Chi) who also served as executive officers and did not participate in voting due to their own interests, the chairman appointed acting chairman independent director Tsai, Yu-Ping (@Edward Tsai) to consult the remaining directors present, and the motion was approved as proposed.
			Chi, Ting-Fang (@Stan Chi)	

3. Implementation of self-assessment for the Company's Board of Directors, Individual Board Members, and Functional Committee
(1) 2023 self-assessment results (already submitted to the Nominating Committee and Board of Directors on March 11, 2024)

Assessment cycle	Once a year			
Assessment period	January 1, 2023 to December 31, 2023			
Scope of assessment	Board of Directors, Individual Board Members, and Functional Committees			
Method of Assessment	Board of Directors internal assessment and Board Members self-assessment			
Date of Assessment	2024/1/15~2024/1/31			
Date of Assessment’s Result Reported to the Board	Expected on March 11, 2024			
Internal assessment for the Performance of the Board of Directors	Items of Assessment	Total Score	Average Actual Score	Hit Rate%
	Level of participation in company operations	60	54.71	91.19
	Enhancement of the board’s strategic decision-making quality	60	58.29	97.14
	Composition and structure of the Board of Directors	35	33.86	96.73
	Election and continuous education of directors	35	29.57	84.49
	Internal control	35	35.00	100.00
	Total	225	211.43	93.97
	Items to be improved and improvement plans/ suggestions	Items to be improved: - Two independent directors have served for more than three consecutive terms. - The composition of the board members is gender-balanced, with one seat currently held by a female member; however, it has not yet reached the regulatory recommendation of one-third or more seats occupied by directors of a different gender. Improvement Plans: - The current term of the Board of Directors of the company is set to expire on July 19, 2024. The Nominating Committee and the Board of Directors will, prior to the expiration of this term, review and propose a list of new candidates in accordance with the succession plan principles and procedures. The list will be submitted for election at the shareholders' meeting scheduled for June 20, 2024. - Currently, there is one female independent director, and consideration will be given to achieving the recommended number of directors of a different gender in due course, in accordance with regulatory guidelines, during the upcoming shareholders' meeting elections.		
Self-assessment for Individual Board Members	Items of Assessment	Total Score	Average Actual Score	Hit Rate%
	Alignment of the Company's objectives and missions	15	15.00	100.00
	Awareness of a director’s duties	15	15.00	100.00
	Level of participation in company operations	40	37.29	93.21
	Management and communication of internal relations	15	14.57	97.14
	Directors' professionalism and continuous education	15	14.86	99.05
	Internal control	15	15.00	100.00
	Total	115	111.71	97.14

	Items to be improved and improvement plans/ suggestions	Items to be improved: - Some directors concurrently serve as directors of several other companies. - Two independent directors have served for more than three consecutive terms. Improvement Plans: - Although some directors have concurrently served as directors of multiple companies, the shareholders' meeting of the Company has resolved to approve the releasing from the non-competition restriction on directors, and their level of participation in the operation of the Company and the management and communication of internal relations are still in line with expectations. - The current term of the Board of Directors of the company is set to expire on July 19, 2024. The Nominating Committee and the Board of Directors will, prior to the expiration of this term, review and propose a list of new candidates in accordance with the succession plan principles and procedures. The list will be submitted for election at the shareholders' meeting scheduled for June 20, 2024.		
Internal assessment for Functional Committees (Including the Remuneration Committee, Audit Committee, Nominating Committee, and Sustainable Development Committee)	Items of Assessment	Total Score	Average Actual Score	Hit Rate%
	Level of participation in company operations	20	18.71	93.57
	Awareness of the Functional Committee's duties	40	37.00	92.50
	Enhancement of the Functional Committee's decision-making quality	35	34.14	97.55
	Composition of the Function Committee and election of its members	20	18.71	93.57
	Internal control	15	15.00	100.00
	Total	130	123.57	95.05
	Items to be improved and improvement plans/ suggestions	Items to be improved: - Although the succession plan for board members and key senior managements has been established, it still needs to be reviewed regularly. - In addition to considering the skills, knowledge and experience of the directors, the selection of members of the functional committees shall also include the performance evaluation results of the functional committees. - The remuneration committee should regularly review the performance evaluation standards of the board of directors, and determine the remuneration of directors based on the performance evaluation results. Improvement plans: - The Company has established a " Succession Planning for Board Members and Key Senior Management " which was added by the Board of Directors on March 25, 2022, and subsequently revised several times by the Nominating Committee and the Board of Directors. The latest revision was made on March 11, 2024, to comply with recent legislative amendments, and it has been submitted to the Nominating Committee and the Board of Directors for approval. - At present, the performance assessment of the functional committee is to conduct a performance self-assessment once a year, and the performance assessment results will be included as a reference for future selection.		

		3. The Company has formulated the "Rules for Board of Directors Performance Evaluation" and the "Rules for Remuneration Management of Board of Directors and Executive officers" approved by the Board of Directors, and will continue to adjust the relevant standards and rules in a timely manner according to actual needs.
4. Measures taken to strengthen the functionality of the board: In 2023 and 2024 (as of the publication date of this Annual Report), the Company has established the following functional committees to assist in strengthening the functions of the Board of Directors: (1) Establishment of the Audit Committee In accordance with Article 14-4 of the Securities and Exchange Act, the Company has re-elected directors at the general meeting of shareholders on July 20, 2021, and three newly elected independent directors (Tsai, Yu-Ping(@Edward Tsai), Lin, Hung(@Vincent Lin), and Yu, Hsueh-Ping(@Peggy Yu)) formed the Audit Committee (2nd term), they perform their functions and powers in accordance with Articles 14-3 and 14-5 of the Securities and Exchange Act and the " the Audit Committee Chart", and meet at least once a quarter. The task focuses on: ① Appropriate disclosure of the Company financial reports ; ② Selection (discharge) of certified public accountants as well as the independence and performance thereof; ③ The offering, issuance, or private placement of any equity-type securities; ④ Effective implementation of internal control of the Company; ⑤ Compliance with relevant laws and regulations of the Company; ⑥ Control of existing and potential risks of the Company. For the implementation of the above, please refer to the Company's official website _ Corporate Governance _ Functional Committees _ Audit Committee. https://www.weikeng.com.tw/content.php?no=96 (2) Establishment of the Remuneration Committee In accordance with Article 14-6 of the Securities and Exchange Act, the Company has formulated the "Remuneration Committee Chart", and has completed the establishment of the 5th Remuneration Committee after the re-election of all directors at the general meeting of shareholders on July 20, 2021, which os composed of independent directors Tsai, Yu-Ping(@Edward Tsai) and Lin, Hung(@Vincent Lin), and the adjunct professor of Department of Adult & Continuing Education, National Taiwan Normal University, Mr. Lin, Jenn-Chuen, who are responsible for formulating and regularly reviewing the annual and long-term performance goals of directors and executive officers, as well as policies, systems, standards and structures for remuneration. In a professional and objective position, the Committee regularly evaluates the achievement of the performance objectives of the directors and executive officers of the Company, assess the content and amount of their individual remuneration, and makes recommendations to the board of directors for reference in decision-making. For the implementation of the above, please refer to the Company's official website _ Corporate Governance _ Functional Committees _ Remuneration Committee. https://www.weikeng.com.tw/content.php?no=65 (3) Establishment of the Nominating Committee On March 25, 2022, the board of directors of the Company formulated the "Nomination Committee Chart", and appointed the Chairman (Hu, Chiu- Chiang(@Douglas Hu)) and all independent directors (three seats, including Lin, Hung (@Vincent Lin), Tsai, Yu-Ping (@Edward Tsai), and Yu, Hsueh-Ping (@Peggy Yu)) to establish the 1st term Nominating Committee (four seats), with a term of office from the date of appointment by the resolution of the Board of Directors (2022/3/25) to the date of expiration of the current Directors' term of office (i.e. July 19, 2024 or the date of the full re-election of directors at the 2024 general meeting of shareholders, whichever is the former), resignation from the Committee or the director's position, or another resolution by the Board of Directors to replace the original director as a member of the Committee. Mr. Lin, Hung (@Vincent Lin), an independent director, serves as the convener of the Committee and the chairman of the meeting. The official powers of the Committee are as follows: ① To establish criteria for the diversity of backgrounds and independence in terms of expertise, skills, experience, and gender required of Board members and senior management and identify, review, and nominate candidates for directors and senior management accordingly. ② To establish and develop the organizational structure of the Board of Directors and committees, to evaluate the performance of the Board of Directors, committees, directors and senior management, and to evaluate the independence of independent directors. ③ To establish and periodically review directors' continuing education programs and succession plans for directors and senior management. ④ To revise the Company's Corporate Governance Best Practice Principles. For the implementation of the above, please refer to the Company's official website_ Corporate Governance _ Functional Committees_ Nominating Committee. https://www.weikeng.com.tw/content.php?no=34 (4) Establishment of the Sustainable Development Committee On March 25, 2022, the board of directors of the Company formulated the "Sustainable Development Committee Chart", and appointed the Chairman (Hu, Chiu- Chiang(@Douglas Hu)), director concurrently assuming the duty of President (Chi, Ting-Fang(@Stan Chi)), and all independent directors (three seats, including Hung (@Vincent Lin), Tsai, Yu-Ping (@Edward Tsai), and Yu, Hsueh-Ping (@Peggy Yu)) to establish the 1st term Sustainable Development Committee (five seats), with a term of office from the date of appointment by the resolution of the Board of Directors (2022/3/25) to the date of expiration of the current Directors' term of office (i.e. July 19, 2024 or the date of the full re-election of directors at the 2024 general meeting of shareholders, whichever is the former), resignation from the Committee or the director's position, or another resolution by the Board of Directors to replace the original director as a member of the Committee. Tsai, Yu-Ping (@Edward Tsai), an independent director, serves as the convener of the Committee and the chairman of the meeting. The official powers of the Committee are as follows: ① To formulate the Company's policy on sustainable development. ② To formulate the goals, strategies and implementation plans for the sustainable corporate development, including sustainable governance, ethical management, others in environmental and social aspects.		

- ③ To review, track and revise the implementation and effectiveness of the Company's sustainable development and report to the Board of Directors on a regular basis.
- ④ To focus on issues of concern to stakeholders and to supervise communication plans.
- ⑤ To review risk management policy, including but not limited to information security, etc.
- ⑥ To review the appropriateness of the risk management framework.
- ⑦ To review major risk management strategies, including risk appetite or tolerance.
- ⑧ To review the management reports of major risk issues and supervise the improvement mechanism and report the risk management performance to the Board of Directors on a regular basis.

For the implementation of the above, please refer to the Company's official website _ Corporate Governance _Functional Committees_ Sustainable Development Committee. <https://www.weikeng.com.tw/content.php?no=50>

(II) Audit Committee

A total of 8 (A) and 3 (A) meetings of the Audit Committee were held in 2023 and 2024 (As of the date of publication of this Annual Report) respectively. The attendance of director was as follows:

Title	Name	Attendance in Person (B)		By Proxy		Attendance Rate (%) 【B/A】		Remarks
		2023	2024, As of the date of publication of this Annual Report	2023	2024, As of the date of publication of this Annual Report	2023	2024, As of the date of publication of this Annual Report	
Independent director	Tsai, Yu-Ping (@Edward Tsai)	8	3	-	-	100.0	100.0	Re-elected on 2020/7/20
Independent director	Lin, Hung (@Vincent Lin)	8	3	-	-	100.0	100.0	Re-elected on 2020/7/20
Independent Director	Yu, Hsueh-Ping (@Peggy Yu)	7	3	1	-	87.5	100.0	Re-elected on 2020/7/20

Other mentionable items:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act.

Date of Meeting	Meeting Sessions	Contents of Motion	Contents of independent directors' objections, reservations or significant recommendations	Resolutions	The Company's response to the Audit Committee's opinion
2023/1/13	1 st meeting in 2023 (2 nd Term)	1. Discussion on the Company's professional fees of CPAs of KPMG Taiwan for 2023	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		2. Discussion on the evaluation of CPA's independence and suitability for the Company's 2023 annual financial statements	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		3. Discussion on the amendment of some articles to the Company's "Standard Operating Procedures for Handling Directors' Requests"	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		4. Discussion on the amendment of some articles to the Company's "Operating Procedures For Handling Material Inside Information"	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		5. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		6. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG TECHNOLOGY PTE LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
2023/3/15	2 nd meeting in 2023 (2 nd term)	1. Acknowledgment of the Company's 2022 self-assessed financial information and financial reports	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		2. Discussion on the Company's 2022 Internal Control System Statement	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution

		3. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		4. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG TECHNOLOGY PTE LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
2023/4/28	3 rd meeting in 2023 (2 nd term)	1. Discussion on the Company's 2022 business report	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		2. Discussion on the 2022 Surplus Earnings Distribution Plan	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		3. Discussion on the addition and revision of the Company's "Rules Governing Financial and Business Matters Between the Company and its Related Parties"	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		4. Discussion on the amendment of some provisions of the Company's "Rules for Monitoring and Controlling Operations of Subsidiaries", "Measures for the Supervision of Reinvested Businesses with Controlling Power", and "Operation and Management Measures for Overseas Subsidiaries"	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		5. Discussion on the amendment of some provisions of the Company's "Administrative Measures for Collection of Bank Facility Guarantee Service Fees and Management Service Consulting Fees for Franchise of Product Lines from Subsidiaries " and its attachments	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		6. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
2023/5/12	4 th meeting in 2023 (2 nd term)	1. Acknowledgement on the Company's consolidated financial report for the 1 st quarter of 2023	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		2. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG TECHNOLOGY PTE LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		3. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
2023/6/30	5 th meeting in 2023 (2 nd term)	1. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG TECHNOLOGY PTE LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		2. Discussion on the application for the renewal or increase of banking facilities to the subsidiary WEIKENG INTERNATIONAL (Shanghai) CO., LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		3. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution

2023/8/11	6 th meeting in 2023 (2 nd term)	1. Acknowledgement on the Company's consolidated financial report for the 2 nd quarter of 2023	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		2. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG TECHNOLOGY PTE LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		3. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
2023/10/6	7 th meeting in 2023 (2 nd term)	1. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG TECHNOLOGY PTE LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		2. Discussion on the application for the renewal or increase of banking facilities to the subsidiary WEIKENG INTERNATIONAL (Shanghai) CO., LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		3. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
2023/11/13	8 th meeting in 2023 (2 nd term)	1. Discussion on the Company's professional fees of CPAs of KPMG Taiwan for 2024	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		2. Discussion on the evaluation of CPA's independence and suitability for the Company's 2024 annual financial statements	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		3. Discussion on whether the Company's subsidiaries' major overdue accounts as of September 30, 2023 are in the nature of fund lending	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		4. Acknowledgement on the Company's consolidated financial report for the 3 rd quarter of 2023	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		5. Discussion on the audit plan of the Company (including subsidiaries) for 2024	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		6. Discussion on the application for the renewal or increase of banking facilities to the subsidiary WEIKENG INTERNATIONAL (Shanghai) CO., LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		7. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		8. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG TECHNOLOGY PTE LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
2024/3/11	1 st meeting in 2024 (2 nd term)	1. Acknowledgment of the Company's 2023 self-assessed financial information and the Independent Auditors' audited financial reports	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution

		2. Discussion on the Company's 2023 business report	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		3. Discussion on the Company's 2023 Internal Control System Statement	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		4. Discussion on changing the appointment of the Independent Auditors for the 2024 financial reports and assessing the Independent Auditors' independence and suitability	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		5. Discussion on the amendment of some articles to the Company's "Audit Committee Charter"	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		6. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		7. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG TECHNOLOGY PTE LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
2024/4/18	2 nd meeting in 2024 (2 nd term)	1. Discussion on the 2023 Surplus Earnings Distribution Plan	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		2. Discussion on the establishment of a wholly-owned subsidiary in the United States through reinvestment by the Company	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
2024/5/6	3 rd meeting in 2024 (2 nd term)	1. Discussion on the issuance of employee stock warrants at an exercise price lower than prevailing market price	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		2. Acknowledgement on the Company's consolidated financial report for the 1st quarter of 2024	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		3. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG TECHNOLOGY PTE LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		4. Discussion on the application for the renewal or increase of banking facilities to the subsidiary WEIKENG INTERNATIONAL (Shanghai) CO., LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		5. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution

(2) Other matters, which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

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

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

(1) Normally, internal audit supervisor and CPA may communicate directly with independent directors / Audit Committee member by e-mail, telephone or meeting as needed. In principle, the head of internal audit attends the Audit Committee at least once a quarter (at least four times a year) to report and communicate with the independent directors; while CPA communicates with independent directors (Audit Committee) at least twice a year in a symposium.

(2) The communication situation is as the below table:

Year	Frequency of Communication (Number of Times)	Way of Communication	Remark
2024 (As of the date of publication of this Annual Report)	3	Head of Internal Audit attended Audit Committee	No non-independent directors and management were present at the time.
	1	Symposium between CPA and members of the Audit Committee	
2023	7	Head of Internal Audit Attended Audit Committee	No non-independent directors and management were present at the time.
	2	Symposium between accountants and members of the audit committee	

(3) The content of communication is as follows:**① In 2023**

Date	Way of Communication	Highlights of Communication	Results of Communication
2023/01/13	Supervisor of internal auditor attended the Audit Committee (Independent Directors) (1 st Time)	- Presentation of Audit report for October to November, 2022. - Budgeting operations - Making of endorsement guarantee operations - Loaning of funds to other parties operations - Derivative trading operations - Requisition and payment cycle operations (including requisition, procurement, import, acceptance, contract non-compliance and payment, etc.); - Operations on shareholders' equity - Stock affairs and dividend distribution operations - Accounts receivable operations - Auditing of subsidiary WKZ - Auditing of MIS operation (including program and data access control, data input and output control and data processing control, etc.) - Order processing and credit management operations - Delivery operations - Management control operations applicable to International Financial Reporting Standards(IFRS) - The procedures of Accounting Professional Judgment, Accounting Policies and Changes in Estimates - As of the 4th quarter of 2022, none of the Group's subsidiaries had endorsed guarantees, loaned funds to others, engaged in derivative financial product transactions, nor acquired or disposed of assets with a single or cumulative transaction of the same nature exceeding NT\$10 million except for the following one leased right-of-use assets: - WTP Singapore Office lease period 2022/11/01-2025/10/31 - As of the 4th quarter of 2022, the Company has not found any material accommodation of funds in disguised form.	No major lack of internal control and abnormal events, and report to the Board of Directors.
2023/03/15	Symposium between CPA and members of the Audit Committee (1 st Time)	- Independence: auditors, firms and alliance firms - The responsibility of CPA and auditor for auditing financial statements - The scope of audit for 2022 financial report - The auditing discovery for 2022 financial report - Important statute updates	- KPMG has all complied with the declaration of independence norms, and there are no matters that affect independence. ° - The audit work is performed by KPMG, but the management and

			governance units cannot relieve their responsibilities for the financial statements. 3. Individuals within the scope of audit include: (1) Major: Weikeng Industrial Co., Ltd., Weikeng International Co., Ltd, Weikeng International (Shanghai) Co., Ltd. (2) Not material: Weitech International Co., Ltd, Weikeng Electronic Technology (Shanghai) Co., Ltd., Weikeng Technology Pte. Ltd. and Weikeng Technology Co., Ltd. 4. Key audit items: (1) Individual financial reports: sales revenue recognition, inventory evaluation, and investments recognized by the equity method. (2) Consolidated financial report: sales revenue recognition and inventory evaluation (3) The auditors' opinion of 2022 financial statement: unqualified opinion. 5. Important statute updates: (1) Amendment to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" (2) Amendment to the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers" (3) Amendment to the "Sample Template for XXX Co., Ltd. Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises"
2023/03/15	Supervisor of internal auditor attended the Audit Committee (Independent Directors) (2 nd Time)	1. Presentation of Audit report for December, 2022. (1) Business personnel management (2) Management of receipt of bills (3) Contingencies (4) Derivatives trading operations (5) Corporate Bond operations (6) Management of the operation of the board of directors (7) Operations of the handling of material inside information (8) Management of the operation of the Salary and	1. No major lack of internal control and abnormal events, and report to the Board of Directors. 2. Agreed to submit the 2022 internal control statement to Board of Directors for resolution.

		Compensation Committee (9) Laws and regulations compliance matters operations (10) Management of the operation of the Audit Committee (11) Risk Management Operations 2. Presentation of Audit report for January, 2023. (1) Long-term and short-term investment operations (2) Procedures for making of endorsement guarantee and loaning of funds to other parties (3) Derivatives trading operations (4) Bank loan operations (5) Cashier's cash receipts and payments operations (6) Petty and general expenses operations 3. Review the 2022 internal control statement	
2023/4/28	Supervisor of internal auditor attended the Audit Committee (Independent Directors) (3 rd Time)	1. Presentation of Audit report for February to March, 2023. (1) Derivatives trading operations (2) Warehousing operations (3) Fixed asset circulation operations (including fixed asset acquisition, insurance, custody, transaction disposal, inventory, maintenance and accounting), etc. (4) Document/ Certificate processing job (5) Accounting processing operations (6) Accounting data storage and keeping operations (7) Tax and Charges & Fees Operations (8) Order processing and credit management operations (9) Delivery operations (10) Collection of Accounts Receivable operations 2. As of the 1 st quarter of 2023, none of the Group's subsidiaries had endorsed guarantees, loaned funds to others, engaged in derivative financial product transactions, nor acquired or disposed of assets with a single or cumulative transaction of the same nature exceeding NT\$10 million. 3. As of the 1 st quarter of 2023, the Company has not found any material accommodation of funds in disguised form.	No major lack of internal control and abnormal events, and report to the Board of Directors.
2023/6/30	Supervisor of internal auditor attended the Audit Committee (Independent Directors) (4 th Time)	1. Presentation of Audit report for April to May, 2023. (1) Commodity cost operations (2) Budgeting operations (3) Making of endorsement guarantee operations (4) Loaning of funds to other parties operations (5) Derivatives trading operations (6) Non-operating income and expenditure operations (7) Sales forecast and planning operations (8) Accounts receivable operations (9) MIS operations (10) Control of operations related to public information reporting to the website designated by the Securities and Futures Commission	No major lack of internal control and abnormal events, and report to the Board of Directors.
2023/8/11	Supervisor of internal auditor attended the Audit Committee (Independent Directors)	1. Presentation of Audit report for June, 2023. (1) Business personnel management (2) Seal management	No major lack of internal control and abnormal events, and report to the Board of Directors.

	(5 th Time)	(3) Management of receipt of bills (4) Duty authorization and proxy operations (5) Derivatives trading operations (6) Payment operations (7) Bank Loan operations 2. As of the 2nd quarter of 2023, none of the Group's subsidiaries had endorsed guarantees, loaned funds to others, engaged in derivative financial product transactions, nor acquired or disposed of assets with a single or cumulative transaction of the same nature exceeding NT\$10 million. 3. As of the 2nd quarter of 2023, the Company has not found any material accommodation of funds in disguised form.	
2023/10/6	Supervisor of internal auditor attended the Audit Committee (Independent Directors) (6 th Time)	1. Presentation of Audit report for July to August, 2023. (1) Cashier's cash receipts and payments operations; (2) Petty and general expenses operations; (3) Long-term and short-term investment operation (4) Making of endorsement guarantee operations; (5) Loaning of funds to other parties operations; (6) Derivatives trading operations; (7) Auditing of subsidiary WKI; (8) Auditing of subsidiary WEITECH; (9) Order processing and credit management operations (10) Delivery operations (11) Collection of Accounts Receivable operations; (12) Related parties transaction operations; (13) Supervision and Management of subsidiaries; (14) Financial Statements preparation procedures and management; (15) Research & development operations; (16) Warehousing operations; (17) Auditing of subsidiary WKS; (18) Auditing of subsidiary WKE	No major lack of internal control and abnormal events, and report to the Board of Directors.
2023/11/13	Supervisor of internal auditor attended the Audit Committee (Independent Directors) (7 th Time)	1. Presentation of Audit report of "the Internal Audit Division" for September, 2023. (1) Derivatives trading operations; (2) Invoicing and voiding operations; (3) Customer complaint handling and after-sales service; (4) Payroll cycle; (5) Auditing of subsidiary WTP 2. Presentation of Audit report of "subsidiary audit office" for September, 2023. (1) Derivatives trading operations; (2) Auditing of subsidiary WKZ; 3. As of the 3rd quarter of 2023, none of the Group's subsidiaries had endorsed guarantees, loaned funds to others, engaged in derivative financial product transactions, nor acquired or disposed of assets with a single or cumulative transaction of the same nature exceeding NT\$10 million. 4. As of the 3rd quarter of 2023, the Company has not found any material accommodation of funds in	1. No major lack of internal control and abnormal events, and report to the Board of Directors. 2. Agreed to submit the 2024 internal audit plan (including subsidiary's) to Board of Directors for resolution.

		disguised form. 5. Discussion on the 2024 internal audit plan (including subsidiary's)	
	Symposium between CPA and members of the Audit Committee (2 nd Time)	1. Independence: auditors, firms and alliance firms 2. Responsibilities of reviewers for reviewing interim financial reports 3. Type of review conclusion issued the 3rd quarter of 2023 financial statements 4. The scope of review for the 3rd quarter of 2023 financial statements 5. Review findings for the 3rd quarter of 2023 financial statements 6. Annual audit plan 7. The main impact of the expected revision of Auditing Standard No. 600 "Special Considerations in Review of Group Financial Statements" 8. Important statutory updates.	1. KPMG has all complied with the declaration of independence norms, and there are no matters that affect independence. 2. The audit work is performed by KPMG, but the management and governance units cannot relieve their responsibilities for the financial statements. 3. Individuals within the scope of audit include: (1) Major: Weikeng Industrial Co., Ltd., Weikeng International Co., Ltd, Weikeng International (Shanghai) Co., Ltd. (2) Not material: Weitech International Co., Ltd, Weikeng Electronic Technology (Shanghai) Co., Ltd., Weikeng Technology Pte. Ltd. and Weikeng Technology Co., Ltd. 4. Key audit items: (1) Individual financial reports: sales revenue recognition, inventory evaluation, and investments recognized by the equity method. (2) Consolidated financial report: sales revenue recognition and inventory evaluation. (3) The auditors' opinion for 3rd quarter of 2023 financial statement: unqualified opinion. 5. In conjunction with the revision of the International Auditing Standards Board's ISA 600 Special Considerations – Audit of Group Financial Statements, it is expected to become applicable in the 2024 annual audit. The Domestic Accounting Research and Development Foundation has also begun to review Auditing Standard No. 600 – "Special Considerations in Review of Group Financial Statements " is revised for the first reading. Its main changes and impacts are: (1) Strengthen the depth and breadth of group audit risk assessment (2) Increased responsibilities of the group audit team (3) Strengthen group inspection quality management. 6. Important statute updates: (1) Notice to amend the " Regulations Governing the Declaration of Acquisition of Shares in Accordance with Article 43-1, Paragraph 1 of the Securities and Exchange Act " (Draft notice deadline 112.10.11) (2) Amendment to the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors

			by TWSE Listed Companies and the Board's Exercise of Powers"
② In 2024			
Date	Way of Communication	Highlights of Communication	Results of Communication
2024/3/11	Supervisor of internal auditor attended the Audit Committee (Independent Directors) (1 st Time)	1. Presentation of Audit report of "the Internal Audit Division" for January, 2024. - Long-term and short-term investment operations - Procedures for making of endorsement guarantee and loaning of funds to other parties - Derivatives trading operations - Bank loan operations - Cashier's cash receipts and payments operations - Petty and general expenses operations 2. Presentation of Audit report of "subsidiary audit office" for January, 2024. - Procedures for making of endorsement guarantee and loaning of funds to other parties - Derivatives trading operations	No major lack of internal control and abnormal events, and report to the Board of Directors.
2024/3/11	Symposium between CPA and members of the Audit Committee (1 st Time)	- Independence: auditors, firms and alliance firms - The responsibility of CPA and auditor for auditing financial statements - The scope of audit for 2023 financial report - The auditing discovery for 2023 financial report - Important statute updates	- KPMG has all complied with the declaration of independence norms, and there are no matters that affect independence. ° - The audit work is performed by KPMG, but the management and governance units cannot relieve their responsibilities for the financial statements. - Individuals within the scope of audit include: - Major: Weikeng Industrial Co., Ltd., Weikeng International Co., Ltd, Weikeng International (Shanghai) Co., Ltd. - Not material: Weitech International Co., Ltd, SiUltra Electronic Technology (Shanghai) Co., Ltd., Weikeng Technology Pte. Ltd. and Weikeng Technology Co., Ltd. - Key audit items: - Individual financial reports: sales revenue recognition, inventory evaluation, and investments recognized by the equity method. - Consolidated financial report: sales revenue recognition and inventory evaluation - The auditors' opinion of 2023 financial statement: unqualified opinion. - Important statute updates: - Amendment to the " Scope of application of candidate nomination system for election of directors and supervisors " - Amendment to the "Regulations Governing the Exercise of Powers by Audit Committees of Public Companies " - Amendment to the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" - Amendment to the " Regulations Governing Assessment of Profit-seeking Enterprise Income Tax"
2024/4/18	Supervisor of internal auditor attended the Audit Committee	Presentation of Audit report of "the Internal Audit Division" for February, 2024.	No major lack of internal control and abnormal events, and report to the Board of Directors.

	(Independent Directors) (2 nd Time)	(1) Fixed asset circulation operations (including fixed asset acquisition, insurance, custody, transaction disposal, inventory, maintenance and accounting), etc. (2) Derivatives trading operations (3) Warehousing operations 2. Presentation of Audit report of “subsidiary audit office” for February, 2024. (1) Derivatives trading operations (2) Asset acquisition or disposal operations	
2024/5/6	Supervisor of internal auditor attended the Audit Committee (Independent Directors) (3 rd Time)	1. Presentation of Audit report of “the Internal Audit Division” for March, 2024. (1) Derivatives trading operations (2) Document/ Certificate processing job (3) Accounting processing operations (4) Accounting data storage and keeping operations (5) Tax and Charges & Fees Operations (6) Order processing and credit management operations (7) Delivery operations (8) Collection of Accounts Receivable operations 2. As of the 1st quarter of 2024, none of the Group's subsidiaries had endorsed guarantees, loaned funds to others, engaged in derivative financial product transactions, nor acquired or disposed of assets with a single or cumulative transaction of the same nature exceeding NT\$10 million. 3. As of the 1st quarter of 2024, the Company has not found any material accommodation of funds in disguised form. 4. Presentation of Audit report of “subsidiary audit office” for March, 2024. (1) Derivatives trading operations (2) Auditing of subsidiary WKI - Auditing of subsidiary WEITECH	No major lack of internal control and abnormal events, and report to the Board of Directors.

(III) The Company's implementation of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.

Evaluation item	State of operations(Note 1)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
I. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established its “Corporate Governance Best Practice Principles” in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, which have been disclosed on the Company’s official website and the Market Observation Post System (MOPS).	No material difference
II. The Company’s equity structure and shareholders’ equity				
(I) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations, and implemented them in accordance with the procedures?	✓		(I) The Company has established the “Management Regulations for Stock Affairs Operations” to incorporate the management of stock affairs operations into the control operations of the internal control system. Dedicated stock affairs staff (telephone or email) has been established to handle shareholder proposals or disputes in accordance with the regulations.	No material difference
(II) Does the Company have a list of the major shareholders who actually control the Company and the ultimate controllers of major shareholders?	✓		(II) The Company has dedicated stock affairs staff and a stock affairs agency to analyze shareholding based on the shareholder register after the stock transfer is ceased. The dedicated stock affairs staff and agency keep track of the list of major shareholders and the list of ultimate controllers of major shareholders and report changes in information in accordance with the regulations.	No material difference
(III) Has the Company established and implemented risk control and firewall mechanisms between affiliated companies?	✓		(III) The Company has established internal control systems such as the “Rules Governing Financial and Business Matters with Affiliated Companies, Group Enterprises and Specific Companies”, “Management Rules for the Operation of Overseas Subsidiaries”, “Rules for the Supervision of Subsidiaries”, “Rules for the Supervision of Investment Businesses with Control”, and “Rules Governing Financial and Business Matters Between the Company and its Related Parties”, which provide clear strategies and regulations for financial and business matters. The financial and business transactions with each affiliate are performed independently. To establish an appropriate risk management mechanism and firewalls with the subsidiaries, the auditors perform audits regularly and irregularly and submit the audit results to the Audit Committee and the Board of Directors.	No material difference

Evaluation item	State of operations(Note 1)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	✓		(IV) In order to protect shareholders' rights and interests and to treat shareholders fairly, the Company has established the "Operating Procedures for Handling Material Inside Information" to implement a mechanism for handling and disclosing material inside information, prevent inappropriate leakage of material inside information that may result in insider trading or short swing trading with asymmetric information, and provide timely guidance to insiders, such as directors, managerial officers or employees of the Company, that insider trading/short swing trading or profiting from asymmetric market information is prohibited. 1. In 2023, relevant training and dissemination on the ethical practices, the code of ethical conduct, and the prohibition of insider/swing trading have been conducted by the Legal Supervisor and Chief Financial Officer during the training sessions for new employees, staff meetings, and executive-level meetings. Please refer to the Company's official website under the Corporate Governance section for information on Ethical Corporate Management, Anti-Corruption and Ethical Corporate Management Education and Training Courses. 2. During the "lock-up period" following the announcement of financial reports in the fiscal year 2023, insiders are prohibited from trading the Company's issued securities they hold. For details on the enforcement of this policy, please refer to the Company's official website under the Corporate Governance section, Ethical Corporate Management, and prohibition to profit from insider trading or asymmetric market information.	No material difference
III. Composition and responsibilities of the Board of Directors				
(I) Has the Board of Directors formulated and implemented a diversity policy on membership and specific management objectives?	✓		(I) For the Company's diversity policy, specific management objectives and implementation, please refer to the Company's official website under the Corporate Governance section, Board of Directors, and Specific Management Objectives and Achievement Status of the Board Members' Diversity Policy.	No material difference

Evaluation item	State of operations(Note 1)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons								
	Yes	No	Summary description									
(II) In addition to the Remuneration Committee and the Audit Committee established in accordance with law, has the Company voluntarily set up other functional committees?	✓		(II) The Company has established the Remuneration Committee and the Audit Committee in accordance with the law. Please refer to the Company’s annual report and official website for the meetings, motions and resolutions. On March 25, 2022, the Board of Directors of the Company approved the establishment of the Nominating Committee and the Sustainable Development Committee.	No material difference								
(III) Has the Company established measures for evaluating the performance of the Board of Directors and its evaluation method, and does it conduct performance evaluation annually and regularly, and submit the performance evaluation results to the Board of Directors for reference of individual directors’ salary, bonus, and a nomination for reappointment?	✓		(III) The Company has established a Board of Directors' performance assessment method, which is implemented in the first quarter of the subsequent year. The results are submitted to the Nominating Committee and the Board of Directors, serving as a reference document for director nominations in the election year. Additionally, every three years, an external professional independent organization or a team of expert scholars is appointed to conduct an external evaluation. The Company completed its first external evaluation on November 25, 2022, conducted by the Taiwan Corporate Governance Association. The performance of the Board of Directors and its members for the fiscal year 2023 has undergone a self-assessment process in January 2024. This includes internal assessments of the Board, self-assessments by individual directors, and internal assessments of functional committees (including Remuneration Committee, Audit Committee, Sustainable Development Committee, and Nominating Committee). The results were submitted to the Nominating Committee and the Board of Directors on March 11, 2024. For details on these self-assessment results and external evaluations, please refer to the Company's official website under the Corporate Governance section, Board of Directors, and Assessment / Self-Assessment Situation.	No material difference								
(IV) Does the Company regularly evaluate the independence of the attesting CPAs?	✓		(IV) The Company’s Administration & Financing Division regularly evaluates the independence of the attesting CPAs in accordance with Article 47 of the Certified Public Accountant Act, Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountant, and the independence declaration/independence and competence evaluation form issued by KPMG. It then forwards them to the Audit Committee and the Board of Directors for evaluation of the independence of the CPAs. <table><tr><th>Financial reporting year</th><th>CPAs of KPMG</th><th>Evaluation date of the Audit Committee and Board of Directors</th><th>Result</th></tr><tr><td>2023</td><td>Au, Yiu-Kwan Kuo, Kuan-Ying</td><td>2023/1/13</td><td>In line with independence assessment criteria and suitability standards</td></tr></table>	Financial reporting year	CPAs of KPMG	Evaluation date of the Audit Committee and Board of Directors	Result	2023	Au, Yiu-Kwan Kuo, Kuan-Ying	2023/1/13	In line with independence assessment criteria and suitability standards	No material difference
Financial reporting year	CPAs of KPMG	Evaluation date of the Audit Committee and Board of Directors	Result									
2023	Au, Yiu-Kwan Kuo, Kuan-Ying	2023/1/13	In line with independence assessment criteria and suitability standards									

Evaluation item	State of operations(Note 1)					Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons			
	Yes	No	Summary description						
				2024	Au, Yiu-Kwan Hsin, Yu- Ting	2024/3/11(Note)	In line with independence assessment criteria and suitability standards		
			Note: The independence and suitability of the independent auditors/CAPs, Au, Yiu-Kwan and Kuo, Kuan-Ying, were evaluated and approved by the Audit Committee and the Board of Directors on November 13, 2023. However, due to internal organizational adjustments within the KPMG, Taiwan, the independent auditors/CAPs have been changed to Kou Yao-Jun and Xin Yu-Ting. Therefore, a reevaluation was conducted and approved on March 11, 2024. In accordance with Article 47 of the Certified Public Accountant Act and Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountant, the assessment is as follows:						
			Evaluated Items				Evaluation Results		whether it meets independence
			As of the latest audited and attested operation, there have been no instances of not renewing for seven consecutive years.				Yes		Yes
			There is no significant financial interest or relationship with the principal.				Yes		Yes
			Avoid any inappropriate relationship with the principal.				Yes		Yes
			Accountants should ensure that their assistant staff adhere to honesty, fairness, and independence.				Yes		Yes
			Certified Public Accountants are prohibited from auditing and attesting the financial statements of organizations they have served within the preceding two years.				Yes		Yes
			The accountant's name shall not be used by others.				Yes		Yes
			Not holding any shares of the Company or its affiliates.				Yes		Yes
			No financial borrowing or lending with the company or its affiliates.				Yes		Yes
			Not having any joint investment or profit-sharing relationship with the company or its affiliates.				Yes		Yes

Evaluation item	State of operations(Note 1)					Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description			
			Not holding a concurrent position with the company or its affiliates, receiving a fixed salary.	Yes	Yes	
			Not involved in managerial functions related to decision-making for the Company or its affiliates.	Yes	Yes	
			Not engaging in any other business activities that may compromise independence.	Yes	Yes	
			Having no relationship, such as spouse, direct blood relative, direct in-law, or second-degree relative, with the management personnel of the Company.	Yes	Yes	
			Not receiving any commission related to business activities.	Yes	Yes	
			As of now, not subject to any disciplinary action or situation that compromises independence.	Yes	Yes	
IV. Does the Company as a listed company have a suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors in complying with laws and regulations, conducting Board meeting and shareholders’ meeting related matters in accordance with law, handling company registration and alteration registration, and preparing minutes of Board meetings and	✓		Based on duties and responsibilities, the Sustainable Development Committee is the supervisory unit that oversees the formulation of the Company’s objectives, strategies and implementation plans for the Company’s ethical corporate management. A Sustainable Development Group has been set up under the Committee, responsible for the implementation and promotion of corporate governance and ethical corporate management. The members of the Sustainable Development Group are part of the Company’s Chairman’s Office and President’s Office. In addition, in the Chairman’s Office, a corporate governance officer (served by the CFO concurrently) has been set up responsible for the following corporate governance affairs: (I) Preparing Board meeting and shareholders’ meeting minutes in accordance with law. (II) Preparing minutes of the Board of Directors’ and shareholders’ meetings. (III) Assisting directors and independent directors in their appointment and continuing education. (IV) Providing information necessary for the directors, the Audit Committee and the Remuneration Committee to carry out their business. (V) Assisting the directors, the Audit Committee and the Remuneration committee in complying with laws and regulations. (VI) Handling matters related to investor relations. (VII) Reporting to the board of directors the results of its inspection on whether the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and term of office. (VIII) Handling matters related to the change of directors. (IX) Handling other matters in accordance with the Company’s Articles of Association, contracts, or laws and			No material difference

Evaluation item	State of operations(Note 1)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
shareholders' meetings, etc.)?			regulations. When dealing with directors' requests, the corporate governance officer must follow the "Standard Operating Procedures for Handling Directors' Requests" approved by the Board of Directors to request the relevant meeting secretary unit to promptly and effectively assist directors in performing their duties, and handle them as quickly as possible within 5 working days. The relevant corporate governance staff, including the Human Resources Office, the stock affairs staff of the Administration Department, the Legal Office and the financial and accounting staff, and Sustainable Development Implementation Office staff shall assist the corporate governance officer in conducting the aforementioned corporate governance affairs and shall follow the provisions of the Corporate Governance Best Practice Principles.	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers) and a special section for stakeholders on the Company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	✓		The Company has set up a special section for stakeholders on the Company's website, and internally, the supervisor of each department in the Company serves as a communication channel to respond to important corporate social responsibility issues of concern to stakeholders. For issues of concern to stakeholders, communication and the Company's response, please refer to the Stakeholders section on the Company's official website.	No material difference
VI. Has the Company appointed a professional stock affairs agency to handle matters for shareholders' meetings?	✓		The Company has appointed the Stock Affairs Agency Department of Yuanta Securities Co., Ltd. to handle the shareholders' meetings and stock affairs related matters.	No material difference
VII. Information disclosure (I) Has the Company set up a website to disclose financial and business matters and corporate governance information?	✓		(I) The Company has a website to disclose information on its financial and business matters and corporate governance in both Chinese and English, and provides links to public information on the official website of the MOPS.	No material difference
(II) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing	✓		(II) The Company has established and implemented a spokesperson system and discloses information in both Chinese and English for stakeholders to grasp and learn the information on the Company's products, finance, business, corporate governance, sustainable development and stakeholder communication in a	No material difference

Evaluation item	State of operations(Note 1)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
dedicated personnel responsible for collecting and disclosing company information, implementing a spokesperson system, posting the Company's investor conferences on its website, etc.)?			timely manner. Information is updated on a regular basis. The proceedings, information and written and audio-visual materials of investor conferences are available on the Company's website for investors to consult.	
(III) Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year, and the financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline?		✓	(III) The Company, although not submitting the financial reports for the preceding fiscal year within two months after the end of each fiscal year, still discloses and reports the self- assessed financial information, audited and attested by CPAs, within 75 days after the conclusion of the preceding fiscal year. In the future, we plan to enhance the efficiency of financial statement preparation, coordinate with the auditing firm to streamline the audit process, and aim to complete the annual financial reports for timely disclosure and submission. For fiscal year 2023, we have announced the financial statements (Chinese and English) for the first, second and third quarters, and the monthly operating status and quarterly self-assessed income or loss before the prescribed deadline.	The financial statements are announced and reported before the deadline stipulated by the regulations.
VIII. Does the Company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, implementation of risk management policy and risk measurement standards, implementation of customer policy, the Company's purchase of liability insurance for directors and supervisors, etc.)?	✓		1. For more information on employee rights and interests as well as employee welfare, please refer to Sustainable Workplace in the Sustainable Development section on the Company's official website. 2. For the risk management policy and risk evaluation, please refer to Risk Management in the Corporate Governance section on the Company's website. 3. For review of climate change opportunities and risks, countermeasures and the progress of GHG inventory implementation, please refer to the Sustainable Environment of Sustainability section on the Company's official website. 4. The Company has purchased directors' and managerial officers' liability insurance from Insurance Company of North America for NT\$485,700,000 for a period of one year with an expiration date of 2024/6/16 and will evaluate for renewal two months prior to expiration. 5. For issues of concern to stakeholders, communication and the Company's response, please refer to the Stakeholders section on the Company's official website. 6. For information regarding the operations and further study of the Board of Directors in the fiscal year 2023, please refer to the Company's official website under the Corporate Governance section, specifically the Board of Directors, and the Directors' Further Study.	No material difference

Evaluation item	State of operations(Note 1)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
IX.	Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center, and propose priorities for enhancement matters and measures for any issues that are to be improved:			
(I)	The Company has participated in and completed the self-assessment for governance evaluation in accordance with corporate governance regulations. For the evaluation of the year 2022, the Company received a score of 91.24, ranking in the range of 21-35%. In comparison, the evaluation for the year 2021 scored 75.19, ranking in the range of 36-50%, and which indicates significant improvement across various governance indicators. Although some aspects of the evaluation still require improvement, the Company will address them through regular internal discussions and planning to better align with the spirit and requirements of corporate governance.			
(II)	On March 25, 2022, the Company reported to the Board of Directors and issued the "Succession Planning for Board Members and Key Senior Management" as follows:			
	1.	During the implementation, amendments were made to the Plan by the Nominating Committee on December 28, 2022 and July 28, 2023, based on the Company's operations, business model, and developmental needs, and which were approved by the Board of Directors on January 13, 2023 and July 28, 2023.		
	2.	Since September 1, 2022, the Chairman of the Board and the General Manager of the Company no longer hold the positions concurrently. For details on the execution of this arrangement, please refer to the Company's official website under the Corporate Governance section, specifically the " Succession Planning for Board Members and Key Senior Management ".		
(III)	To comply with the provisions of Article 3 of the " Rules for Board of Directors Performance Evaluation" of the Company, which stipulates that the Board's performance should be externally assessed at least once every three years by an external professional independent organization or a team of external expert scholars. The Nominating Committee of the Company approved the appointment of the external organization, the "Taiwan Corporate Governance Association," on August 10, 2022, to conduct the Board's performance evaluation. The expert team assigned by the Association visited the Company on November 18, 2022, for the external evaluation. The external evaluation report issued by the Association was approved by the Company's Nominating Committee on December 28, 2022, and presented to the Board of Directors for acknowledgement on January 13, 2023. For a summary of the relevant external evaluation report, please refer to the Company's official website under the Corporate Governance section, specifically the Board of Directors.			

(IV) Composition, Responsibilities and Operations of the Remuneration Committee and Nominating Committee

1. Information on the members of the Remuneration Committee

Title	Criteria Name	Qualifications and Experience	Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as a member of Remuneration Committee
Convener / Independent Director	Tsai, Yu-Ping (@Edward Tsai)	Mr. Tsai is the chairman of Paradigm Venture Partners, L.L.C., a venture capital company that provides fund to ventures mainly in the semiconductor, telecommunication, software development, opto-electronics, bio-tech, medical equipment, aerospace, and materials sectors. He has served as President & CEO at President Securities Investment Trust Co., Ltd, Chief Strategy Officer at Allianz President Insurance Group, President at Allianz-President General Insurance Co., Ltd. Mr. Tsai holds a Juris Doctor degree from Santa Clara University, California. He was a lawyer at Baker & McKenzie and at Diepenbrock Wulff Plant & Hannegan, California. He was also an associate professor of Department of Law at National Chung Hsing University. Mr. Tsai brings to the Board legal expertise and significant experiences in the areas of law, finance, tech companies management and corporate governance. Although Mr. Tsai has served as independent directors of the Company for more than 3 consecutive terms (9 years), none of the violations of Article 30 of the Company Act has occurred. He continues to take on the responsibilities as independent director and functional committees to enhance the quality of the Company's corporate governance and the supervision of the functional committees by providing the Board with insightful industry analysis and integration, risk management, legal strategy / compliance and management decision-making opinions on the operation and management.	According to the Company's Articles of Association and the "Corporate Governance Best Practice Principles", directors are selected by the candidate nomination system. During the nomination and selection of board members, the Company has obtained the written statement, work experience, current incumbency certificate, and kinship table provided by each director to verify and confirm the independence of themselves, their spouses and their relatives within the third degree kinship to the Company. The Company has also verified that the 3 independent directors are in compliance with the qualification requirements stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange	1

Title	Criteria		Independence	Number of Other Public Companies in Which the Individual is Concurrently Serving as a member of Remuneration Committee
	Name	Qualifications and Experience		
Independent Director	Lin, Hung (@Vincent Lin)	Mr. Lin holds an Executive Master of Business Administration (EMBA) degree from National Cheng Chi University. Currently, he is the Chairman of Hua Shuai Hospitality Management Consulting Co. Ltd., the President of Harbor View Hotel, and the Chairman of Dragonfly Gallery Co., Ltd. and the Director of Taiwan Miner's General Hospital. He has also served as the President of Ahotel, Taiwan Fine Business Travel Alliance, the Director of the National Federation of the Republic of China Hotel Association and the Director of Leatec Fine Ceramics Co., Ltd. He is committed to the success of the tourism hotel service industry with his familiarity with commercial laws and expertise in corporate governance. Although Mr. Lin has served as an independent director of the Company for more than 3 consecutive terms (9 years), none of the violations of Article 30 of the Company Act has occurred. He brings to the Board with extensive experience and vision in various industries and provides the Board timely diversified opinions on operation and management, so that the Board can have a more versatile way of thinking in terms of operation and management strategies, which strengthens the supervision and management quality of the board of directors and the functional committees.	Act promulgated by the Financial Supervisory Commission during the two years before their election and during their tenure. In addition, independent directors have been given the power to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act to perform relevant functions and powers accordingly.	0
Committee Member	Lin, Jenn-Chuen	Adjunct Professor of Department of Adult & Continuing Education, National Taiwan Normal University. Moreover, Mr. Lin has no circumstances under Article 30 of the Company Act.	During the 2 years before being appointed or during the term of office, there has been no violation of the independence provisions of Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange", and who does not concurrently serve as the Remuneration Committee of other public offering companies.	0

2. Information on the operation of the Remuneration Committee

- (1) There are three members of the Remuneration Committee of the Company.
- (2) The term of office of the current (5th term) members: from July 20, 2021 to July 19, 2024; the Remuneration Committee held 3 (A) (5th term) and 3 (A) (5th term) meetings in 2023 and 2024 (As of the date of publication of this Annual Report), respectively, the membership qualifications and attendance were as follows:

Title	Name	Attendance in Person (B)		By Proxy		Attendance Rate (%) 【 B / A 】		Remarks
		2023	2024, As of the date of publication of this Annual Report	2023	2024, As of the date of publication of this Annual Report	2023	2024, As of the date of publication of this Annual Report	
Convener	Tsai, Yu-Ping (@Edward Tsai)	3	3	-	-	100.0	100.0	Re-elected on 2021/7/20 Independent Director
Committee Member	Lin, Hung (@Vincent Lin)	3	3	-	-	100.0	100.0	Re-elected on 2021/7/20 Independent Director
Committee Member	Lin, Jenn-Chuen	3	3	-	-	100.0	100.0	Re-appointed on 2021/7/20, Adjunct Professor of Department of Adult & Continuing Education, National Taiwan Normal University

Other mentionable items:

- ① If the Board of Directors declines to adopt or modifies a recommendation of the Remuneration Committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Remuneration Committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.
- ② Resolutions of the Remuneration Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.
- ③ Material resolutions of a Remuneration Committee meeting during the most recent fiscal year (2023) and as of the end of April, 2024.

Date of Meeting	Meeting sessions	Contents of motion	Committee Opinion & Resolutions	The Company's response to the Remuneration Committee's opinion
2023/1/13	1 st meeting in 2023 (5 th Term)	Discussion on the 2022 year-end bonus for Executive Officers of the Company and its important subsidiary WEIKENG INTERNATIONAL CO., LTD.	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		Discussion on the Company's "Emoluments Policy for directors and employees (including executive officers)"	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
2023/3/15	2 nd meeting in 2023 (5 th Term)	Discussion on the amendment of some articles to the Company's "Remuneration Management Rules for Directors and Executive Officers"	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		Discussion on the approval of accounting entry for the Company's remuneration of employees and Directors for 2022	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
2023/7/28	3 rd meeting in 2023 (5 th Term)	Discussion on the Company's 2021 employee remuneration distribution	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
2024/1/31	1 st meeting in 2024 (5 th Term)	Discussion on the 2023 year-end bonus for Executive Officers of the Company and its	Approved as proposed after the chairperson consulted all present committee members and	Execution in accordance with the resolution

		important subsidiary WEIKENG INTERNATIONAL CO., LTD.	submitted proposal to the Board of Directors for resolution.	
2024/3/11	2 nd meeting in 2024 (5 th Term)	Discussion and approval of the Company's employee remuneration and director remuneration for the fiscal year 2023	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
2024/4/18	3 rd meeting in 2024 (5 th Term)	Discussion on the implementation of an employee (including executive officers) stock trust plan for the Company	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution

3. Information on the members of the Nominating Committee and operation

(1) Qualifications and responsibilities for the appointment of members of the Company's Nominating Committee:

- ① Qualifications: According to Article 4 of the Nominating Committee Chart, the members of the Committee shall be appointed by the resolution of the Board of Directors, and shall be composed of the Chairman and all independent directors. The convener and chairman of the meeting shall be served by independent directors.
- ② Responsibilities: According to Article 5 of the Nominating Committee Chart, the Committee, with authority by the Board of Directors, shall faithfully perform the following duties with good stewardship and shall submit its recommendations to the Board of Directors for discussion:
 - a. To establish criteria for the diversity of backgrounds and independence in terms of expertise, skills, experience, and gender required of Board members and senior management and identify, review, and nominate candidates for directors and senior management accordingly.
 - b. To establish and develop the organizational structure of the Board of Directors and committees, to evaluate the performance of the Board of Directors, committees, directors and senior management, and to evaluate the independence of independent directors.
 - c. To establish and periodically review directors' continuing education programs and succession plans for directors and senior management.
 - d. To revise the Company's Corporate Governance Best Practice Principles.

If a member of the Committee has an interest in the performance of his or her duties as mentioned above, he or she shall state the important content of his or her interest at the meeting of the Committee and shall not join the discussion and vote if it is harmful to the Company's interests. He or she shall recuse himself or herself from the discussion and voting and shall not exercise his or her voting rights on behalf of other Committee members. If the spouse or the relative within the second degree of kinship of a member of the Committee, or a legal entity with which the Committee member has a controlling subordinate relationship, has an interest in the matter of the meeting, the Committee member shall be deemed to have his or her own interest in the matter. If the Board of Directors does not adopt the recommendation of the Committee, the Board of Directors shall decide to do so with the presence of at least two-thirds of all directors and the consent of a majority of the directors present, and the Company shall, in addition to stating the circumstances and reasons for the discrepancy in the minutes of the Board of Directors' meeting, make an announcement on the Market Observation Post System within two days from the date of the Board of Directors' decision.

(2) Professional qualifications, experience and operation of members of the Nominating Committee (For the implementation of the above, please refer to the

Company's official website_ Corporate Governance _ Functional Committees_ Nominating Committee. <https://www.weikeng.com.tw/content.php?no=34>):

- ① The first term of the Nominating Committee of the Company consists of four members.
- ② The term of office of the current (first term) committee members: with a term of office from the date of appointment by the resolution of the Board of Directors (2022/3/25) to the date of expiration of the current Directors' term of office (i.e. July 19, 2024 or the date of the full re-election of directors at the 2024 Annual General Meeting of Shareholders, whichever is the former), resignation from the Committee or the director's position, or another resolution by the Board of Directors to replace the original director as a member of the Committee.
- ③ The Nominating Committee held 2 meetings (A) and 1 meeting in 2023 and 2024 (As of the date of publication of this Annual Report), respectively. The professional qualifications and experience of the members, attendance and discussion items at the meeting were as follows:

Title	Name	Attendance in Person (B)		By Proxy		Attendance Rate (%) 【 B / A 】		Professional qualifications and experience
		2023	2024, As of the date of publication of this Annual Report	2023	2024, As of the date of publication of this Annual Report	2023	2024, As of the date of publication of this Annual Report	
Convener (Independent director)	Lin, Hung (@Vincent Lin)	2	1	-	-	100.0	100.0	Please refer to the list of "Professional Qualification, Experience, and Independence of Directors" in this annual report
Committee member (Independent director)	Tsai, Yu-Ping (@Edward Tsai)	2	1	-	-	100.0	100.0	
Committee member (Independent director)	Yu, Hsueh-Ping (@Peggy Yu)	2	1	-	-	100.0	100.0	
Committee member (Chairman)	Hu, Chiu-Chiang (@Douglas Hu)	2	1	-	-	100.0	100.0	

Other mentionable items:

Resolutions of the Nominating Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified:

Date of Meeting	Meeting Sessions	Contents of Motion	Contents of independent directors' objections, reservations or significant recommendations	Resolutions	The Company's response to the Nominating Committee's opinion
2023/1/13	1 st meeting in 2023 (1 st term)	1. Discussion on the amendment of some articles to the Company's "Corporate Governance Best Practice Principles"	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
2023/7/28	2 nd meeting in 2023 (1 st term)	1. Discussion on the amendments of the Company's "Succession	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee	Execution in accordance with the resolution

		Planning for Board Members and Key Senior Management"		members and submitted proposal to the Board of Directors for resolution.	
2024/3/11	1 st meeting in 2024 (1 st term)	1. Discussion on the amendments of the Company's "Succession Planning for Board Members and Key Senior Management"	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		2. Discussion on the nomination of candidates for directors (including independent directors) of the Company	No objections, reservations or significant recommendations	1. Independent director candidate Lin, Hung (@Vincent Lin), being the convener and chairperson of this Committee, recused himself from voting due to a conflict of interest. Independent director Tsai, Yu-Ping (@Edward Tsai) was designated to act as the chairperson in their place. Upon the proxy chairperson's inquiry and with the consent of all other committee members present, the proposal was approved as per the agenda and forwarded to the Board of Directors for resolution. 2. Independent director candidate Yu, Hsueh-Ping (@Peggy Yu), being a member of this committee, recused herself from voting due to a conflict of interest. Upon the chairperson's inquiry and with the consent of all other committee members present, the proposal was approved as per the agenda and forwarded to the Board of Directors for resolution. 3. Director candidate Hu, Chiu-Chiang (@Douglas Hu), being a member of this committee, recused himself from voting due to a conflict of interest. Upon the chairperson's inquiry and with the consent of all other committee members present, the proposal was approved as per the agenda and forwarded	Execution in accordance with the resolution

				to the Board of Directors for resolution. 4. The remaining three director candidates , including Chen, Cheng-Fong (@Eric Chen), Representative of Weiji Investment Co., Ltd., Chi, Ting-Fang (@Stan Chi) , and Chen, Kuan-Hua (@Bill Chen) , as well as one independent director candidate Wang, Chien-Chih (@Jeffrey Wang), were approved as per the agenda upon the chairperson's inquiry and with the consent of all committee members present, and forwarded to the Board of Directors for resolution.	

4. Information on the members of the Sustainable Development Committee and operation

(1) Qualifications and responsibilities for the appointment of members of the Company's Sustainable Development Committee:

- ① Qualifications: According to Article 3 of the Sustainable Development Committee Chart, the members of the Committee shall be appointed by the Board of Directors resolution. They shall consist of the Chairman and key senior management of the Company (including but not limited to the Chief Operating Officer (COO)) and all independent directors. More than half of the members of the Committee (inclusive) shall be independent directors. The convener and chairman of the meeting shall be served by independent directors.
- ② Responsibilities: According to Article 4 of the Sustainable Development Committee Chart, the Committee will perform its functions and powers as the followings:
 - a. To formulate the Company's policy on sustainable development.
 - b. To formulate the goals, strategies and implementation plans for the sustainable corporate development, including sustainable governance, ethical management, others in environmental and social aspects.
 - c. To review, track and revise the implementation and effectiveness of the Company's sustainable development and report to the Board of Directors on a regular basis.
 - d. To focus on issues of concern to stakeholders and to supervise communication plans.
 - e. To review risk management policy, including but not limited to information security, etc.
 - f. To review the appropriateness of the risk management framework.
 - g. To review major risk management strategies, including risk

appetite or tolerance.

h. To review the management reports of major risk issues and supervise the improvement mechanism and report the risk management performance to the Board of Directors on a regular basis.

(2) Professional qualifications, experience and operation of members of the Sustainable Development Committee (For the implementation of the above, please refer to the Company's official website_ Corporate Governance _ Functional Committees_ Sustainable Development Committee. <https://www.weikeng.com.tw/content.php?no=50>):

- ① The first term of the Sustainable Development Committee of the Company consists of five members.
- ② The term of office of the current (first term) committee members: with a term of office from the date of appointment by the resolution of the Board of Directors (2022/3/25) to the date of expiration of the current Directors' term of office (i.e. July 19, 2024 or the date of the full re-election of directors at the 2024 general meeting of shareholders, whichever is the former), resignation from the Committee or the director's position, or another resolution by the Board of Directors to replace the original director as a member of the Committee.
- ③ The Committee held 3 meetings (A) and 2 meetings in 2023 and 2024 (As of the date of publication of this Annual Report), respectively. The professional qualifications and experience of the members, attendance and discussion items at the meeting were as follows:

Title	Name	Attendance in Person (B)		By Proxy		Attendance Rate (%) 【 B/A 】		Professional qualifications and experience
		2023	2024, As of the date of publication of this Annual Report	2023	2024, As of the date of publication of this Annual Report	2023	2024, As of the date of publication of this Annual Report	
Convener (Independent director)	Yu, Hsueh-Ping (@Peggy Yu)	3	2	-	-	100.0	100.0	Please refer to the list of "Professional Qualification, Experience, and Independence of Directors" in this annual report
Committee member (Independent director)	Tsai, Yu-Ping (@Edward Tsai)	3	2	-	-	100.0	100.0	
Committee member (Independent director)	Lin, Hung (@Vincent Lin)	3	2	-	-	100.0	100.0	
Committee member (Chairman)	Hu, Chiu-Chiang (@Douglas Hu)	3	2	-	-	100.0	100.0	
Committee member (President & Director)	Chi, Ting-Fang (@Stan Chi)	3	2	-	-	100.0	100.0	

Other mentionable items:

Resolutions of the Nominating Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the

response to members' opinion should be specified:

Date of Meeting	Meeting Sessions	Contents of Motion	Contents of independent directors' objections, reservations or significant recommendations	Resolutions	The Company's response to the Sustainable Committee's opinion
2023/4/28	1 st meeting in 2023 (1 st term)	1. Discussion on the major themes of the Company's 2022 ESG Sustainability report	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		2. Discussion on the amendment of some articles to the Company's " Sustainable Development Committee Charter"	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		3. Discussion on the amendment of some articles to the Company's " Policy and Procedures of Risk Management "	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
2023/6/30	2 nd meeting in 2023 (1 st term)	1. Acknowledgement on the Company's 2022 ESG Sustainability Report	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
2023/8/11	3 rd meeting in 2023 (1 st term)	1. Acknowledgment on the addition of the Company's "Greenhouse Gas Inventory Management Procedures" and "Greenhouse Gas Internal Verification Operation Procedures"	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
2024/1/31	1 st meeting in 2024 (1 st term)	1. Discussion and Approval of Key Topics for the Company's 2023 Year Sustainability Report.	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		2. Discussion on the amendment of some articles to the Company's " Sustainable Development Best Practice Principles"	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		3. Discussion on the amendment of some articles to the Company's " Ethical Corporate Management Best Practice Principles "	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		4. Discussion on the additions of the Company's " Procedures for Ethical Management and Guidelines for Conduct "	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution

2024/5/6	2 nd meeting in 2024 (1 st term)	1. Discussion on amendments to certain articles of the Company's Sustainable Development Committee Charter	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		2. Discussion on renaming and amending certain articles of the Company's "Sustainability Report Preparation and Verification Procedures"	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution
		3. Discussion on amending certain articles of the Company's "Information and Cyber Security Policy and Management Regulations"	No objections, reservations or significant recommendations	Approved as proposed after the chairperson consulted all present committee members and submitted proposal to the Board of Directors for resolution.	Execution in accordance with the resolution

(V) Implementation of sustainable development and the differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies the reasons

1.

Evaluation item	State of operations		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management and is supervised by the Board of Directors?	✓		Summary description 1. Governance structure to promote sustainable development: The Company's Board of Directors passed a resolution to establish the "Sustainable Development Committee" on March 25, 2022, which is the highest authority for the planning and discussion of sustainable development, and it reports directly to the Board of Directors. 2. Composition and operation of members, as well as execution status for the year: (1) The Sustainable Development Committee is convened and chaired by the independent directors. Two functional groups have been established under the committee for sustainable development and risk management, as well as the Executive Office. The former two functional groups are composed of business management appointed by the Committee and are responsible for implementing and handling matters directed by the Committee's resolutions. The latter is responsible for coordinating and tracking the work of the two functional groups (allocation, execution, operation, etc.) to facilitate the promotion and implementation of work related to the development of corporate sustainability. (2) Various responsible units of the Company implement the targets set by the Executive Office and functional groups based on the Company's corporate development strategy. The execution status, achievements, and reviews are regularly reported to the Sustainable Development Committee and Board of Directors and resolved. The main contents include but are not limited to: a. Compilation and execution of the ESG Report b. Protection of employees' human rights c. Employee occupational safety, working environment, and workplace health and safety requirements d. Implementation status of intellectual property rights management e. Execution status of environmental sustainability f. Planning and execution status of the greenhouse gas inventory and verification

Evaluation item	State of operations			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
			g. Execution status of risk management, climate change opportunity and risk management, and information security risk management h. Execution status of social welfare (3) The 2023 implementation results (based on the operational boundaries of the parent company in Taiwan) were submitted to the Sustainable Development Committee and the Board of Directors on April 28, June 30, August 11, 2023, and January 31, 2024. For information related to sustainable development initiatives, please refer to the Sustainability section on the Company's official website.	
II. Has the Company conducted risk evaluations on environmental, social, and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulated relevant risk management policies or strategies? (Note 2)	✓		1. To implement the risk management mechanism, reinforce risk evaluation, and oversee risk tolerance, the Company's Board of Directors approved the "Risk Management Policies and Procedures" on June 29, 2021, as the basis for implementing risk management. In September 2022, the policies and procedures were revised according to "Risk Management Best Practice Principles for TWSE/TPEX Listed Companies", and which were approved by the Board of Directors on September 28, 2022, as the highest guiding principles of the Company's risk management. Furthermore, on April 28, 2023, certain wording was revised for practical management needs, incorporating the issue of climate change into the relevant provisions. 2. Based on the Company's materiality principle, the Risk Management Group and Executive Office of the Sustainable Development and various business units (including overseas business groups), as well as the senior managers of various functional units, conduct risk factor identification for 2023 based on process analysis, scenario analysis, and PESTLE (Political, Economic, Sociological, Technological, Legal and Environmental) analysis. The operating boundary included the Taiwan parent company, China/Hong Kong subsidiary, and Singapore subsidiary, listing 23 risk items, including 9 operating risk items, 6 financial risk items, 4 execution risk items, and 4 environmental risk items. The evaluation results show that out of 23 risk items, 18 are categorized as low-risk, 5 as medium-risk, and 0 as high-risk. A Risk Matrix chart has been provided, along with specific response strategies for the 5 medium-risk themes (Cost-of-Operating Dilemma, Global Macroeconomic Instability, Inventory Risk, Interest rate Risk, and Geopolitical Risks). All of the above were submitted to the Sustainable Development Committee and the Board of Directors for approval on January 31, 2024. For detailed information on the implementation of risk management, please refer to the Corporate Governance section on the Company's official website under Risk Management - Risk Management Policies and Procedures.	No material difference

[illegible]

[illegible]

Evaluation item	State of operations			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
			compliance of customer usage. (3) Green Supply Chain Management Platform: The platform facilitates the uploading of data documents related to upstream vendors' products, including European Union green environmental regulations such as RoHS (Restriction of Hazardous Substances Directive for electrical and electronic products), REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals), and conflict minerals. These documents are uploaded to the client-side Green Supply Chain Management Platform.	
(II) Is the Company committed to improving energy efficiency and using recycled materials with low environmental impact?	✓		1. The Company's policies on improving energy efficiency include improvement of equipment or operating behavior, use of low-carbon energy, low-carbon transition business models, etc. Please refer to the explanation in the Sustainability section of on the Company's official website. 2. The Company is a distributor of IC semiconductor components and computer peripherals, and there are no production processes involved. Consequently, in terms of recycled material policy, we emphasize the 3Rs of circular economy: Re-Use (recycling and reuse), Re-Generating (resource regeneration), and Re-Manufacturing (product remanufacturing). We vigorously implement source reduction, as well as the recycling and reuse of packaging boxes, parts boxes, shockproof materials and trays used by the vendors for shipping and packaging purposes. The packaging materials needed for the Company's logistics operations such as outer boxes, cartons, cardboard will be manufactured from renewable and biodegradable materials that can be recycled and regenerated. 3. For scrapped semiconductor components, the electronic waste contains valuable metals such as gold, silver, palladium, and platinum, as well as recyclable metals such as copper, lead, zinc, aluminum, tin, and iron. The Company has commissioned qualified contractors to recycle the resources for regeneration or remanufacturing, while relevant treatment process certificates must be provided by the contractors for subsequent tracking purposes.	No material difference
(III) Has the Company evaluated the current and future potential risks and opportunities of	✓		1. In accordance with the second core element "Strategy" of the TCFD, at the Climate Change Risk/Opportunity Identification Conference in November 2023, members and managers from the Sustainable Development Executive Office, Risk Management Group, various business units, and functional units' ESG teams conducted the identification and analysis of climate change risks and opportunities based on scenario analysis and PESTLE (Political, Economic, Sociological, Technological, Legal, and Environmental) analysis. The operational boundaries include the parent company, China/Hong Kong subsidiaries, and Singapore subsidiary.	No material difference

Evaluation item	State of operations				Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons		
	Yes	No	Summary description				
climate change, and implemented countermeasures to address climate change-related issues?			2. In the fiscal year 2023, a total of 6 physical risks, 12 transformation risks, and 8 opportunities were identified. Based on the likelihood (A) and the impact/benefit (B) of each risk/opportunity, their risk exposure/opportunity value to Weikeng was calculated (C=(A)x(B)). This calculation serves as an indicator to differentiate the level of significant risks/opportunities, and the possible occurrence timeline was assessed (short-term for <3 years, medium-term for 3–5 years, long-term for >5 years). For the current year, a total of 4 moderate risks were identified, including transformation risks: (1) Carbon tariffs, (2) Transition demand for low-carbon products and services; and physical risks: (1) Flooding, (2) Extreme temperature changes. Two high-opportunity areas were identified: (1) Opportunities in low-carbon products and services, (2) Opportunities arising from changes in customer preferences. The results of risk and opportunity identification, financial impact, and response strategies were consolidated by the Sustainable Development Executive Office. The report was submitted to the Sustainable Development Committee on January 31, 2024, and the execution status was reported to the board of directors.				
			A. Transformation Risk		B. Physical Risk		
A1			Carbon Tariffs	A7	Energy Intensive Users' Requirement (10% Renewable Energy)	B1	Flooding
A2			Transition Demand for Low-Carbon Products and Services	A8	Energy Intensive Users' Requirement (Declaration Requirements for Chiller Groups and Compressed Air Machines)	B2	Extreme Temperature Changes
A3			Taiwan Carbon Fee	A9	Water Consumption Fee Levy	B3	Rising Sea Levels
A4			Sustainable Aviation Fuels	A10	Green Shipping	B4	Water Scarcity
A5			Reputation Risks	A11	Increased Climate-Related Litigation Risks for Inadequate Emission Reduction	B5	Increased Contractual or Credit Risk
A6			Foreign Carbon Fee	A12	Change in Customer Preferences	B6	Climate Change Triggering Insurance Abandonment Trend
			C. Opportunity				

Evaluation item	State of operations							Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No	Summary description						
			C1	Low-Carbon Product/Service Opportunities	C5	Opportunity to Enhance Organizational Resilience			
			C2	Opportunities from Changing Customer Preferences	C6	Adoption of More Efficient Transportation Methods			
			C3	Entry into New Markets	C7	Increase Recycling and Reuse Rates			
			C4	Financial Institution Incentives - Sustainable Linked Loans	C8	Use of Low-Carbon Energy			
			3. The Company has reported on the analysis of opportunities and risks related to climate change for the fiscal year 2023, along with corresponding mitigation measures, to the Sustainable Development Committee and the Board of Directors on January 31, 2024. For further details regarding these disclosures, please refer to the Company's official website under the Sustainability section, specifically under Sustainable Environment and Climate Change.						
(IV) Has the Company compiled statistics on GHG emissions, water consumption, and the total weight of waste for the past two years, and formulated policies for energy conservation and carbon reduction,	✓		1. Greenhouse Gas Emissions in the Last Two Years ((The conversion coefficients used are sourced from the latest Greenhouse Gas Emission Coefficient Management Table 6.0.4 version published by the Ministry of Environmental, Executive Yuan, International Energy Agency, Table 3.10 from Chapter 3 Book 3 of 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong 2010, Hong Kong SME Carbon Audit Toolkit, 2022 CLP Power Hong Kong Report, Ministry of Ecology and Environment of the People’s Republic of China): (1) The greenhouse gas emissions (carbon dioxide equivalent (CO2e)) for the last two years are as follows. The greenhouse gas inventory adopts the operational control approach; however, the greenhouse gas data has not been externally verified by a third party and is calculated based on the Company's self-inventory.						No material difference
			Year	Direct (Metric tons of CO2e)	Energy indirect (Metric tons of CO2e)	Other Indirect Emissions (Metric tons of CO2e)	Total emissions (Metric tons)	Taiwan parent company sales revenue (NT\$)	

Evaluation item	State of operations							Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No	Summary description						
GHG reduction, water consumption reduction, or other waste management?				(Scope 1/Category 1) (Note 3)	(Scope 2)/Category 2) (Note 3)	(Scope 3/Category 3~4) (Note 3)	of CO ₂ e)	Million)	
			2023 (Note 1)	104.43	369.11	1,011.43	1,484.97	33,150.27	0.0448
			2022 (Note 2)	29.40	342.04	No Self-Inventory	371.44	28,811.49	0.0129
			Note 1: The inventory boundary includes the Company's (parent company) locations in the Taiwan region (Neihu headquarters in Taipei City + offices in Hsinchu City, Taichung City, and Kaohsiung City), warehouse centers (Neihu Tanmei + Taoyuan Housheng), and subleased warehouses in Sha Tin, Hong Kong, and Futian, Shenzhen China. The greenhouse gases included in the inventory are carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF ₆), and nitrogen trifluoride (NF ₃).						
			Note 2: The inventory boundary includes the Company's (parent company) offices in the Taiwan region (Neihu headquarters in Taipei City + offices in Hsinchu City, Taichung City, and Kaohsiung City), and warehouse centers (Neihu Tanmei + Taoyuan Housheng). The greenhouse gases included in the inventory are carbon dioxide (CO ₂), methane (CH ₄), and nitrous oxide (N ₂ O).						
			Note 3:						
	Year	Direct (Metric tons of CO ₂ e) (Scope 1/ Category 1)	Energy indirect (Metric tons of CO ₂ e) (Scope 2)/Category 2)				Other Indirect Emissions (Metric tons of CO ₂ e) (Scope 3/Category 3~4)		
	2023	1. Gasoline and diesel, primarily used	Purchased Electricity from External Sources 1. Taiwan: citing the electricity carbon emission coefficient announced by the Energy Administration, Ministry of Economic Affairs, who updated				A.Category 3: 1. Upstream transportation and		

Evaluation item	State of operations					Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No	Summary description				
				for official vehicles and trucks. 2. Refrigerant replenishment. 3. Water and fertilizer (septic tanks). 4. Fire activities (CO₂ fire extinguishers).	the electricity carbon emission coefficient quoted in 2022 to 0.495 kg CO₂e/kWh; the carbon emission coefficient for electricity in the year 2023 is calculated as 0.494 kg CO₂e/ kWh. 2. China: citing the electricity carbon emission coefficient 0. 0.5703tCO₂/MWh announced by the Ministry of Ecology and Environment of the People’s Republic of China.) 3. Hong Kong: citing the electricity carbon emission coefficient 0.39 kg CO₂e/kWh announced by CLP Power Hong Kong per 2022 report.	distribution (packaging materials). 2. Downstream transportation and distribution. 3. Employee commuting. 4. Business travel. B. Category 4: 1. Purchased goods (packaging materials). 2. Indirect emissions from externally purchased energy - purchased electricity. 3. Indirect emissions from externally purchased energy - transportation. C. Category 5-6 is not included in the inventory as the operational activity	

Evaluation item	State of operations					Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No	Summary description				
						data does not belong to significant indirect emission sources.	
			2022	Gasoline and diesel, primarily used for official vehicles and trucks.	Purchased Electricity from External Sources Taiwan: During the inventory in 2022, the carbon coefficient for electricity in 2022 had not been published. Therefore, the calculation was based on the 2021 electricity carbon coefficient of 0.509 kgCO ₂ e/kWh, as announced by the Bureau of Energy, Ministry of Economic Affairs. Subsequently, the Bureau of Energy announced the updated carbon coefficient for 2022 as 0.495 kgCO ₂ e/kWh, and the calculation was revised accordingly.	No Self-Inventory	
			In 2023, the total greenhouse gas emissions amounted to 1,484.97 metric tons of CO ₂ e, representing an increase of 1,113.53 metric tons of CO ₂ e (an increase of 299.79%) compared to the previous year 2022. This increase is primarily attributed to the expansion of the company's inventory boundary to include subleased warehouses in Sha Tin, Hong Kong, and Futian, Shenzhen China. Additionally, emissions from Scope 1 sources (Category 1) and new Scope 3 sources (Category 3-4) were incorporated (please refer to the above Note 3).				
			(2) The Company's Sustainable Development Committee and Board of Directors, on June 28, 2022, approved the schedule for the greenhouse gas inventory and verification based on the criterion of a "quasi-capital amount" of 50 billion New Taiwan Dollars. This decision aligns with the " Roadmap for the Sustainable Development of TWSE and TPEX Listed Companies " issued by the Financial Supervisory Commission in March 2022, as illustrated in the table below:				

Evaluation item	State of operations			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons												
	Yes	No	Summary description													
			2. The water consumption for the last two years is as follows: The inventory boundary includes the company's (parent company) offices in the Taiwan region (Neihu headquarters in Taipei City + offices in Hsinchu City, Taichung City, and Kaohsiung City) and warehouse centers (Neihu Tanmei + Taoyuan Housheng). The primary usage is for domestic water consumption by employees in office areas and warehouse centers, with no discharge of industrial wastewater. <table><tr><th>Year</th><th>Total water consumption (Million Liters)</th><th>Taiwan parent company sales revenue (NT\$ Million)</th><th>Water intensity (Million Liters /NT\$ Million)</th></tr><tr><td>2023</td><td>4.52</td><td>33,150.27</td><td>1.36x10⁻⁴</td></tr><tr><td>2022</td><td>4.06</td><td>28,811.49</td><td>1.41x10⁻⁴</td></tr></table> The Taipei Neihu headquarters, through participation in the office building management committee, has mandated the installation of water-saving controllers to conserve water resources. Additionally, water conservation slogans have been posted in various tea rooms, aiming to start with practical water-saving measures in daily life and maximize the efficiency of water resources. Despite continuous efforts in water resource management and promoting water conservation, the water consumption for 2023 was 4.52 million cubic meters, an increase of 0.46 million cubic meters compared to the year 2022, representing an increase of 11.33%, however, the density decreased by 3.55%. This is primarily attributed to the lifting of pandemic restrictions in 2023, as employees returned to the office instead of continuing remote work. Efforts will persist in achieving the annual management goal of reducing water consumption by 1-2% compared to the previous year. 3. The waste weight for the last two years is as follows: All operational locations of the Company do not involve production processes. During operational activities, there are only discarded electronic products, general non-hazardous waste from offices, and warehouse centers. The quantity of waste for the last two years is as follows (the inventory boundary includes the company's (parent company) offices in the Taiwan region (Neihu headquarters in Taipei City + offices in Hsinchu City, Taichung City, and Kaohsiung City) and warehouse centers (Neihu Tanmei + Taoyuan Housheng)):	Year	Total water consumption (Million Liters)	Taiwan parent company sales revenue (NT\$ Million)	Water intensity (Million Liters /NT\$ Million)	2023	4.52	33,150.27	1.36x10 ⁻⁴	2022	4.06	28,811.49	1.41x10 ⁻⁴	
Year	Total water consumption (Million Liters)	Taiwan parent company sales revenue (NT\$ Million)	Water intensity (Million Liters /NT\$ Million)													
2023	4.52	33,150.27	1.36x10 ⁻⁴													
2022	4.06	28,811.49	1.41x10 ⁻⁴													

Evaluation item	State of operations						Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons		
	Yes	No	Summary description						
			Year	Hazardous (Metric tons)	Non-hazardous (Metric tons) (Note)	Taiwan parent company sales revenue (NT\$ Million)	Waste intensity (Metric tons /NT\$ Million)		
			2023	0		33,150.27			
			2022	0	97.89	28,811.49	0.0034		
			Note: The amount of non-hazardous waste generated is estimated based on the average daily amount of general waste generated per person per day announced by the Ministry of Environment of the Executive Yuan, R.O.C.(Taiwan)						
			In the year 2023, the waste quantity amounted to 102.92 metric tons. Embracing resource recycling policies and actively implementing source reduction, for discarded semiconductor components, the company engages qualified vendors for recycling to recover valuable metals such as gold, silver, palladium, platinum, etc. These materials are then reused or reprocessed, with documentation provided for the subsequent tracking of the processing procedures. This has led to an increase of 5.03 metric tons compared to the year 2022, representing a growth of 5.14%, however, the density decreased by 8.82%. The primary cause is the lifting of pandemic restrictions in the year 2023, as employees returned to the office instead of continuing remote work.						
			4. For relevant explanations on sustainable environmental initiatives, please refer to the Sustainability section under Sustainable Environment on the Company's official website.						
IV. Social issues									
(I) Has the Company stipulated relevant management policies and procedures in accordance with relevant laws and regulations as well	✓		1.	To protect the basic human rights of employees, the Company strives to fulfill its social responsibilities and supports the “United Nations Universal Declaration of Human Rights”, “United Nations Global Compact”, “International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights”, as well as the “ILO Declaration on Fundamental Principles and Rights at Work” to prevent any violations of human rights, so that all employees of the Company can be treated with fairness and dignity. The “Human Rights Protection Policy” has been formulated and approved by the Board of Directors on June 29, 2021, and it was later revised and approved by the Sustainable Development Committee and the Board of Directors on December 28, 2022, and January 13, 2023, respectively. The contents include: (1) Compliance with relevant local labor and environmental laws and international standards in each area of the Company’s operations, (2) diversity and inclusiveness of recruited talents and equal					No material difference

Evaluation item	State of operations			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
as international human rights conventions?			opportunity for labor rights, (3) remuneration and benefits, (4) humane treatment and (5) healthy and safe workplace. 2. The Company follows the implementation measures outlined in the "Protection of Employees' Human Rights Policy". For details, please refer to the Sustainability section under Implementation of Sustainability and Policies on the Company's official website. Click on the file titled "Protection of Employees' Human Rights Policy" for more information.	
(II) Has the Company formulated and implemented reasonable employee welfare measures (including salaries, vacations, and other benefits, etc.), and properly reflected business performance or results in employee compensation?	✓		1. The Company has formulated and implemented the "Work Rules" in accordance with the "Labor Standards Act" and relevant laws and regulations detailing the employee benefit and leave systems. Furthermore, the Company has established an Employee Welfare Committee in accordance with the law to implement various welfare measures. 2. The Company has implemented various employee welfare measures, continuing education, training, a retirement system, labor-management coordination, and protection of employee rights and interests in accordance with the relevant laws and regulations and the Company's policies and guidelines. For details, please refer to the chapter on labor relations in the 2023 annual report and the explanation to the Employee Benefits of Sustainable Workplace in the Sustainability section on the Company's official website. 3. The Company has formulated a remuneration policy and a performance evaluation system (evaluations are performed biannually), requiring our colleagues to not only play an active role in their job responsibilities but also to encourage them to assist the Company by proactively engaging in corporate social responsibility-related activities. It is also Included in the scope of rewards and punishments based on personnel regulations. 4. Employee compensation, benefits, and a friendly workplace are highly valued and cared for by the company. The Company's compensation (salary, bonuses, and remuneration) policy is closely linked to the performance evaluations of employees. In addition to disclosures in financial reports, annual reports, and the TWSE reporting system, information on employee compensation and benefits, including but not limited to labor insurance, health insurance, retirement benefits, medical insurance, and welfare committee-related expenses, has been adequately disclosed. 5. The correlation between the Company's compensation policy and its operational and sustainable development performance can be found on the Company's official website. Please visit the Governance section under Functional Committees and navigate to the Remuneration Committee. Additionally, information regarding employee-identified compensation and welfare issues, along with the Company's responses, can be found in the Stakeholder section on the Company's website.	No material difference

Evaluation item	State of operations			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
(III) Has the Company provided employees with a safe and healthy workplace and regularly implemented safety and health education for employees?	✓		- The Company has set up an Occupational Safety and Health Committee, which holds a committee meeting every three months, and four meetings have been held in 2023 to report or discuss relevant issues. The corporate governance organizational structure also includes an Occupational Safety and Health Department, which is responsible for the execution of occupational safety affairs by qualified personnel with relevant licenses. The staffing for occupational safety includes 3 supervisors for class A occupational safety and health affairs, 1 Class A occupational health and safety administrator, 1 Class B occupational safety and health specialist, 2 supervisors for class C occupational safety and health affairs, 1 dedicated occupational health service nurse, 3 fire safety administrators (2 in the warehouse center, 1 at the headquarters), and 10 personnel qualified for first aid (3 in the warehouse center, 7 at the headquarters). Additionally, the warehouse center has 1 personnel qualified in the International Air Transport Association (IATA) dangerous goods training course and 1 personnel certified to operate forklifts with a capacity of one ton or more. These personnel are responsible for executing daily occupational safety and health tasks and official duties to ensure a safe working environment for all employees. - In order to apply the management approach of ISO quality and environmental systems to occupational safety and health management, aiming to reduce occupational hazards and risks and enhance operational efficiency, the Company reported to the Sustainable Development Committee in August 2023 and selected a consulting firm (Lian Cheng Environmental Safety Management Consulting Co., Ltd./ Lian An Industrial Safety and Hygiene United Technician Firm) to begin planning the establishment of an Occupational Safety and Health Management System (ISO 45001:2018). The completion of external verification and the acquisition of the certificate are expected in the first quarter of 2024. We hope to promote and establish the Occupational Safety and Health Management System to implement the occupational safety and health policy of “Compliance with Laws”, “Hazard Prevention”, “Competence Awareness”, “Continuous Improvement”, and “All-Staff Participation”. - In 2023: - the Far Eastern Memorial Hospital was designated to conduct annual health checkups for employees on 2023/5/18 and 2023/5/25, and the employee participation rate was 94.0% (excluding colleagues stationed overseas); - collaborating with Cathay General Hospital, we have engaged physicians to provide employee health care and counseling services. These sessions are conducted in February, April, June, August, October, and December, totaling 6 sessions. Each session lasts for three hours,	No material difference

Evaluation item	State of operations						Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons			
	Yes	No	Summary description							
			resulting in a total of 18 hours; furthermore, the Company's Occupational Safety and Health Department, staffed by a dedicated nurse and external experts, conducted four health education seminars in the months of February, August, October, and November of fiscal year 2023, with a total duration of 3.5 hours and 174 employees participated, and its information is as follows:							
			Date	Hour	Content	Teaching Unit	Number of Participants			
							Male		Female	Total
			2023/2/9	1	How to Prevent Metabolic Syndrome	Nutritionist at Kang-Ning General Hospital	28		44	72
			2023/8/10	1.5	Happiness at Work, Living Healthy - A Brief Discussion on Workplace Stress Adaptation and Mental Well-being	Far Eastern Memorial Hospital- Taoyuan lifeline Association	15		27	42
			2023/10/13	0.5	Health Education Video Promotion – Prevention of Three High	Nurse	14		21	35
			2023/11/10	0.5	Understanding Muscular Dystrophy	Nurse	15		10	25
			Total	4.5	-	-	72		102	174
			(3) to meet the increased medical needs of our employees, the Company has opted for group medical insurance coverage. In agreement with a premium adjustment, we have requested the insurance company to revise the claims terms. Starting from October 6, 2022, the inpatient medical group health insurance claims process has been relaxed, allowing employees to apply for claims by submitting copies of receipts. This flexibility enables employees to balance their personal and company insurance coverage. In the fiscal year 2023, the ratio of the claim							

Evaluation item	State of operations					Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No	Summary description				
			amounts for group accident/inpatient/cancer medical insurance to the total premium expenditure is 65.11%. This has provided employees with a certain level of support in terms of medical coverage; and (4) the Company is committed to promoting tobacco hazard prevention and health promotion in the workplace. After evaluation by the Health Promotion Administration, Ministry of Health and Welfare, and awarded the Healthy Workplace Certification- Health Promotion Logo (Certificate Number: HPAB1110793, valid from January 1, 2023, to December 31, 2025). 4. The Company counts and reports employees’ occupational accidents every month according to the regulations. There were 6 occupational accidents (1.22% of the number of employees as of the end of December 2023) in total for 2023, which were commuting traffic accidents. In order to prevent similar incidents from happening again, relevant safety and health education and training has been actively strengthened. 5. In 2023, there were no incidents of fire or casualties at the operational locations of the Company. The fire drill situation for 2023 was as follows: (1) External Training for 3 Fire Safety Administrators (1 each from Neihu Tanmei, Taoyuan Housheng Warehouse Center, and Headquarters)				
			Date	Training organizer	Training contents	Number of hours (Hours)	Certificates
			2023/6/1~6/2	Chinese Association of Occupational Health and Safety Management	Fire Safety Manager Training - Basic Course (1) Fire Safety Knowledge and Prevention of Fires (2) Fire Safety and Evacuation Facilities (3) Fire Protection Plans	12	Letter No. 1123023146 from the Taipei City Fire Department Certificate Number: A112-01537

Evaluation item	State of operations						Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons		
	Yes	No	Summary description						
			2023/8/17~8/18	China Productivity Center	Fire Safety Manager Training - Basic Course (1) Fire Safety Knowledge and Prevention of Fires (2) Equipment and Facility Maintenance Management and Operating Guidelines (3) Employee Education and Self-Defense Fire Brigade Training	12	Letter No. 1120028249 from the Taoyuan City Fire Department Certificate Number: F112-01450		
			(2) Fire Drill at the Taipei Office Building The Company’s Taipei headquarters participated in the fire drill held at the office building on May 11, 2023, and November 24, 2023, completing exercises for the first and second halves of the year. A total of 21 individuals were trained, with a total duration of 2 hours. The results of the drill were reported by the Office Building Management Center to the Taipei City Fire Department, Third Brigade, Neihu Squad.						
			6. The following shows the safety and health education and training provided to new employees in 2023:						
					Number of hours (Person-time hours)	Male (person)	Female (person)	Total (person)	
			General Safety and Health Education and Training		99	16	17	33	
			7. The execution status of occupational safety, working environment, and health-related matters for the fiscal year 2023 has been reported to and ratified by the Sustainable Development Committee and the Board of Directors on January 31, 2024. For further information, please refer to the Company's official website under the Sustainability section, specifically under the Implementation of Sustainability, as well as under the Sustainable Workplace section, focusing on Occupational Safety and Health.						
(IV) Has the Company	✓		The Company has a continuing education and training program in place.						No material

Evaluation item	State of operations								Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons difference																						
	Yes	No	Summary description																												
established an effective career development training program for employees?			1. Implementation by the Company (1) Regular training for new employees: ① Understanding the Company’s corporate philosophy and core values; ② Corporate governance, ethical corporate management, and sustainability policy requirements; ③ Introduction to the work functions of each department, network and information security, intellectual property protection requirements, and other points to note; ④ On-the-job training (OJT) in the employee’s department, focusing on job functions and ERP operations; (2) Work skill refinement training: In response to work processes, ERP system program function additions or management requirements, etc., the principal investigator implements work skill refinement training courses to fortify employees’ essential learning ability, elevate work efficiency, and enhance their work value. (3) Leadership and control training: Education and training for the supervisors to bolster their leadership thinking and management knowledge, so that they can recognize the Company’s values and the Company can cultivate a management team. 2. Participation in external organization courses (1) We encourage employees to participate in professional skill or new knowledge training courses held by external organizations for application in the work process or management so that employees and the Company can achieve a win-win situation. (2) The training expenses of approved courses will be subsidized by the Company, and employees are encouraged to obtain the relevant certificate qualifications. Those who have obtained the relevant professional certificate qualifications and are judged as having added value to the Company’s operations will be awarded professional bonuses. 3. The Company’s implementation of relevant internal and external training in 2023: <table><tr><th colspan="2">Classification</th><th colspan="3">Person-times</th><th colspan="4">Person-time hours</th></tr><tr><td rowspan="2">Training on Human Rights and Sustainable Development</td><td>Male</td><td>62</td><td rowspan="2">98</td><td rowspan="2">2,344</td><td>Male</td><td>173.5</td><td rowspan="2">297</td><td rowspan="2">6,178</td></tr><tr><td>Female</td><td>36</td><td>Female</td><td>123.5</td></tr></table>							Classification		Person-times			Person-time hours				Training on Human Rights and Sustainable Development	Male	62	98	2,344	Male	173.5	297	6,178	Female	36	Female	123.5
Classification		Person-times			Person-time hours																										
Training on Human Rights and Sustainable Development	Male	62	98	2,344	Male	173.5	297	6,178																							
	Female	36			Female	123.5																									

Evaluation item	State of operations			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
Company complied with relevant laws and international standards, and formulated related consumer or customer rights protection policies and complaint procedures?			Alliance (RBA) Code of Conduct, etc. The Company has reviewed and implemented the relevant provisions. 2. Implementation of product labeling: (1) The products and services provided by the Company are based on the product distribution contracts signed with upstream vendors, and the contracts are regulated with respect to product intellectual property protection, product quality and safety, warranty and after-sales service, marketing, and labeling, etc., to protect the rights and interests of customers. (2) Since the distribution contracts of the IC product brands sold belong to the vendors, the relevant marketing activities must comply with the contract regulations, while marketing and promotion activities must be conducted in conjunction with the vendors. (3) For computer peripherals (software and hardware) distributed by the Company, such as AMD CPUs, ASRock, and Gigabyte mini PCs (NETTOP), besides the vendor color box, we have also complied with the information of the Department of Commerce, MOEA's Commodity Labeling Act regulations on information and communication-related consumer electronics products by adding product label stickers featuring product name, model, system requirements, rated voltage/frequency, total rated power consumption/input current, manufacturing year/number, country/region of manufacture, functional specifications/compatibility, instructions, emergency treatment method, warnings/precautions, distributor, manufacturer name, distributor service phone number, and other information on products. Only then are products sold and circulated on the market. 3. For the design and manufacture of products, the production cycle of the upstream vendors, the raw materials, or other production elements, the vendors must submit proof that they comply with the EU RoHS and REACH substances of very high concern (SVHC) and other environmental protection regulations. Furthermore, the proof must be given to the Company to provide to its customers during sales; the product data sheet is given to ensure the customers' safety and health requirements. 4. In order to comply with product trade regulations, the Company has designed a customer screening engine to connect with the application programming interface (API) of the Consolidated Screening List (CSL) of the International Trade Administration (ITA) to ensure that operations at all stages, such as design in, quotation, order, and delivery, can be clarified whether the potential transaction or service object is on the export, re-export or transfer control list of the U.S. management authorities to ensure that customers have the right to legal transactions. In the fiscal year 2023, in compliance with the requirements of the vendors (NXP and	

Evaluation item	State of operations			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
			Infineon, etc.), we have once again strengthened the screening program engine to achieve more precise and timely execution of the control list screening. 5. Based on the distribution contracts, all products sold have a warranty period. When a customer applies for an RMA, we perform the relevant RMA services after conducting a product defect analysis. 6. Customers can report problems by phone, email, and our website, and the relevant specialist will reply to customers' questions or complaints and handle the various applications. 7. Enforcement of customer privacy: (1) As of the end of the year 2023, our company had a total of 488 employees in Taiwan, including 21 stationed overseas. In the fiscal year 2023, there were 38 new employees, all of whom have signed confidentiality agreements, outlining their obligation to maintain the confidentiality of any proprietary information about customers that they become aware of or possess during their employment. (2) The Company has established the "Information and Cyber Security Policy and Management Regulations" to strengthen information security management through (A) personnel security management, (B) physical and environmental security management, (C) communication and operations management, and (D) access control to achieve the goal of protecting customer privacy. (3) When providing sales services, customer information will be kept confidential in accordance with the law, and we have signed purchase or NDA contracts with customers, with a total of 835 contracts signed as of the end of 2023.	
(VI) Has the Company formulated supplier management policies that require suppliers to follow relevant	✓		1. Weikeng is a professional semiconductor part and component and technical support service company and adheres to the role of a responsible distributor. In addition to cooperating with vendors to improve technology, quality, delivery, environmental protection, human rights, safety, and health, Weikeng also adheres to the Responsible Business Alliance (RBA) Code of Conduct for five major management themes: "labor", "health and safety", "environment", "ethics", and "management system". This allows electronic product related enterprises, including vendors, the Company, and our customers, to take responsibility for sustainability and make every effort to develop a sustainable semiconductor supply chain.	No material difference

Evaluation item	State of operations									Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons			
	Yes	No	Summary description										
regulations on issues such as environmental protection, occupational safety, health, or labor rights, and monitor their implementation?			2. The Company’s main vendors are major international IDM or Fabless plants that have already invested management resources in the 5 major aspects of labor, health and safety, the environment, ethical norms, and management systems, to comply with the regulatory requirements of RBA/Electronics Industry Citizenship Coalition (EICC). As the distributor of these upstream vendors, we will continue to consolidate downstream customers and partners in the entire supply chain to pay attention to social and environmental issues.										
			3. The following is a list of information on the implementation of sustainability-related issues by the major foreign vendors we serve as a distributor:										
			Key vendors information disclosure										
			Compliance item	AMD	Amazing	Infineon	Lattice	Microchip	Molex		NXP	Vishay	WD
			RoHS	√	√	√	√	√	√		√	√	√
			REACH	√	√	√	√	√	√		√	√	√
			Conflict-free minerals policy/responsible mineral sourcing policy	√	√	√	√	√	√		√	√	√
			Member of the RBA ^{Note}	√		√		√	√		√	√	√
			Validated by the system										
			Compliance item	AMD	Amazing	Infineon	Lattice	Microchip	Molex		NXP	Vishay	WD
			ISO 9001 (Quality Management System)	√	√	√		√	√		√	√	√
			ISO 14001 (Environmental Management System)	√	√	√	√	√	√		√	√	√
ISO 50001 (Energy Management System)	√		√		√	√		√					

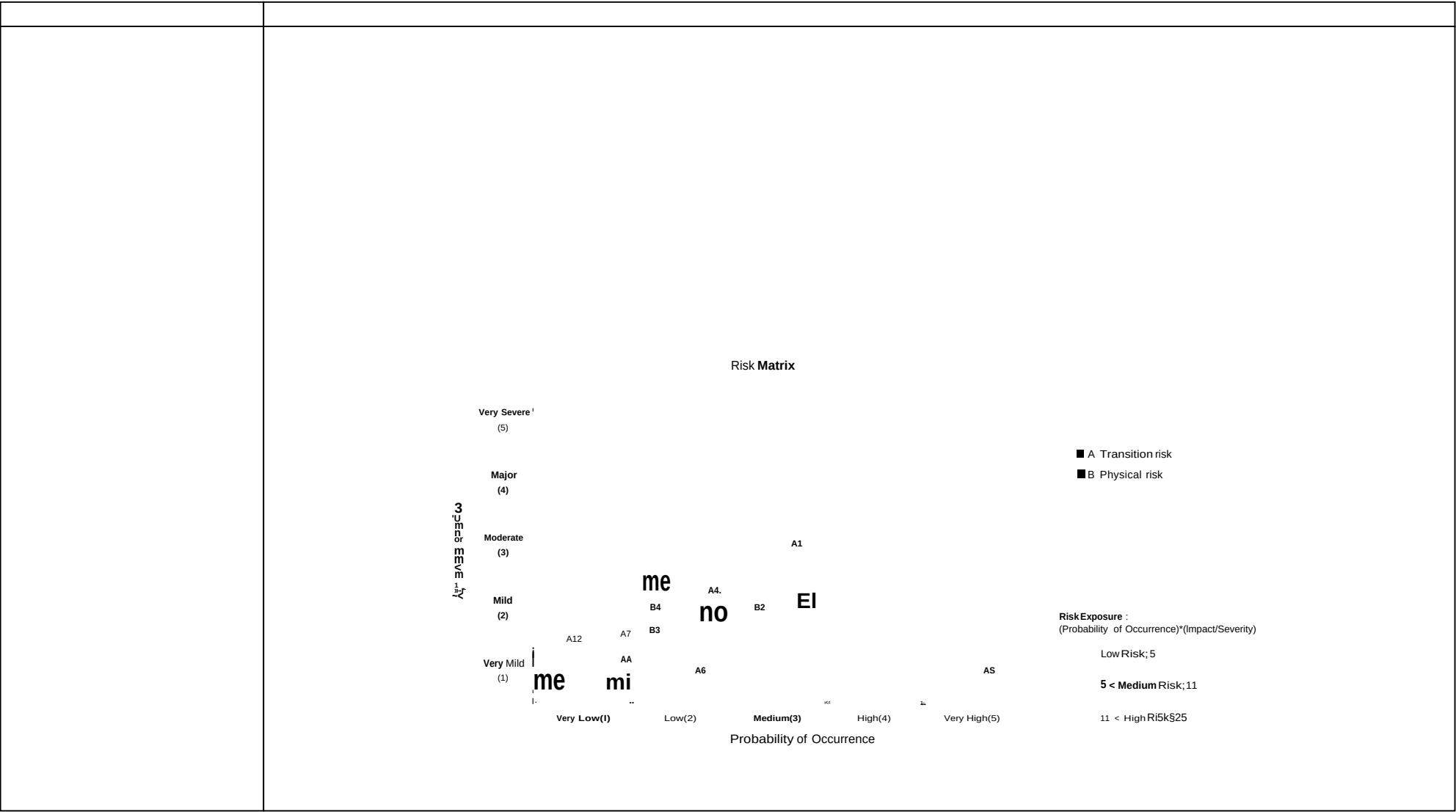
Evaluation item	State of operations											Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No	Summary description										
			OHSAS 18001/ ISO 45001 (Occupational Health and Safety Management System)	√	√	√	√	√	√	√	√	√	
			ISO 13485 (Medical Devices Quality Management System)			√							
			IATF 16949 (Automotive Quality System)	√		√	√	√	√	√	√	√	
			ISO/SAE 21434			√				√			
			Notes: For inquiries about RBA (Responsible Business Alliance) members, please refer to https://www.responsiblebusiness.org/about/members/ .										
4. The design, production, and sale of green products are carried out by the vendors from three perspectives: product lifecycle consideration, low energy consumption product R&D, and non-hazardous material promotion. This is done with the hope of contributing to environmental protection. As a distributor for upstream vendors, Weikeng is committed to developing a green supply chain for semiconductors by investing resources in sales, technology, and operating management systems to fulfill our responsibility for environmental protection.													
5. Although the important distribution contracts (19 in total) signed between the Company and the vendors in Europe and the U.S. do not directly include the protection of human rights in the contracts, most of the aforementioned vendors’ high-tech technologies come from the U.S. Therefore, they are required to comply with the relevant U.S. import and export laws and regulations according to the contract specifications. The U.S. will impose certain penalties, compliance items, or export/re-export restrictions on human rights violations per the relevant import/export laws and regulations. Therefore, the distribution contracts signed between the Company and the vendors according to the U.S. import and export laws and regulations, indirectly include the protection of human rights in the contracts and are mutually binding on both parties.													

Evaluation item	State of operations			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
			6. For non-vendors (subcontractors and general service providers, etc.), the Company has established a "Code of Conduct for Suppliers" approved by the Board of Directors on May 14, 2020, for compliance: (1) As of the end of 2023, 82 non-vendors/subcontractors had signed the Responsible Business Alliance (RBA) Code of Conduct commitment. (2) Weikeng emphasizes "ethical corporate management", "risk management", and "supply optimization" and requires its partners to commit to providing responsible, quality, and legal supply chain services to Weikeng in the economic, environmental and social areas. (3) For subcontracted vendors, such as outsourced storage management and product programming, we regularly or irregularly review their operating sites and conduct compliance inventory assessments of standard operating procedures.	
V. Has the Company referred to international reporting standards or guidelines to prepare ESG or other reports that disclose non-financial information about the Company? Has the assurance or opinion from third-party certifying institutions been	✓		1. The Company's "Sustainability Report Preparation and Verification Procedures" were completed and approved by the Board of Directors on September 28, 2022 in accordance with the TWSE's "Operational Measures for the Preparation and Submission of ESG Reports for TWSE-Listed Companies", and we have voluntarily published the 2021 ESG Sustainability Report one year in advance. The report was approved by the Sustainable Development Committee and the Board of Directors on September 28, 2022, and it was published on the Company's official website and MOPS. The 2022 ESG Sustainability Report, which is still in the process of data collection, is expected to be finalized before the end of June 2023. It will be submitted to the Sustainable Development Committee and the Board of Directors for approval before being reported to the competent authority and published on the Company's official website. 2. The " Sustainability Report Preparation and Verification Procedures " of the Company approved by the Board of Directors on September 28, 2022 has been formulated in accordance with the Taiwan Stock Exchange's " Operational Measures for the Preparation and Submission of ESG Reports for TWSE-Listed Companies ". Subsequently, ESG Sustainability Reports for the years 2021 and 2022 have been compiled and published, and which reports were respectively approved by the Sustainable Development Committee and the Board of Directors on September 28, 2022, and June 30, 2023. The Reports are disclosed on the Company's official website and the MOPS. While the ESG Sustainability Reports for the years 2021 to 2022 have not undergone verification by an independent	No material difference

Evaluation item	State of operations			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
obtained for the aforementioned reports?			third party, collaborative efforts from various relevant departments within the Company were undertaken to ensure the accuracy of the report content, involving joint participation in editing, revising, and reviewing the compiled information. 2. The ESG Sustainability Report for the year 2023 is currently in the process of data collection and compilation. It is anticipated that in the months of April to May 2024, the services of the British Standards Institution (BSI) Taiwan Branch will be enlisted for third-party certification. Upon completion of compilation and certification, and subsequent approval by the Sustainable Development Committee and the Board of Directors, the Report will be submitted to the competent authority and published on the Company's official website.	
VI. If the Company has formulated its own sustainable development best practice principles based on the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please state the differences between the two and the state of implementation: To implement the sustainable development policy more effectively, the Company proposed to the Board of Directors on March 25, 2022, to establish a “Sustainable Development Committee”, which is the highest guiding unit for the planning and discussion of sustainable development, with an independent director of the Board of Directors as the committee chair, and two functional groups for sustainable development and risk management under the Committee to ensure the promotion and implementation of work related to corporate sustainable development.				
VII. Other important information that is helpful to understand the implementation of sustainable development: The Company's involvement in (1) environmental protection issues, (2) sponsorship of educational resources, (3) sponsorship of medical resources, (4) sponsorship of social welfare resources, (5) sponsorship of sports resources, (6) sponsorship of research institutions, (7) support for cultural development, and (8) employee participation in social welfare initiatives can be found in the Sustainability section on the Company's official website under the "Participation in Social Welfare" category.				

2. Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	1. According to the first core element of TCFD, which is “governance”, the risk and opportunity management mechanism of climate change is included in the "Policy and Procedures of Risk Management" approved by the Sustainable Development Committee and the board of directors on September 28, 2022, with the board of directors serving as the highest decision-making unit in terms of governance and management structure. The Sustainable Development Committee, which is convened by independent directors, oversees and manages liabilities, and regularly reports on the implementation of risk and opportunity management to the board of directors. “Executive Office”, “Sustainable Development Group”, and "Risk Management Group" are established under the Sustainable Development Committee to assist the Sustainable Development Committee in carrying out its risk management responsibilities. 2. Starting from 2022 onwards, the Sustainable Development Committee discusses the issues related to climate change risks then reports to the Board on annual basis. The first discussion was held by Sustainable Development Committee the on December 28, 2022, then reported to the Board on January 13, 2023. The Committee continues to track risk management progress and to confirm the achievement of expected goals. 3. On climate change related countermeasures, the ESG implementation office and representatives of each business unit and functional unit participate in the identification of risk factors and mitigation process. This is to make the risk management organization’s command and dispatch, self-evaluation and implementation more efficient. Furthermore, relevant risk assessments are regularly conducted in operation meetings to formulate countermeasures and reviews.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	1. By adopting the second core element of TCFD framework, which is “strategy”, the Sustainable Development Executive Office, Risk Management Team, together with managers and representatives of each business unit and functional unit held a climate change related risk/opportunity identification and analysis meeting in November 2023. Climate change related risks and opportunities were identified and analyzed based on scenario analysis and PESTLE (Political, Economic, Social, Technical, Legal and Environmental) analysis. The organizational scope and boundary of the assessment included the Taiwan parent company, China/Hong Kong subsidiary and Singapore subsidiary. Other regions may be included in the assessment when deemed crucial. 2. During the 2023 assessment meeting, 6 physical risks, 12 transitional risks and 8 opportunities were identified. Based on the possibility of occurrence (A) and opportunity benefit/risk impact (B) of the opportunity/risk theme, the opportunity value/risk exposure (A) x (B) was measured for each risk or opportunity, and the timeframe (timeframe <3 years is considered as short term; 3~5 years medium term, and >5 years long term) was estimated. After the evaluation, 4 medium risks and 2 high opportunities were identified during the 2023 assessment meeting. Finally, the Sustainable Development Executive Office consolidated the results of risk and opportunity identification, financial impact, and countermeasures, then submitted the results to the Sustainable Development Committee, and reported the implementation status to the board of directors.



Item	Implementation status					
	Topic	Timeframe	Exposure level	Description of risk impact scenarios	Potential financial impact caused by the incident	Mitigations
	Carbon Tariffs	Short term (<3 年)	Medium	Due to the foreseeable implementation of the European Union's Carbon Border Adjustment Mechanism (CBAM) and the U.S. Clean Competition Act (CCA), those clients that sell to such regions may face an increase in costs, which may transfer such cost increase to the Company.	Due to the global net-zero and carbon reduction trend, carbon pricing has become an important approach for countries worldwide to control carbon emissions and to facilitate carbon reduction; common carbon pricing tools used internationally include: (1) total volume control and carbon trading; (2) high carbon tax or carbon fee to curb the consumption volume. Consequently, when using each ton of carbon dioxide equivalent (tCO ₂ e) as the pricing unit to calculate the cost of carbon emissions for carbon pricing, the greater the carbon emissions, the higher the cost will be.	- Currently, the Company has invested in resources and manpower to establish an organizational GHG inventory management system and establish related standard operation procedures. It plans to disclose the organizational greenhouse gas emissions inventory data for the previous year (2024 to 2025) separately for both the Company and its Group within the short term (2025 to 2026). Furthermore, it intends to undergo verification by an external organization (BSI) during this period (2025 to 2026). - As for our medium to long-term goals, once we identify emission sources based on carbon inventory

Item	Implementation status					
						quantification, we can start to introduce mechanisms to reduce emission sources and lower emissions (e.g. workflow improvement, investment in equipment or systems, etc.). We will analyze the feasibility of medium to long-term investment in equipment, technologies and systems conducive to energy conservation, energy efficiency improvement or carbon reduction, such include equipment replacement and renewal, digital energy conservation, and use of green electricity. - Continue to gather information on carbon pricing-related laws and regulations in the countries where the Group's subsidiaries operate, in order to understand the pricing

Item	Implementation status					
						basis of future carbon fees/taxes.
	Flooding	Short term (<3 years)	Medium	The company's main warehouses and services are mainly locating in Asia, including Taiwan, Hong Kong, China and Singapore, other regions include El Paso and Texas in the United States which are under planning in 2024. Most of the warehouses are exposed to typhoons or heavy rains and floods. It is crucial to evaluate the frequency of typhoons or heavy rains and floods and severity of impact in the said regions. Serious flooding may cause road closures, power outages, flight delays, airport closures, etc., resulting in delivery delays or even	Losses from business interruptions, resulting in reduced sales revenue and increased operating costs (repair or replacement of operating equipment). We mainly focus on analyzing the Group's main operating warehouses which are Taipei Neihsu Tanmei Warehouse and Taoyuan Housheng Warehouse in Taiwan; Shatin Warehouse and U-Freight Warehouse in Hong Kong; Futian Warehouse in Shenzhen China; and Singapore Warehouse. If the above warehouses face operation interruption due to flooding, delay in shipping may cause losses in sales or assets. Based on the group's average daily shipping business in 2023	Short-term: - Establish related policies and obtain ISO certification to strengthen occupational safety and the protective resilience of warehouses. - On January 13 2023, Weikeng Industrial submitted a report to the Audit Committee and the board of directors, adding the "Reporting Procedures of Material Continuities" to the "Operating Procedures For Handling Material Inside Information", in order to strengthen the operational procedures for disaster prevention and emergency response and the notification procedures. - The Group's parent company and the Tanmei Warehouse in

Item	Implementation status																			
				supply interruptions. However, as of the end of 2012, the above situation has not occurred, therefore we reference the NGFS scenario to stimulate possible outcomes ¹ . The analysis shows that the economic losses in China, the United States, and Germany will increase more than those in Taiwan and Hong Kong in 2030.	(estimated on a 365-day basis), the estimated losses are summarized as follows: <table><tr><th>Warehouse</th><th>Estimated Loss / day (USD thousand)</th></tr><tr><td>Taipei Neihu Tanmei</td><td>630</td></tr><tr><td>Taoyuan Housheng</td><td>148</td></tr><tr><td>Shatin, HK</td><td>3,015</td></tr><tr><td>U-Freight, HK</td><td>511</td></tr><tr><td>Futian, Shenzhen China</td><td>803</td></tr><tr><td>Singapore</td><td>236</td></tr></table>	Warehouse	Estimated Loss / day (USD thousand)	Taipei Neihu Tanmei	630	Taoyuan Housheng	148	Shatin, HK	3,015	U-Freight, HK	511	Futian, Shenzhen China	803	Singapore	236	Neihu, Taipei have implemented the ISO 45001 Occupational Health and Safety Management System. Additionally, the Shatin Warehouse in Hong Kong, Tanmei Warehouse in Neihu, Taipei, and Housheng Warehouse in Taoyuan have implemented the ISO 9001 Quality Management System for Warehousing Services. Medium- to long-term - Regularly inspect and assess natural disaster defense measures and processes at operating locations, including warehouse centers, invest in equipment to bolster short-term defense to minimize losses from natural disasters in the future, fortify hardware defense, and enhance organizational disaster resilience. - Regularly evaluate the
Warehouse	Estimated Loss / day (USD thousand)																			
Taipei Neihu Tanmei	630																			
Taoyuan Housheng	148																			
Shatin, HK	3,015																			
U-Freight, HK	511																			
Futian, Shenzhen China	803																			
Singapore	236																			

Item	Implementation status					
						feasibility of additional or moving of warehouses.
	Transition Demand for Low-Carbon Products and Services	Short term (<3 years)	Medium	In response to global decarbonization and to meet low-carbon technology transformation, where low-carbon products and services are preferred, the company may invest additional capital expenditure in research and development on green technology related product line. If the development fails or the agent line does not progress or deliver performance, the Group's operating efficiency will be affected.	In the short term, R&D costs and machinery and equipment purchase costs will increase. If the market demand for the expanded product line rises, the product portfolio and revenue structure will be optimized in the medium and long term; if the product line does not deliver performance, the Company may face less revenue than anticipated. Weikeng's total R&D expenditure reached NT\$ 135,112 thousand in 2023, within which 21.85% was dedicated to green product R&D, which meets the target of no less than 20% of total R&D expenditure.	Short-term: - Proactively engage with upstream and downstream partners to evaluate feasibility of joint R&D projects. Medium to long-term: - Continuously cultivate talents related to green product solutions, and ensure we offer employee benefits and salary that are pari passu with the Company's peers, or introduce more attractive compensation packages to retain talents.
	Extreme Temperature Changes	Short term (<3 years)	Medium	The Company's operating sites are locating in Taiwan, China, and other countries/regions in Southeast Asia,	Losses from business interruptions, resulting in reduced sales revenue and increased operating costs (repair or replacement of operating	Short-term: - Proactively implement GHG inventory management system and evaluate possible mechanisms to reduce

Item	Implementation status					
				namely Singapore, Thailand, Philippines, Vietnam, Malaysia; While our vendors are located in the United States (mainly), Germany, the Netherlands, and China. Given the wide range of operating locations, the Company and its upstream vendor will face changes in extreme temperatures, among which heat waves may cause blackout/energy rationing, transportation interruptions, reduced working days, and physical damage to infrastructure.	equipment): 1. Blackouts or energy rationing may occur due to severe weather, which could result in operating losses. 2. Heat waves may reduce work efficiency or number of working days which could result in operating losses. 3. Heat waves may cause damages to external infrastructure, personnel injury, or potential business interruptions for the Company. 4. Financial losses caused by supply chain disruption due to extreme weather. 5. In order to actively achieve net-zero emissions by 2050, the cost of transition will increase.	GHG emissions, to advocate the government's blueprint for promoting the "2050 Net Zero Emissions" path. - The Company will continue to observe the evaluate relocations of industrial supply chains and the evolution of extreme climate. Medium to long-term: - The Company will introduce or invest in equipment, technology, and systems year by year, that are conducive to energy-saving, energy efficiency improvement, and carbon reduction, including replacing outdated equipment, digital energy saving, purchasing green electricity, and other such measures, to reduce the energy consumption and carbon emissions.
	Note: 1. According to the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) scenarios analysis outcomes, by adopting the					

Opportunity Matrix

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Probability of Occurrence

Opportunity Value :
(Probability of Occurrence)*(Benefit)

Low Opportunity;5-

5 < Medium Opportunity
11

11 < High Oppor'tunity§25

Item	Implementation status					
	6. How 2 high-level opportunities affect the business, strategy, and finances of the business (short, medium, and long term):					
	Topic	Timeframe	Exposure level	Description of opportunity impact scenarios	Potential financial impact caused by the incident	Countermeasures
	Low-Carbon Product/Service Opportunities	Short term (<3 years)	High	In response to the global trend of decarbonization, the company needs to have sufficient technical support and agency rights of relevant products to meet customer needs for low-carbon products and green products, thereby strengthening the Company's contributions to low-carbon products technical support, therefore to add value to both our vendors and clients by the Company's ability of demand creation.	Increase in sales of low-carbon products to meet customers' carbon reduction requirements.	Proactively monitoring and engaging in the development of innovative low-carbon products or services, and to cater industrial changes and insights, the Company will continue to provide design-in solutions relating to low-carbon or energy-efficient solutions to our customers. Although it will increase R&D expenses and operating costs, it is expected to have a positive financial impact in the medium and long term, by increasing sales of low-carbon products to meet customers' carbon reduction requirements.
	Opportunities from Changing Customer Preferences	Short term (<3 years)	High	To cater to customer and stakeholders' preferences, and also to comply with relevant domestic and foreign regulations, the Company has started to	In the short to medium term, operating costs are expected to rise, and in the medium to long term, we expect to garner	Short-term: - The Company has started to implement greenhouse gas inventory management system in advance to meet client needs,

Item	Implementation status					
				implement ISO14064 GHG inventory management system to ensure accuracy and transparency of GHG emissions information.	customers' trust in carbon footprint and carbon reduction performance products and services. In the meantime, we may also mitigate climate litigation or fines which may incur if GHG emission information is not disclosed timely or incomplete.	stakeholder preferences, and domestic and foreign policies. Medium to long-term: - The Company will continue to garner customers' trust in carbon footprint and carbon reduction performance products and services. as well as design-in opportunities for related product solutions, thereby introducing a positive impact on the Company's status in the industry and its financial aspect.
3. Describe the financial impact of extreme weather events and transformative actions.	Regarding the financial impact of extreme weather event (flooding) and transformation actions (carbon tariffs, low-carbon products and services, Transition Demand for Low-Carbon Products and Services), details are as explained in Item 2 above.					
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	1. In order to implement the risk management mechanism, strengthen the risk assessment and supervise the risk-taking ability, the "Policy and Procedures of Risk Management" formulated by the Company had already been approved by the resolution of the Board of Directors on June 29, 2021 as the basis for the implementation of risk management; in September 2022, in accordance with the "Risk Management Best Practice Principles for TWSE/TPEX Listed Companies" promulgated by the Taiwan Stock Exchange, the Company comprehensively revised the Policy and Procedures again, and approved by the resolution of Board of Directors on September 28, 2022 to serve as the highest guiding principle for the Company's risk management. In addition, on April 28, 2023, part of the text was amended due to practical management needs, and the issue of climate change was included in the Policy and Procedures. 2. The Company's risk management procedures at least include five major factors: risk identification, risk analysis, risk assessment, risk response, and supervision and review mechanism. The implementation process and results are recorded.					

Board of Directors (Convener of risk management plans:
Sustainable Development

(identifica
Managerial Officers)

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Senior

Risk Identification, Risk Analysis, Risk Appetite, Risk
Assessment, Risk Response,

Risk Reports and Disclosures

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is .As Ilcdium Risk.

1.°Risk'Identification

To adopt process analysis, situation analysis, questionnaire survey, PESTLE analysis; etc., To adopt process analysis, situations analysis, questionnaire survey; PESTLE analysis, etc., to extensively identify potential risks that may become barriers to goal achievements or incur losses or adverse effects.

2.'Measurement Standards of Risk Analysis

To use quantitative or qualitative measurement standards to analyze the probability and impact of risk events to assess the level of risk exposure.

3.°Risk'appetite(Risk-Tolerance)

To determine risk appetite (risk tolerance) and risk response measures and submit to the Sustainable Development Committee for approval as the basis for subsequent risk assessment and risk response.

4.-Risk-Assessment

To determine the priority level of the risk events by analyzing the risk analysis results and risk appetite and use it as reference for subsequent response options.

5.°Risk'Responses

To determine the methods of its risk responses based on its strategic goals, focuses of internal and external stakeholders, risk appetite and resources available, in order to strike a balance between goal achievement and cost effectiveness. The relevant risk treatment plans formulated shall ensure that the responsible personnel's understanding and execution of relevant matters and continue to monitor the implementation of the risk treatment plans.

6.-Risk-Supervision and Review

To ensure the effective operation of risk management review procedures and relating risk countermeasures and include the review results in the performance assessments and performance reports. Risk management shall be linked to key procedures in the organization in order to ensure effective monitoring and improve the effectiveness of risk management implementation.

Item	Implementation status
	3. Risk management operation and disclosure for 2023 can be found on Company's website: https://www.weikeng.com.tw/content.php?no=88
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Description of risk impact scenarios , parameters, assumptions, analysis factors and major financial impacts used are explained in Item 2 above.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Not applicable
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Not applicable
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each	Not applicable

Item	Implementation status				
year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.					
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	1. As of the end of 2023, the Company's paid-in capital has not yet reached NT\$5 billion. However, we have proactively planned relevant activities in accordance with the regulations for companies with paid-in capital ranging from NT\$5 billion to NT\$10 billion. Therefore, the Company's Sustainable Development Committee, on June 28, 2022, in accordance with the " Roadmap for the Sustainable Development of TWSE and TPEX Listed Companies " issued by the Financial Supervisory Commission in March 2022, discussed and approved the schedule for greenhouse gas inventory and verification for the Company and its consolidated subsidiaries. This includes detailed schedules and organizational structures for inventory and verification, which were submitted to and approved by the Board of Directors on the same day.				
	2. Timeline Goals				
	Inventory Entity	Expected Start Year of Self-Inventory		Expected External Assurance Start Year (Note)	
		Regulation (Below NT\$5 billion)	The Company (Follow NT\$5~10 billion)	Regulation (Below NT\$5 billion)	The Company (Follow NT\$5~10 billion)
	the (parent) Company	2025 (Disclosure in 2026)	2024 (Disclosure in 2025)	2028	Originally scheduled for 2027, moved up to 2025
	Consolidated Subsidiaries and Their Affiliates (WKI/WKS/WTP/WKZ and its affiliates)	2026 (Disclosure in 2027)	2025 (Disclosure in 2026)	2029	Originally scheduled for 2028, moved up to 2026
Note: The expected assurance institution is BSI Taiwan Branch (contract signed)					

Item	Implementation status		
	3. Self-Assessment Results of the Company (Parent Company) in 2023 (1) The inventory boundary includes the Company's (parent company) locations in the Taiwan region (Neihu headquarters in Taipei City + offices in Hsinchu City, Taichung City, and Kaohsiung City), warehouse centers (Neihu Tanmei + Taoyuan Housheng), and subleased warehouses in Sha Tin, Hong Kong, and Futian, Shenzhen China. The greenhouse gases included in the inventory are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃). (2) The conversion coefficients used are sourced from the latest Greenhouse Gas Emission Coefficient Management Table 6.0.4 version published by the Ministry of Environmental, Executive Yuan, International Energy Agency, Table 3.10 from Chapter 3 Book 3 of 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong 2010, Hong Kong SME Carbon Audit Toolkit, 2022 CLP Power Hong Kong Report, and Ministry of Ecology and Environment of the People's Republic of China. (3) Covered Items of Scope and Categories of Inventory		
	Direct (Metric tons of CO₂e) (Scope 1/ Category 1)	Energy indirect (Metric tons of CO₂e) (Scope 2)/Category 2)	Other Indirect Emissions (Metric tons of CO₂e) (Scope 3/Category 3~4)
	1. Gasoline and diesel, primarily used for official vehicles and trucks. 2. Refrigerant replenishment. 3. Water and fertilizer (septic tanks). 4. Fire activities (CO₂ fire extinguishers).	Purchased Electricity from External Sources 1. Taiwan: citing the electricity carbon emission coefficient announced by the Energy Administration, Ministry of Economic Affairs, who updated the electricity carbon emission coefficient quoted in 2022 to 0.495 kg CO₂e/kWh; the carbon emission coefficient for electricity in the year 2023 is calculated as 0.494 kg CO₂e/ kWh. 2. China: citing the electricity carbon emission coefficient 0.0.5703tCO₂/MWh announced by the Ministry of Ecology and Environment of the People's Republic of China.) 3. Hong Kong: citing the electricity carbon emission coefficient 0.39 kg CO₂e/kWh announced by CLP Power Hong Kong per 2022 report.	A. Category 3: 1. Upstream transportation and distribution (packaging materials). 2. Downstream transportation and distribution. 3. Employee commuting. 4. Business travel. B. Category 4: 1. Purchased goods (packaging materials). 2. Indirect emissions from externally purchased energy - purchased electricity. 3. Indirect emissions from externally purchased energy - transportation.

Item	Implementation status					
			C. Category 5-6 is not included in the inventory as the operational activity data does not belong to significant indirect emission sources.			
	(4) Greenhouse Gas Emissions in 2023					
	Direct (Metric tons of CO ₂ e) (Scope 1/ Category 1)	Energy indirect (Metric tons of CO ₂ e) (Scope 2)/Category 2)	Other Indirect Emissions (Metric tons of CO ₂ e) (Scope 3/Category 3~4)	Total emissions (Metric tons of CO ₂ e)	Taiwan parent company sales revenue (NT\$ Million)	Emission intensity (Metric tons of CO ₂ e /NT\$ Million)
	104.43	369.11	1,011.43	1,484.97	33,150.27	0.0448
	4. Carbon reduction: In 2023, the Parent Company's carbon emissions were 1,467.36 metric tons of CO ₂ e, and it is still in the process of implementing ISO 14064-1 greenhouse gas inventory. (1) The Parent Company will conduct its official inventory in 2024. In 2025, it will undergo on-site audit verification by the Taiwan branch of the British Standards Institution (BSI) and disclose emission information for 2024, which will serve as the baseline year for Weikeng (Parent Company) greenhouse gas emissions. (2) Subsidiaries within the Group will conduct their official inventory in 2025. In 2026, they will undergo on-site audit verification by the Taiwan branch of the British Standards Institution (BSI) and disclose emission information for 2025, which will serve as the baseline year for Weikeng Group greenhouse gas emissions.					

(VI) The Company's implementation of ethical corporate management and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Evaluation item	State of operations(Note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
I. Establishment of the ethical corporate management policy and program				No material difference
(I) Has the Company formulated an ethical corporate management policy approved by the Board of Directors, and are the policy and practice of ethical corporate management stated in the Company's regulations and external documents, as well as the commitment of the Board of Directors and the senior management to actively implement the policy?	✓		(I) The Company has established and, as appropriate, timely revised the "Code of Ethical Conduct", " Ethical Corporate Management Best Practice Principles," and "Procedures for Ethical Management and Guidelines for Conduct" approved by the Board of Directors in accordance with regulatory directives from supervisory authorities, which provide high ethical standards for all employees and are disclosed in the Company's official website in both Chinese and English. It is of paramount importance that the Board of Directors and management adopt the highest standards of integrity and ethics in the management of the Company and the work conduct of its employees, prohibiting bribery, corruption, deception and any other forms of improper conduct. Each employee must adhere to the ethical management policy.	
(II) Has the Company established a mechanism for evaluating the risk of unethical conduct, and does it regularly analyze and evaluate the activities in its scope of business with a higher risk of unethical conduct, and, based on this, has it formulated a plan to prevent unethical conduct, which covers at least the preventive measures for the conduct set out in	✓		(II) In order to prevent any unethical conduct, employees must disclose any conduct that has or may have the potential to undermine these Principles, such as actual or potential conflicts of interest. Key employees and senior management must regularly declare their compliance with these Principles. The Company requires all customers, suppliers and partners to declare in writing that they will not engage in any fraudulent or induced unethical conduct in their business dealings with the Company or with management and employees. In addition, the Company also stipulates in Article 11 of the Labor code the relevant penalties for violations of ethical management. If an employee commits fraud, embezzlement of public funds, bribes or commissions, the Company may	No material difference

Evaluation item	State of operations(Note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
Paragraph 2 of Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”?			terminate the employment relationship without notice and may claim damages according to law, and in serious cases, they may be dismissed from office.	
(III) Has the company clearly provided the operating procedures, conduct guidelines, disciplines for violations and a grievance system in its program to prevent unethical acts and have these been implemented, and has the formally disclosed program been regularly reviewed and amended?	✓		(III) The Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, the Company has formulated and timely revised the ""Code of Ethical Conduct", "Ethical Corporate Management Best Practice Principles", and "Procedures for Ethical Management and Guidelines for Conduct"" approved by the Board of Directors in accordance with the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where the Company and its business groups and organizations operate, with a view to providing all personnel of this Corporation with clear directions for the performance of their duties. The main contents include: 1. Applicable subjects ; 2. Unethical conduct ; 3. Types of benefits ; 4. Responsible unit and duties ; 5. Prohibition against providing or accepting improper benefits ; 6. Procedures for handling the acceptance of improper benefits ; 7. Prohibition of and handling procedure for facilitating payments ; 8. Procedures for handling political contributions ; 9. Procedures for handling charitable donations or sponsorships ; 10. Recusal ; 11. Special unit in charge of confidentiality regime and its responsibilities ; 12. Prohibition against unfair competition ;	No material difference

Evaluation item	State of operations(Note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
			13. Prevention of damage caused by products and services to stakeholders ; 14. Prohibition against insider trading and non-disclosure agreement ; 15. Compliance and announcement of policy of ethical management ; 16. Ethical management evaluation prior to development of commercial relationships ; 17. Statement of ethical management policy to counterparties in commercial dealings ; 18. Avoidance of commercial dealings with unethical operators ; 19. Stipulation of terms of ethical management in contracts ; 20. Handling of unethical conduct by personnel of the Company ; 21. Actions upon event of unethical conduct by others towards the Company ; 22. Internal awareness sessions and establishment of a system for rewards, penalties, and complaints, and related disciplinary measures. (IV) The “Ethical Corporate Management Best Practice Principles” approved by the Company’s Board of Directors provide preventive measures against the following conducts: 1. Offering and accepting bribes; 2. Making illegal political contributions; 3. Improper charitable donations or sponsorships; 4. Offering or accepting unreasonable gifts, hospitality or other improper benefits; 5. Infringement of trade secrets, trademarks, patents, copyrights and other intellectual property rights; 6. Engaging in unfair competitive practices; 7. The purchase, provision or sale of products and services that directly or indirectly harm the rights, health and safety of consumers or other stakeholders. The Company regularly publicizes the corporate governance of ethical corporate	

Evaluation item	State of operations(Note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
			management at monthly operation meetings, quarterly staff meetings, and employee training sessions. There is also a whistleblower reporting and appeal system in place to promote ethical corporate management and self-discipline.	
II. Implementation of ethical corporate management (I) Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?	✓		(I)-1 The Company holds monthly operation meetings and requires participants to communicate our ethical corporate management requirements to all business partners. In addition, every business contract contains ethics-related clauses. If these clauses are violated, the Company may terminate the partnership at any time without any other obligation or compensation. (I)-2 The Company's main vendors are major international IDM or fabless plants that have already invested management resources in the 5 major aspects of labor, health and safety, the environment, ethical norms, and management systems, to comply with the regulatory requirements of RBA/Electronics Industry Citizenship Coalition (EICC). As the distributor of these upstream vendors, we will continue to consolidate downstream customers and partners in the entire supply chain to pay attention to social and environmental issues. (I)-3 In terms of non-vendor suppliers (contractors and common service providers), the "Supplier Code of Conduct" was approved by the Board of Directors on May 14 2020. Up until the end of 2023, a total of 82 non-vendor suppliers/contractors have signed the Letter of Undertaking for Compliance with Responsible Business Alliance (RBA), and which general content of the Letter: The Company reiterates the importance of integrity and honesty in the business cooperation between the two parties. Weikeng firmly prohibits any corruption and/or bribery activities, and has the same requirements for its various businesses and its third-party suppliers. Weikeng will never condone accepting or giving gifts, presents or entertainment that may be considered as bribery, and has explicitly requested its employees (including their family members, relatives and friends) not to accept such	No material difference

Evaluation item	State of operations(Note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
			gifts, presents or entertainment. (I)-4 As of the end of December 2023, a total of 33 vendors have signed distributor contracts with the Company that include anti-corruption/anti-bribery) and other clauses of similar meaning, and the content also requires the two parties to prohibit any dishonest behavior such as bribery during the commercial cooperation. (I)-5 As of the end of December 2023, a total of 294 customers of the Company have signed relevant integrity commitments and other similar integrity requirements with the Company, and the content also requires the two parties to prohibit any dishonest behavior such as bribery during the commercial cooperation.	
(II) Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management and regularly report (at least once a year) to the Board of Directors on its ethical management policy and does it plan to prevent unethical conduct and monitor its implementation?	✓		(II) Based on duties and responsibilities, the Sustainable Development Committee is the supervisory unit that oversees the formulation of the Company's objectives, strategies and implementation plans for the Company's ethical management. An Executive Office and a Sustainable Development Group has been set up under the Committee, responsible for the implementation and promotion of corporate governance and ethical management. The members of the Sustainable Development Group are part of the Company's Chairman's Office and President's Office. Relevant implementation matters are reported to the Sustainability Committee and the Board of Directors on a quarterly basis (in principle). A "Annual Summary Report" shall be prepared and submitted by the end of January of the following year.	No material difference
(III) Does the Company have a policy to prevent conflicts of interest, provide appropriate channels for explanation, and implement it?	✓		(III)-1 In addition to establishing the "Code of Ethical Conduct", "Ethical Corporate Management Best Practice Principles", "Corporate Governance Best Practice Principles", "Code of Conduct for Suppliers", "Sustainable Development Policy", "Sustainable Development Best Practice Principles", "Operating Procedures For Handling Material Inside Information", and "Whistle-blowing System", approved by the Board of Directors to handle conflicts of interest, we also thoroughly comply with the "Company Act", "Securities and Exchange Act", "Business Entity Accounting Act", "Political Donations	No material difference

Evaluation item	State of operations(Note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
			Act”, “Act to Implement United Nations Convention against Corruption”, “Government Procurement Act”, “Act on Recusal of Public Servants Due to Conflicts of Interest”, and other regulations regarding TWSE-listed companies. (III)-2 The product distribution contract entered into between the Company and upstream vendors meets the requirements of domestic and foreign vendors. At the same time, when we conduct trade transactions with downstream customers, the procurement contract or integrity pledge entered into between the Company and the customer specifies a conflict of interest management mechanism. (III)-3 In accordance with the whistle-blowing system, we have established reporting channels, and provide an internal audit supervisor and legal supervisor hotline and email to receive and submit information regarding conflicts of interest.	
(IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management, and does the internal audit unit draw up relevant audit plans based on the evaluation results of risk of unethical conduct and audit the compliance of the plan to prevent unethical conduct or entrusts CPAs to perform the audit?	✓		(IV) The Company has established an accounting and internal control system to ensure ethical corporate management. The internal audit supervisor conducts risk assessment based on possible unethical business practices, includes these items in the annual audit plan, and reports the audit results to the Audit Committee and the Board of Directors. Up to now, the Company has not appointed any CPAs to perform audits.	No material difference
(V) Does the company organize internal or external training on a regular basis to maintain ethical management?	✓		(V) The Company conducts regular education on ethical practices, code of ethical conduct, conflict of interest avoidance, and all other related topics by senior management and the legal supervisor at monthly operating meetings and	No material difference

Evaluation item	State of operations(Note 1)					Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons		
	Yes	No	Summary description					
			quarterly all staff meetings. 1. In 2023, the legal supervisor and chief financial officer performed training and promotion on ethical practices, the code of ethical conduct, and the prohibition of insider/swing trading at training courses for new employees as well as all other staff. 2. Annual anti-corruption training for all employees, supervisors and newcomers in 2023					
			Date	Promotion sessions	Number of participants	Hours		Course Content
			2023/03/30	Operation Meeting (Executive Management Meeting)	48	0.5		1. Directors, executive officers, and other insiders or employees of the Company are not allowed to engage in short-swing trading, insider trading, or asymmetrical market information for profit. 2. Introduction to short-swing trading and insider trading - source of law, definition of violation, purpose of legislation, definition (scope) of insider, trading time, use of insider information, scope of securities and legal liability. The content of this introduction has been published on the eHR platform of the Company's intranet.
			2023/04/12 & 13	New Employees Training	10	1.0		
			2023/04/14	Staff Meeting	338	0.5		
			2023/07/14	Staff Meeting	339	0.5		
			2023/07/25 & 26	New Employees Training	12	1.0		

Evaluation item	State of operations(Note 1)						Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description				
			2023/10/19	Staff Meeting	345	0.5	3.Explanation of the Company’s Ethical Corporate Management Best Practice Principles and Codes of Ethical Conduct.
			2023/12/5	Operation Meeting (Executive Management Meeting)	42	0.5	
			2023/12/13 & 14	New Employees Training	11	1.0	
III. Operation of the Company’s whistleblower system (I) Has the Company set up a specific whistleblower reporting and reward system, a convenient reporting channel, and are appropriate personnel designated to deal with the reported matters?	✓		(I)-1 The Company’s whistle-blowing system was formulated by the Board of Directors on January 24, 2017, and revised by the Board of Directors on July 24, 2018, and November 11, 2022, which also establishes and announces reporting hotlines, reporting email and other acceptance channels on the Company's official website and intranet to provide internal and external personnel with the opportunity to report and accept crimes, fraud or illegal events. (I)-2 Internal and external whistleblowers may file a whistleblower complaint by letter, email and telephone: 1. Address: Whistleblower Unit, 11F, No. 308, Sec. 1, Neihu Rd, Neihu Dist., Taipei City 2. Email: whistleblower@weikeng.com.tw (Emails will be automatically forwarded to the audit supervisor and the head of the Legal Office).				No material difference

Evaluation item	State of operations(Note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
			3. Whistleblower hotline: +886-2-26590202, extension 531 for the head of the Audit Office; extension 533 for the head of the Legal Office.	
(II) Has the Company formulated standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms?	✓		(II)-1 In the whistle-blowing system, we have specified the process for handling whistleblowing with respect to the registration, acceptance, investigation and reporting process for compliance. (II)-2 The staff who receive a report from a whistleblower shall handle the information associated with the whistleblower and the specific content of the matter being reported in strict confidentiality. The relevant investigation shall be carried out without exposing the identity of the whistleblower. Unless agreed by the whistleblower, under no circumstances shall the name, workplace, or contact information of the whistleblower be made public. For any breach of confidentiality or improper performance of duties by the staff who receive reports from whistleblowers, disciplinary action will be taken according to the circumstances and consequences. (II)-3 After the investigation team has completed the necessary investigation procedures, a corresponding investigation report is issued based on the verified facts. The report is provided to the HR department when necessary. The responsible unit will report the whistleblowing matter, handling method and subsequent improvement measures to the Audit Committee and Board of Directors. Whistleblowing matters proven to be true and in significant violation of national law will be referred to the judicial authorities.	No material difference
(III) Does the Company take measures to protect whistleblowers from being improperly handled due to reporting?	✓		(III)-1 The Company takes whistleblower protection very seriously and its core purpose is to protect employees who work hard to identify potential unlawful practices from being retaliated against. If not necessary, whistleblowers will refrain from meeting directly with the person being reported on in order to prevent any risks to the whistleblower. No unit or individual may block or suppress a whistleblowing matter or retaliate against the whistleblower and the investigator. If proven true, those who retaliate against the whistleblower	No material difference

Evaluation item	State of operations(Note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
			or the investigator will be handled in accordance with the Company's regulations and referred to the judicial authorities if the crime is significant. (III)-2 The Company has a whistleblower protection hotline. If necessary, senior executives, independent directors and the Board of Directors can directly review and determine the appropriate action to respond to retaliation.	
IV. Enhancement of information disclosure Does the Company disclose the content and effectiveness of its Ethical Corporate Management Principles on its website and the Market Observation Post System?	✓		The Company is committed to promoting a codes of ethical conduct for integrity among all employees. Periodically, through advocacy, communication, and training programs, we convey the principles of integrity and honesty to colleagues and partners. Together, we strive to implement the principles of ethical management. The Company discloses the content of its Ethical Corporate Management Best Practice Principles on its website and Market Observation Post System(MOPS). As of the publication date of this Annual Report, the Company has not encountered any incidents of violation of the Ethical Corporate Management Best Practice Principles or reports of such violations. For the implementation of publicity and education on the implementation of the ethical corporate management in 2023, please refer to the above Implementation of ethical corporate management (V) in II.	No material difference
V. For companies that have established Ethical Corporate Management Best-Practice Principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies", please describe the current practice and differences from the principles: There is no material difference, but the Company keeps an eye on the development of domestic and international regulations related to ethical corporate management and encourages directors, managerial officers and employees to make suggestions to review and improve the Company's Ethical Corporate Management Best Practice Principles in order to enhance the effectiveness of the Company's ethical corporate management.				
VI. Other important information that is helpful to understand the implementation of ethical corporate management (for example, if the Company reviews and amends its ethical corporate management principles): 1. The Company's "Operating Procedures for Handling Material Inside Information" have been amended in line with the regulation stating that insiders, included not limited to directors, may not trade in the Company's shares listed on the TPEX or other equity-type securities of the Company during the				

Evaluation item	State of operations(Note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
lock-up period before the publication of the annual report. The amendment was approved by the Board of Directors on March 25, 2022.				
2. For material contingencies information, the reporting system is clearly defined to ensure that all members of the Board are able to fully grasp the Company's material contingencies information, so that the directors can better fulfill their roles. Provisions of the "Reporting procedures of material contingencies" will be added to Article 14-1 in Chapter 4 of the "Operating Procedures for Handling Material Inside Information". This is due to be reported to the Audit Committee and Board meeting on January 13, 2023, for resolution, so that the reporting process will have a written system and be more systematic.				

(VII) Corporate Governance Guidelines and Regulations

Please refer to the Corporate Governance section on the Taiwan Stock Exchange's Market Observation Post System (<http://mops.twse.com.tw>) and the Company's official website (www.weikeng.com.tw).

(VIII) Other Important Information Regarding Corporate Governance

Please refer to the relevant information in the Corporate Governance section of the Company's official website (www.weikeng.com.tw).

(IX) Implementation of Internal Control Systems

1. Internal Control System Statement

**WEIKENG INDUSTRIAL Co., Ltd.
Internal Control System Statement**

Date: March 11, 2024

In 2023, the Company conducted an internal audit of its internal control system and hereby declares the following:

- (1) The Company acknowledges and understands that the establishment, enforcement and maintenance of the internal control system are the responsibility of the Board of Directors and management, and that the company has already established such a system. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations (including profitability, performance and security of assets), reliability of financial reporting and compliance with relevant regulatory requirements.
- (2) There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the operating environment and situation may change, impacting the effectiveness of the internal control system. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- (3) The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The criteria introduced by the "Governing Regulations" cover the process of management control and consist of five major elements, each representing a different stage of internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each of the elements in turn contains certain audit items. Please refer to "Governing Regulations" for details.
- (4) The Company has adopted the aforementioned measures for an examination of the effectiveness of the design and implementation of the internal control system.
- (5) Based on the findings of the aforementioned examination, the Company believes it can reasonably assure that the design and implementation of its internal control system as of December 31, 2022 (including supervision and management of subsidiaries), including the effectiveness and efficiency in operation, reliability in financial reporting and compliance with relevant regulatory requirements, have achieved the aforementioned objectives.
- (6) This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. If any fraudulent information, concealment or unlawful practices are discovered in the content of the aforementioned information, the Company shall be held liable under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- (7) This statement was passed by the Board of Directors on March 11, 2024, with none of the seven attending Directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

**Chairman: Hu, Chiu- Chiang
President: Chi, Ting-Fang**

- 2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report:** No such situation exists.

- (X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year**

up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement.

No such situation exists.

(XI) Material resolutions of a shareholders meeting or a Board of Directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

Meeting		Date	Major resolutions										
Shareholders' Meeting	2023/6/14	1. Acknowledgement on the 2022 Business Report and the Financial Statements, including individual financial statements and consolidated financial statements RESOLVED : Approved after voting, voting results were as follows:											
		Number of votes represented by attending shareholders	Approval Votes		Disapproval Votes	Invalid Votes	Abstention Votes/No Votes						
			Number	Percentage	Number	Number	number						
		297,440,615	285,349,139 (including E-Voting)	95.93%	39,295 (Including E-Voting)	0	12,052,181 (Including E-Voting)						
		Implementation: The Company disclosed it on the Company's official website, which was then acknowledged by the shareholders meeting.											
		2. Acknowledgement on the 2022 Earnings Distribution Plan RESOLVED : Approved after voting, voting results were as follows:											
		Number of votes represented by attending shareholders	Approval Votes		Disapproval Votes	Invalid Votes	Abstention Votes/No Votes						
			Number	Percentage	Number	Number	number						
		297,440,615	285,740,424 (including E-Voting)	96.06%	39,304 (Including E-Voting)	0	11,660,887 (Including E-Voting)						
		Implementation: <table><tr><td rowspan="2">Date of Ex-dividends</td><td colspan="2">Cash Dividends</td></tr><tr><td>Per Share</td><td>Date of Distribution</td></tr><tr><td>2023/8/2</td><td>@3.06721661</td><td>2023/9/1</td></tr></table>						Date of Ex-dividends	Cash Dividends		Per Share	Date of Distribution	2023/8/2
Date of Ex-dividends	Cash Dividends												
	Per Share	Date of Distribution											
2023/8/2	@3.06721661	2023/9/1											
3. Discussion on the amendments of some articles to the Company's Articles of Incorporation RESOLVED : Approved after voting, voting results are as follows:													
Number of votes represented by attending shareholders	Approval Votes		Disapproval Votes	Invalid Votes	Abstention Votes/No Votes								
	Number	Percentage	Number	Number	number								
297,440,615	284,900,241 (including E-Voting)	95.78%	182,642 (Including E-Voting)	0	12,357,732 (Including E-Voting)								
Implementation: The Company's amended Articles of Incorporation had been approved for registration on June 26, 2023 by the Ministry of Economic Affairs, R.O.C.													
Board Meeting in 2023	Date of Meeting	Meeting Sessions	Contents of Motion		Resolution								
	2023/1/13	1 st meeting in 2023	1. Acknowledgement on the Board Performance Evaluation Report issued by the "Taiwan Corporate Governance Association"		Approved as proposed after the chairperson consulted all present directors.								
			2. Discussion on the amendment of the Company's "Succession Planning for Board Members and Key Senior Management"		Approved as proposed after the chairperson consulted all present directors.								
			3. Discussion on the some amendment of the Company's "Corporate Governance Best Practice		Approved as proposed after the chairperson consulted all present directors.								

			Principles”	
			4. Discussion on the amendment of some articles to the Company’s “Standard Operating Procedures for Handling Directors' Requests”	Approved as proposed after the chairperson consulted all present directors.
			5. Discussion on the Company’s professional fees of CPAs of KPMG Taiwan for 2023	Approved as proposed after the chairperson consulted all present directors.
			6. Discussion on the evaluation of CPA’s independence and suitability for the Company’s 2023 annual financial statements	Approved as proposed after the chairperson consulted all present directors.
			7. Discussion on the amendment of some articles to the Company’s “Operating Procedures For Handling Material Inside Information”	Approved as proposed after the chairperson consulted all present directors.
			8. Discussion on the Company’s endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	Approved as proposed after the chairperson consulted all present directors.
			9. Discussion on the Company’s endorsements and guarantees for 100% owned subsidiary WEIKENG TECHNOLOGY PTE LTD.	Approved as proposed after the chairperson consulted all present directors.
			10. Discussion on the amendment of some articles to the Company’s " Protection of Human Rights Policy "	Approved as proposed after the chairperson consulted all present directors.
			11. Discussion on the preparation of the Company’s 2022 operating budget	Approved as proposed after the chairperson consulted all present directors.
			12. Discussion on the Company’s “Emoluments Policy for directors and employees (including executive officers)	Approved as proposed after the chairperson consulted all present directors.
			13. Discussion on the 2022 year-end bonus for Executive Officers of the Company and its important subsidiary WEIKENG INTERNATIONAL CO., LTD.	Except for directors HU, CHIU-CHIANG (@Douglas Hu) and CHI, TING-FANG (@Stan Chi) who also served as executive officers and did not participate in voting due to their own interests, the chairman appointed acting chairman director CHEN, CHENG-FONG (@Eric Chen) to consult the remaining directors present, and the motion was approved as proposed.
			14. Discussion on the Company’s application for the renewal or increase of banking facilities	Approved as proposed after the chairperson consulted all present directors.
	2023/3/15	2 nd meeting in 2023	1. Discussion on the approval of accounting entry for the Company’s remuneration of employees and directors in 2022	Approved as proposed after the chairperson consulted all present directors.
			2. Acknowledgment of the Company’s 2022 self-assessed financial information and financial reports	Approved as proposed after the chairperson consulted all present directors.
			3. Discussion on the Company’s 2022 Internal Control System Statement	Approved as proposed after the chairperson consulted all present directors.
			4. Discussion on the amendment of the Company’s "General Principles of Pre-Approved Non-Assurance Service Policy"	Approved as proposed after the chairperson consulted all present directors.
			5. Discussion on the Company’s endorsements and guarantees for 100%	Approved as proposed after the chairperson consulted all present directors.

			owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	
			6. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG TECHNOLOGY PTE LTD.	Approved as proposed after the chairperson consulted all present directors.
			7. Discussion on the Company's application for the renewal or increase of banking facilities	Approved as proposed after the chairperson consulted all present directors.
			8. Discussion on the holding date and time, venue, proposal and related matters of the Company's 2023 Annual General Meeting of shareholders	Approved as proposed after the chairperson consulted all present directors.
			9. Discussion on the amendment of some articles to the Company's "Remuneration Management Rules for Directors and Executive Officers "	Approved as proposed after the chairperson consulted all present directors.
	2023/4/28	3 rd meeting in 2023	1. Discussion on the Company's 2022 business report	Approved as proposed after the chairperson consulted all present directors.
			2. Discussion on the 2022 Surplus Earnings Distribution Plan	Approved as proposed after the chairperson consulted all present directors.
			3. Discussion on the addition of the Company's "Rules Governing Financial and Business Matters Between the Company and its Related Parties"	Approved as proposed after the chairperson consulted all present directors.
			4. Discussion on the amendment of some provisions to the Company's "Rules for Monitoring and Controlling Operations of Subsidiaries", "Measures for the Supervision of Reinvested Businesses with Controlling Power", and "Operation and Management Measures for Overseas Subsidiaries"	Approved as proposed after the chairperson consulted all present directors.
			5. Discussion on the amendment of some provisions to the Company's "Administrative Measures for Collection of Bank Facility Guarantee Service Fees and Management Service Consulting Fees for Franchise of Product Lines from Subsidiaries " and its attachments	Approved as proposed after the chairperson consulted all present directors.
			6. Discussion on the major themes of the Company's 2022 ESG Sustainability report	Approved as proposed after the chairperson consulted all present directors.
			7. Discussion on the amendment of some articles to the Company's " Sustainable Development Committee Charter"	Approved as proposed after the chairperson consulted all present directors.
			8. Discussion on the amendment of some articles to the Company's " Policy and Procedures of Risk Management "	Approved as proposed after the chairperson consulted all present directors.
			9. Discussion on the amendment of some articles to the Company's Articles of Incorporation	Approved as proposed after the chairperson consulted all present directors.
			10. Discussion on the correction of the causes for convening the Company's 2023 Annual General Meeting of Shareholders and the addition of new proposals	Approved as proposed after the chairperson consulted all present directors.

			11. Discussion on the approval of the Company's Board members diversity policy and its specific management objectives	Approved as proposed after the chairperson consulted all present directors.
			12. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	Approved as proposed after the chairperson consulted all present directors.
			13. Discussion on the application for the renewal or increase of banking facilities to the subsidiary WEIKENG INTERNATIONAL (Shanghai) CO., LTD.	Approved as proposed after the chairperson consulted all present directors.
			14. Discussion on the Company's application for the renewal or increase of banking facilities	Approved as proposed after the chairperson consulted all present directors.
	2023/5/12	4 th meeting in 2023	1. Acknowledgement on the Company's consolidated financial report for the 1st quarter of 2023	Approved as proposed after the chairperson consulted all present directors.
			2. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG TECHNOLOGY PTE LTD.	Approved as proposed after the chairperson consulted all present directors.
			3. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	Approved as proposed after the chairperson consulted all present directors.
			4. Discussion on the Company's application for the renewal or increase of banking facilities	Approved as proposed after the chairperson consulted all present directors.
	2023/6/30	5 th meeting in 2023	1. Acknowledgement on the Company's 2022 ESG Sustainability Report	Approved as proposed after the chairperson consulted all present directors.
			2. Discussion on the determination of the ex-dividend date for the distribution of 2022 cash dividends on ordinary shares of the Company in 2023	Approved as proposed after the chairperson consulted all present directors.
			3. Discussion on the determination of the suspended conversion period of the Company's 6th domestic unsecured convertible corporate bonds	Approved as proposed after the chairperson consulted all present directors.
			4. Discussion on the conversion price adjustment of the Company's 5th and 6th domestic unsecured convertible corporate bonds	Approved as proposed after the chairperson consulted all present directors.
			5. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG TECHNOLOGY PTE LTD.	Approved as proposed after the chairperson consulted all present directors.
			6. Discussion on the application for the renewal or increase of banking facilities to the subsidiary WEIKENG INTERNATIONAL (Shanghai) CO., LTD.	Approved as proposed after the chairperson consulted all present directors.
			7. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	Approved as proposed after the chairperson consulted all present directors.
			8. Discussion on the Company's application for the renewal or increase of banking facilities	Approved as proposed after the chairperson consulted all present directors.

			9. Discussion on the record date of capital increase for the conversion of the Company's 6 th domestic unsecured convertible corporate bonds into new shares	Approved as proposed after the chairperson consulted all present directors.
	2023/7/28	6 th meeting in 2023	1. Discussion on the Company's 2022 employee remuneration distribution	Approved as proposed after the chairperson consulted all present directors.
			2. Discussion on the amendments of the Company's "Succession Planning for Board Members and Key Senior Management"	Except for directors HU, CHIU-CHIANG (@Douglas Hu) and CHI, TING-FANG (@Stan Chi) who also served as executive officers and did not participate in voting due to their own interests, the chairman appointed acting chairman independent director TSAI, YU-PING (@Edward Tsai) to consult the remaining directors present, and the motion was approved as proposed.
	2023/8/11	7 th meeting in 2023	1. Acknowledgement on the Company's consolidated financial report for the 2nd quarter of 2023	Approved as proposed after the chairperson consulted all present directors.
			2. Acknowledgment on the addition of the Company's "Greenhouse Gas Inventory Management Procedures" and "Greenhouse Gas Internal Verification Operation Procedures"	Approved as proposed after the chairperson consulted all present directors.
			3. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG TECHNOLOGY PTE LTD.	Approved as proposed after the chairperson consulted all present directors.
			4. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	Approved as proposed after the chairperson consulted all present directors.
			5. Discussion on the Company's application for the renewal or increase of banking facilities	Approved as proposed after the chairperson consulted all present directors.
	2023/10/6	8 th meeting in 2023	1. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG TECHNOLOGY PTE LTD.	Approved as proposed after the chairperson consulted all present directors.
			2. Discussion on the application for the renewal or increase of banking facilities to the subsidiary WEIKENG INTERNATIONAL (Shanghai) CO., LTD.	Approved as proposed after the chairperson consulted all present directors.
			3. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	Approved as proposed after the chairperson consulted all present directors.
			4. Discussion on the Company's application for the renewal or increase of banking facilities	Approved as proposed after the chairperson consulted all present directors.
			5. Discussion on the record date of capital increase for the conversion of the Company's 6 th domestic unsecured convertible corporate bonds into new shares	Approved as proposed after the chairperson consulted all present directors.
	2023/11/13	9 th meeting in 2023	1. Discussion on the Company's professional fees of CPAs of KPMG Taiwan for 2024	Approved as proposed after the chairperson consulted all present directors.
			2. Discussion on the evaluation of CPA's independence and suitability for the Company's 2024 annual financial	Approved as proposed after the chairperson consulted all present directors.

			statements	
			3. Discussion on whether the Company's subsidiaries' major overdue accounts as of September 30, 2023 are in the nature of fund lending	Approved as proposed after the chairperson consulted all present directors.
			4. Acknowledgement on the Company's consolidated financial report for the 3rd quarter of 2023	Approved as proposed after the chairperson consulted all present directors.
			5. Discussion on the audit plan of the Company (including subsidiaries) for 2024	Approved as proposed after the chairperson consulted all present directors.
			6. Discussion on the authorization of Company's chief financial officer Chou, Kan-Lin (@Fama Chou) to sign CUSTOMS POWER OF ATTORNEY (the "POA")	Approved as proposed after the chairperson consulted all present directors.
			7. Discussion on the application for the renewal or increase of banking facilities to the subsidiary WEIKENG INTERNATIONAL (Shanghai) CO., LTD.	Approved as proposed after the chairperson consulted all present directors.
			8. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	Approved as proposed after the chairperson consulted all present directors.
			9. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG TECHNOLOGY PTE LTD.	Approved as proposed after the chairperson consulted all present directors.
			10. Discussion on the Company's application for the renewal or increase of banking facilities	Approved as proposed after the chairperson consulted all present directors.
Board Meeting in 2024	Date of Meeting	Meeting Sessions	Contents of Motion	Resolution
	2024/1/31	1 st meeting in 2024	1. Discussion on the preparation of the Company's 2024 operating budget	Approved as proposed after the chairperson consulted all present directors.
			2. Discussion and Approval of Key Topics for the Company's 2023 Year Sustainability Report.	Approved as proposed after the chairperson consulted all present directors.
			3. Discussion on the amendment of some articles to the Company's "Sustainable Development Best Practice Principles"	Approved as proposed after the chairperson consulted all present directors.
			4. Discussion on the amendment of some articles to the Company's "Ethical Corporate Management Best Practice Principles "	Approved as proposed after the chairperson consulted all present directors.
			5. Discussion on the additions of the Company's "Procedures for Ethical Management and Guidelines for Conduct "	Approved as proposed after the chairperson consulted all present directors.
			6. Discussion on the 2023 year-end bonus for Executive Officers of the Company and its important subsidiary WEIKENG INTERNATIONAL CO., LTD.	Except for directors HU, CHIU-CHIANG (@Douglas Hu) and CHI, TING-FANG (@Stan Chi) who also served as executive officers and did not participate in voting due to their own interests, the chairman appointed acting chairman independent director LIN, HUNG(@Vincent Lin) to consult the remaining directors present, and the motion was

				approved as proposed.
	2024/3/11	2 nd meeting in 2024	1. Discussion on the approval of accounting entry for the Company's remuneration of employees and directors in 2023	Approved as proposed after the chairperson consulted all present directors.
			2. Acknowledgment of the Company's 2023 self-assessed financial information and the Independent Auditors' audited financial reports	Approved as proposed after the chairperson consulted all present directors.
			3. Discussion on the Company's 2023 business report	Approved as proposed after the chairperson consulted all present directors.
			4. Discussion on the Company's 2023 Internal Control System Statement	Approved as proposed after the chairperson consulted all present directors.
			5. Discussion on changing the appointment of the Independent Auditors for the 2024 financial reports and assessing the Independent Auditors' independence and suitability	Approved as proposed after the chairperson consulted all present directors.
			6. Discussion on the amendment of some articles to the Company's "Audit Committee Charter"	Approved as proposed after the chairperson consulted all present directors.
			7. Discussion on the amendment of some articles to the Company's "Rules and Procedures of Board of Directors Meeting"	Approved as proposed after the chairperson consulted all present directors.
			8. Discussion on shareholder proposals and nomination of Directors (Including Independent Directors) for the 2024 Annual General Meeting	Approved as proposed after the chairperson consulted all present directors.
			9. Discussion on the amendments of the Company's "Succession Planning for Board Members and Key Senior Management"	Approved as proposed after the chairperson consulted all present directors.
			10. Discussion on the Company's Directors (including Independent Directors) candidate list and qualification review	- Director candidate Hu, Chiu-Chiang (@Douglas Hu), being the chairperson of the meeting, recused himself from voting due to a conflict of interest. The chairperson designated independent director Tsai, Yu-Ping (@Edward Tsai) to act as the proxy chairperson. Upon consultation by the proxy chairperson with all other attending directors, the proposal was approved accordingly. - Director candidate Chi, Ting-Fang (@Stan Chi) recused himself from voting due to a conflict of interest. Upon the chairperson's inquiry and with the consent of all other directors present, the proposal was approved as per the agenda. - Director candidate Chen, Cheng-Fong (@Eric Chen), representative of Weiji Investment Co., Ltd. recused himself from voting due to a conflict of interest. Upon the chairperson's inquiry and with the consent of all other directors present, the proposal was approved as per the agenda. - Director candidate Chen, Kuan-Hua (@Bill Chen) recused himself from voting due to a conflict of interest. Upon the chairperson's inquiry and with the consent of all other directors present, the proposal was approved as per the agenda. - Independent Director candidate Lin, Hung (@Vincent Lin) recused himself from voting due to

				a conflict of interest. Upon the chairperson's inquiry and with the consent of all other directors present, the proposal was approved as per the agenda. 6. Independent Director candidate Yu, Hsueh-Ping (@Peggy Yu recused herself from voting due to a conflict of interest. Upon the chairperson's inquiry and with the consent of all other directors present, the proposal was approved as per the agenda. 7. Independent Director candidate Wang, Chien-Chih (@Jeffrey Wang), upon the chairperson's inquiry and with the consent of all directors present, was approved as per the agenda.
			11. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	Approved as proposed after the chairperson consulted all present directors.
			12. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG TECHNOLOGY PTE LTD.	Approved as proposed after the chairperson consulted all present directors.
			13. Discussion on the Company's application for the renewal or increase of banking facilities	Approved as proposed after the chairperson consulted all present directors.
			14. Re-election of all Directors(including Independent Directors)	Approved as proposed after the chairperson consulted all present directors.
			15. Discussion on releasing the new Directors (including Independent Directors and the representative of Juristic Person Director) of the Company from Non-Competition restrictions	Approved as proposed after the chairperson consulted all present directors.
	2024/4/18	3 rd meeting in 2024	1. Discussion on the 2023 Surplus Earnings Distribution Plan	Approved as proposed after the chairperson consulted all present directors.
			2. Discussion on the implementation of an employee (including executive officers) stock trust plan for the Company.	Except for directors HU, CHIU-CHIANG (@Douglas Hu) and CHI, TING-FANG (@Stan Chi) who also served as executive officers and did not participate in voting due to their own interests, the chairman appointed acting chairman independent director Tsai, Yu-Ping (@Edward Tsai) to consult the remaining directors present, and the motion was approved as proposed.
			3. Discussion on the establishment of a wholly-owned subsidiary in the United States through reinvestment by the Company	Approved as proposed after the chairperson consulted all present directors.
	2024/5/6	4 th meeting in 2024	1. Discussion on the issuance of employee stock warrants at an exercise price lower than prevailing market price	Approved as proposed after the chairperson consulted all present directors. (with the attendance of over two-thirds of the directors and the consent of more than half of the attending directors)
			2. Amendment to the reasons for convening the 2024 Annual General Meeting of Shareholders and addition of agenda items	Approved as proposed after the chairperson consulted all present directors.
			3. Discussion on amendments to certain articles of the Company's Sustainable Development Committee Charter	Approved as proposed after the chairperson consulted all present directors.
			4. Discussion on renaming and amending certain articles of the Company's "Sustainability Report Preparation and Verification Procedures"	Approved as proposed after the chairperson consulted all present directors.

			5. Discussion on amending certain articles of the Company's "Information and Cyber Security Policy and Management Regulations"	Approved as proposed after the chairperson consulted all present directors.
			6. Acknowledgement on the Company's consolidated financial report for the 1 st quarter of 2024	Approved as proposed after the chairperson consulted all present directors.
			7. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG TECHNOLOGY PTE LTD.	Approved as proposed after the chairperson consulted all present directors.
			8. Discussion on the application for the renewal or increase of banking facilities to the subsidiary WEIKENG INTERNATIONAL (Shanghai) CO., LTD.	Approved as proposed after the chairperson consulted all present directors.
			9. Discussion on the Company's endorsements and guarantees for 100% owned subsidiary WEIKENG INTERNATIONAL CO., LTD.	Approved as proposed after the chairperson consulted all present directors.
			10. Discussion on the Company's application for the renewal or increase of banking facilities	Approved as proposed after the chairperson consulted all present directors.
			11. Discussion on the application for the renewal or increase of banking facilities to the subsidiary WEIKENG INTERNATIONAL (Shanghai) CO., LTD.	Approved as proposed after the chairperson consulted all present directors.

(XII) Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors
No such situation exists.

(XIII) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer
No such situation exists.

V. Information on the professional fees of the Certified Public Accountants (CPAs)

(I) The amounts of the audit fees and non-audit fees paid to the Certified Public Accountants (CPAs) and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit fees (NT\$ thousand)	Non-audit fees (NT\$ thousand)	Total (NT\$ thousand)	Remarks/specify details

KPMG Taiwan	Au, Yiu-Kwan	2023/1/1~ 2023/12/31	Fees for auditing, attesting, and reviewing of financial reports: 3,670	Fees for tax service and business registration :1,401	5,071	The Company's Administrative Division regularly evaluates the independence of the attesting CPAs in accordance with Article 47 of the Certified Public Accountant Act, Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountant and the independence declaration/independence and competence evaluation form issued by KPMG. After an evaluation by the Audit Committee and the Board of Directors on January 13, 2023 respectively, it was resolved that the two CPAs listed in the left column have met the evaluation criteria of independence and suitability to audit and attest the 2023 financial report.
	Kuo, Kuan-Yin	2023/1/1~ 2023/12/31				

- 1. If the non-audit fees paid to the CPA, the CPA's accounting firm and its affiliated enterprises is more than one quarter of the audit fees, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed:** Details as the above table.
- 2. If the accounting firm is changed and the audit fees paid in the year of the replacement is less than that of the previous year, the amounts of the audit fees before and after the replacement and the causes shall be disclosed:** None.
- 3. If the audit fees were reduced more than 10% from that of the prior year, the reduction amount, percentage and reasons for the reduction of audit fees shall be disclosed:** None.

(II) The audit fees referred to in the preceding item means the professional fees paid by the Company to KPMG, Taiwan for auditing, attesting, and reviewing of financial reports.

VI. Information on Replacement of Certified Public Accountants (CPAs)

(I) Regarding the former CPA

Replacement Date	February 26, 2024		
Replacement reasons and explanations	The former CPAs of the Company were Mr. Au, Yiu-Kwan and Ms. Kuo, Kuan-Ying fom KPMG, Taiwan firm. Due to internal restructuring at KPMG, Taiwan firm , the CPAs of the Company were changed to Mr. Au, Yiu-Kwan and Ms. Hsin, Yu- Ting , starting from March 11, 2024 (the first quarter of 2024)		
Describe whether the Company terminated or the CPA did not accept the engagement	Parties		
	Status	CPA	The Company
	Termination of engagement	√	-
	No longer accepted (discontinued) the engagement	-	-
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	None		
Disagreement with the Company	Yes	-	Accounting principles or practices
		-	Disclosure of Financial Statements
		-	Audit scope or steps
		-	Others
	None	✓	
	Remarks/specify details:		
Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	None		

(II) Regarding the successor CPA

Name of accounting firm	KPMG, Taiwan
Name of CPA	Hsin, Yu- Ting
Date of engagement	March 11, 2024, 1 st quarter 2024 financial report onwards
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None

Successor CPAs’ written opinion regarding the matters of disagreement between the Company and the former CPA	None		
Remarks/specify details	The Company's Administrative Division regularly evaluates the independence of the attesting CPAs in accordance with Article 47 of the Certified Public Accountant Act, Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountant and the independence declaration/independence and competence evaluation form issued by KPMG. After an evaluation by the Audit Committee and the Board of Directors on March 11, 2024, it was resolved that the two CPAs, Mr. Au, Yiu-Kwan and Ms. Hsin, Yu- Ting, have met the evaluation criteria of independence and suitability for the audit of 2024 annual financial report. In accordance with Article 47 of the Certified Public Accountant Act and Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountant, the assessment is as follows:		
	Evaluated Items	Evaluation Results	whether it meets independence
	As of the latest audited and attested operation, there have been no instances of not renewing for seven consecutive years.	Yes	Yes
	There is no significant financial interest or relationship with the principal.	Yes	Yes
	Avoid any inappropriate relationship with the principal.	Yes	Yes
	Accountants should ensure that their assistant staff adhere to honesty, fairness, and independence.	Yes	Yes
	Certified Public Accountants are prohibited from auditing and attesting the financial statements of organizations they have served within the preceding two years.	Yes	Yes
	The accountant's name shall not be used by others.	Yes	Yes
	Not holding any shares of the Company or its affiliates.	Yes	Yes
	No financial borrowing or lending with the company or its affiliates.	Yes	Yes
	Not having any joint investment or profit-sharing relationship with the company or its affiliates.	Yes	Yes

	Not holding a concurrent position with the company or its affiliates, receiving a fixed salary.	Yes	Yes
	Not involved in managerial functions related to decision-making for the Company or its affiliates.	Yes	Yes
	Not engaging in any other business activities that may compromise independence.	Yes	Yes
	Having no relationship, such as spouse, direct blood relative, direct in-law, or second-degree relative, with the management personnel of the Company.	Yes	Yes
	Not receiving any commission related to business activities.	Yes	Yes
	As of now, not subject to any disciplinary action or situation that compromises independence.	Yes	Yes

(III) The Company shall mail to the former certified public accountant a copy of the disclosures it is making pursuant to the Regulations Governing Information to be Published in Annual Reports of Public Companies, Article 10, paragraph 6, item A and to (c) of B item, and advise the accountant of the need to respond by mail within 10 days should the accountant disagree. The company shall disclose the content of the reply letter from the former certified public accountant.
None.

VII. Audit Independence

The Company's Chairman, Chief Executive Officer, President, and executive officers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2023.

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

Unit: Shares

Title	Name	2023		2024 as of the publication of the Annual Report	
		Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)
Chairman & CSO	Hu, Chiu- Chiang (@Douglas Hu)	---	---	---	---
Director & President & CEO	Chi, Ting-Fang (@Stan Chi)	---	---	---	---
Director	Weiji Investment Co., Ltd.	---	---	---	---
Director	Chen, Kuan-Hua (@Bill Chen)	---	---	---	---
Independent Director	Tsai, Yu-Ping (@Edward Tsai)	---	---	---	---
Independent Director	Lin, Hung (@Vincent Lin)	---	---	---	---
Independent Director	Yu, Hsueh-Ping (@Peggy Yu)	---	---	---	---

(I) Shares Trading with Related Parties: None

(II) Shares Pledge with Related Parties: None.**IX. Relationship among the Top Ten Shareholders**

As of 04/22/2024

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Weiji Investment Co., Ltd.	30,426,876	7.10	---	---	---	---	Hu, Chiu- Chiang	Chairman	---
Chairman: Hu, Chiu- Chiang	8,843,627	2.06	---	---	---	---	---	---	---
Yung Hsin Yeh Investment Ltd.	9,689,000	2.26	---	---	---	---	---	---	---
Chairman: Tai, Fu-Jen	12,000	0.00	---	---	---	---	---	---	---
Hu, Chiu- Chiang	8,843,627	2.06	467,059	0.11	---	---	---	---	---
Liu, Ying-Da	6,722,160	1.57	---	---	---	---	---	---	---
Chi, Ting-Fang	6,278,150	1.47	146,817	0.03	---	---	---	---	---
JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds	5,350,000	1.25	---	---	---	---	---	---	---
Chang, Chin-Hao	5,102,704	1.19	5,940	0.00	---	---	---	---	---
J.P. Morgan Securities Plc	3,166,937	0.74	---	---	---	---	---	---	---
Mega Bills Finance Co., Ltd.	3,116,000	0.73	---	---	---	---	---	---	---
Hua Nan Commercial Bank Co., Ltd.	2,713,000	0.63	---	---	---	---	---	---	---

X. Ownership of Shares in Affiliated Enterprises

As of 2024/3/31

Unit: thousand shares / %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Weikeng International Co., Ltd	552,450	100.00 %	---	---	552,450	100.00 %
Weikeng Technology Pte Ltd	12,413	100.00 %	---	---	12,413	100.00 %
Weikeng Technology Co., Ltd	1,589	100.00 %	---	---	1,589	100.00 %

IV. Capital Overview

I. Capital and Shares

(I) Source of Capital

1. Issued Shares

Month/ Year	Issue at Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
08/2023	10	600,000,000	6,000,000,000	426,527,973	4,265,279,730	conversion of convertible corporate bonds: 2,984,809 shares	None	---
10/2023	10	600,000,000	6,000,000,000	428,071,495	4,280,714,950	conversion of convertible corporate bonds: 1,543,522 shares	None	---
4/2024	10	600,000,000	6,000,000,000	428,388,041	4,283,880,410	conversion of convertible corporate bonds: 316,546 shares(Note)	None	---

Note: As of the commencement of the 2024 shareholders' meeting until the shares book closure date of April 22, the total issued shares amounted to 316,546 shares that have not yet been registered for changes with the Ministry of Economic Affairs, R.O.C.

2. Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Shares	428,388,041	171,611,959	600,000,000	Note1

Note 1: Where Authorized Capital includes 20,000,000 shares reserved for the issuance of employee stock warrants, the ancillary special share subscription rights, or corporate bonds vested with share subscription rights.

(II) Status of Shareholders

As of 4/22/2024

Item	Government Agencies	Financial Institutions	Mainland Chinese Investors	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	4	2	1	317	80,271	124	80,719
Shareholding (shares)	1,718,373	5,829,000	1	50,620,930	330,234,102	39,985,635	428,388,041
Percentage	0.40%	1.36%	0.00 %	11.81%	77.09 %	9.34 %	100.00 %

(III) Shareholding Distribution Status

Common Shares (each with a denomination of NT\$10)

As of 4/22/2024

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	38,613	1,751,742	0.41 %
1,000 ~ 5,000	31,285	65,970,432	15.40 %
5,001 ~ 10,000	5,657	44,002,995	10.27%
10,001 ~ 15,000	1,693	21,273,877	4.97 %
15,001 ~ 20,000	1,036	19,117,056	4.46 %
20,001 ~ 30,000	894	22,624,131	5.28 %
30,001 ~ 40,000	424	15,087,769	3.52 %
40,001 ~ 50,000	306	14,137,807	3.30 %
50,001 ~ 100,000	473	33,189,436	7.75 %
100,001 ~ 200,000	187	26,597,709	6.21 %
200,001 ~ 400,000	68	18,324,531	4.28 %

400,001 ~ 600,000	33	16,230,423	3.79 %
600,001 ~ 800,000	8	5,388,129	1.26 %
800,001~1,000,000	10	8,961,081	2.09 %
1,000,001 or over	32	115,730,923	27.01 %
Total	80,719	428,388,041	100.00 %

(IV) List of Major Shareholders

As of 4/22/2024

Shareholder's Name	Shareholding	
	Shares	%
Weiji Investment Co., Ltd	30,426,876	7.10
Yung Hsin Yeh Investment Ltd.	9,689,000	2.26
Hu, Chiu- Chiang	8,843,627	2.06
Liu, Ying-Da	6,722,160	1.57
Chi, Ting-Fang	6,278,150	1.47
JPMorgan Chase Bank N.A. Taipei Branch in custody for Vanguard Total International Stock Index Fund a series of Vanguard Star Funds	5,350,000	1.25
Chang, Chin-Hao	5,102,704	1.19
J.P. Morgan Securities Plc	3,166,937	0.74
Mega Bills Finance Co., Ltd.	3,116,000	0.73
Hua Nan Commercial Bank Co., Ltd.	2,713,000	0.63

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

Unit: NT\$

Items	2022	2023	As of March 31, 2024
Market Price per Share			
Highest Market Price	34.75	37.10	33.60
Lowest Market Price	24.90	26.10	28.20
Average Market Price	30.11	31.47	31.43
Net Equity per Share			
Before Distribution	21.67	20.48	21.46
After Distribution	18.57	18.45	---
Earnings per Share			
Weighted Average Shares (thousand shares)	421,319	425,695	428,072
Basic Earnings Per Share	4.03	1.85	0.39
Adjusted Diluted Earnings Per Share	---	---	---
Dividends per Share			
Cash Dividends	3.06721	2.0308	---
Stock Dividends			
• Dividends from Retained Earnings	---	---	---
• Dividends from Capital Surplus	---	---	---
Accumulated Undistributed Dividends	---	---	---
Return on Investment			
Price / Earnings Ratio (Note 1)	7.11	15.99	---

Price / Dividend Ratio (Note 2)	9.24	14.57	---
Cash Dividend Yield Rate (Note 3)	10.82%	6.87	---

Note 1: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 3: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

(VI) Dividend Policy and Implementation Status

1. Dividend Policy stipulated in the Company's articles of association:

The earning in the Company's annual final accounts if any shall first be used to pay income tax and offset prior years' deficits, if any, and then set aside legal reserve, and special reserve is set aside or reversed in accordance with laws or regulations. The remaining balance of the current year is the distributable retained earnings of the current year. The above distributable retained earnings, if any and the accumulated retained earnings in prior years together is the distributable dividends for shareholders. The aforementioned distribution is proposed by the Board of Directors. In accordance with the Company Act, where the aforementioned distributable retained earnings or capital reserve and legal reserve are distributed by issuing new shares which shall be proposed by the Board of Directors and submitted to the shareholders' meeting for resolution; however, where the Company authorizes the distributable dividends, legal reserve, or capital reserve may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Board of Directors of the Company shall determine the proportionality between stock dividends and cash dividends among shareholders' dividends in consideration of the Company's enterprise profitability status, future capital expenditure plans, operational enlargement plans, capital planning, cash flow requirements, legal systems, and the level of dilution on earnings per share. The distribution proposal for shareholders' dividends shall be adopted by Board of Directors and submitted to the shareholders' meeting for resolution and distribution. The contemplated distribution amount shall not be less than 50% of the Company's distributable retained earnings of the current year, and moreover, cash dividend distributed shall represent no less than 20% of the total amount of shareholders' dividends.

2. Circumstances of the Proposed Distribution of Dividend at the 2024 Shareholders Meeting

(1) The Company's 2023 earnings distribution plan will be fully distributed in cash dividends, totaling NT\$ 870,000,000 which has been resolved by the Audit Committee and Board of Directors with no less than two-thirds of directors present, and approved by more than half of directors attending the meeting on April 18, 2024. Board of Directors authorized the Chairman to set the ex-dividend date, the date of distribution, and other related matters, which information will be announced to shareholders thereafter.

(2) As of the shares book closure date for the 2024 Annual General Meeting, the total issued and outstanding ordinary shares are 428,388,041 shares and the proposed declared cash dividend is NT\$2.0308 per share. Where the total number of issued and outstanding shares of the Company subsequently changes and the aforesaid cash dividends distributed to each ordinary share needs to be adjusted pursuant to actual number of the issued and outstanding ordinary shares on the ex-dividend date, the Chairman of the Board of Directors of the Company is authorized to handle it in full authority according to the actual situation, and which information will be announced to shareholders thereafter.

3. If a material change in dividend policy is expected, provide an explanation: None.

2023 Earnings Distribution Plan

Expressed in NT\$

Net Income after Tax in 2023	786,767,390	
Plus: Remeasurements of Defined Benefit Plans	2,488,000	
Sub-Total		789,255,390
Less : 10% Legal Reserve		(78,925,539)
Less: Appropriation of Special Reserve		(12,354,562)
Total Distributable Earnings for 2023		697,975,289
Plus: Beginning Undistributed Surplus Earnings		877,841,081
Surplus Earnings Available for Distribution		1,575,816,370
Distribution Items:		
Cash Dividends on Ordinary Shares		870,000,000
Ending Undistributed Surplus Earnings		705,816,370
Chairman : Hu, Chiu- Chiang President : Chi, Ting-Fang Accounting Manager: Huang, Li-Hsiang		

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: None.

(VIII) Remuneration of Employees and Directors

1. Information Relating to Remuneration of Employees and Directors in the Articles of Incorporation:

In accordance with the Articles of Association of the Company, the earning in the Company's annual final accounts if any shall first be offset against any deficit, then, 6% to 10% of net profit before tax (before deducting remuneration to employees and directors) will be distributed as employees' remuneration and a maximum of 2.5% will be allocated as the remuneration of directors and supervisors. Employees who are entitled to receive the above mentioned employees' remuneration, in share or cash. Actual distribution should be determined in the Board of Directors' meeting, with no less than two-thirds of directors present, and approved by more than half of directors attending the meeting and then report to the shareholders' meeting.

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

That will be regarded as a change in accounting estimates and reclassified as profit or loss for the following year.

3. Distribution of Remuneration of Employees and Directors for 2023 Approved in the Board of Directors Meeting:

- (1) In accordance with Article 22 of the Articles of Association of the Company, the Company appropriated the remuneration of employees and directors for 2023, of which for employees and directors were NT\$91,731,200 and NT\$22,932,800 respectively. The above remuneration had been resolved by the Remuneration Committee on March 11, 2024, and subsequently approved by the Board of Directors on the same day with

no less than two-thirds of directors present, and approved by more than half of directors attending the meeting. Both of which will be paid in cash after this 2024 Annual General Meeting and there will be no difference from the expense appropriated in the financial statements of 2023.

(2) The employee's remuneration for 2023 will not be paid in the form of stocks.

4. **Information of 2022 Distribution of Remuneration of Employees, Directors (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) and, if there is any discrepancy between the actual distribution and the recognized employee or director remuneration, additionally the discrepancy, cause, and how it is treated:**

The 2022 employee's remuneration NT\$189,923,200 and the directors' remuneration NT\$47,480,800 had been resolved by the Board of Directors on March 15, 2023 with no less than two-thirds of directors present, and approved by more than half of directors attending the meeting. Both of which had been paid all in cash after 2023 Annual General Meeting and there was no difference from the expense appropriated in the financial statements of 2022 and the resolution of the Board of Directors.

(IX) Buyback of Treasury Stock: None.

II. The Company's issuance of corporate bonds, including unretired bonds and unissued bonds for which an issue is currently under preparation, and in accordance with Article 248 of the Company Act the report shall disclose all the matters set forth thereunder and explain their effect upon shareholders' equity. Any privately placed corporate bonds shall be prominently identified as such.

(I) Convertible Corporate Bonds

Corporate Bond Type		Domestic 6th Unsecured Convertible Corporate Bonds
Issued date		June 1, 2022 (Expected)
Denomination		NT\$100,000
Issuing and transaction location		Taiwan, Taipei Exchange
Issued price		Issue by denomination
Total price		NT\$2,000,000,000
Coupon rate		0%
Tenor		5 years, Maturity: June 1, 2027 (Expected)
Guarantee agency		None
Consignee		Trust Department, HUA NAN Bank
Underwriting institution		HUA NAN Securities
Certified lawyer		Wang, Chien-Chih
CPA		Lo, Jui-Lan Au, Yiu-Kwan, KPMG, Taiwan
Repayment method		Repayment in lump sum upon maturity
Outstanding principal		NT\$1,852,200,000
Terms of redemption or advance repayment		Please refer to the conversion rules and procedures of the Convertible Corporate Bonds.
Restrictive clause		Please refer to the conversion rules and procedures of the Convertible Corporate Bonds.
Name of credit rating agency, rating date, rating of corporate bonds		NA
Other rights attached	As of the printing date of this annual report,	0

Corporate Bond Type		Domestic 6 th Unsecured Convertible Corporate Bonds
	converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	
	Issuance and conversion (exchange or subscription) method	Please refer to the conversion rules and procedures of the Convertible Corporate Bonds.
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity		According to the current conversion price (@27.80), the balance of the convertible corporate bonds is NT\$ 1,852,200,000. In the future, if the balance is converted into ordinary shares by the bond holders, it is expected that the number of ordinary shares will increase by about 66,625,899 shares, and then the Company's total issuance of ordinary shares will be about 495,013,940 shares, which will dilute about 13.46% of the current equity (428,388,041 shares); however, the funds raised by the Company will improve the financial structure of long-term and short-term funding sources, enhance the liquidity of solvency, increase the deployment space for flexible use of funds, and reduce the impact of interest rate risks.
Transfer agent		None

Corporate bond type		Domestic 6 th Unsecured Convertible Corporate Bonds	
Year		2023	As of 2024/3/31
Item			
Market price of the convertible bond	Highest	120	121
	Lowest	99.05	110
	Average	106.72	115.28
Conversion Price		30.32 ; 27.80	27.80
Issue date and conversion price at issuance		Issued Date: 2022/6/1 Conversion price at issuance: NT\$34.27/share	
Conversion methods		Issuing of new common stocks	

III. The section on preferred shares shall include both outstanding and unissued shares for which an issue is currently under preparation, and shall disclose any conditions attaching to issuance and their effect upon shareholders' equity. The information on preferred shares shall also specify the matters listed under Article 157 of the Company Act.
The Company has no issuance of preferred shares.

IV. The section on global depository receipts shall include information on receipts issues that remain partially outstanding, and on unissued receipts for which an issue is currently under preparation. Also to be disclosed are the date of issue, total value of issue, the rights and responsibilities of the holders of global depository receipts, and related matters. Any privately placed global depository receipts shall be prominently identified as such.
The Company has no issuance of global depository receipts.

V. Employee Stock Warrants

(I) The unexpired employee subscription warrants issued by the Company in existence as of the date of publication of the annual report: None.

(II) List of Executives Receiving Employee Stock Options and the Top Ten Employees with Stock Warrants

1. the first issuance, 1st Tranche (expired date: 2009/5/25)

Description	Title	Name	No. of Stock Options	Stock Options as a Percentage of Shares Issued	Exercised				Unexercised			
					No. of Shares Converted	Strike Price (NT\$)	Amount (NT\$ thousands)	Converted Shares as a Percentage of Shares Issued	No. of Shares Converted	Strike Price (NT\$)	Amount (NT\$ thousands)	Converted Shares as a Percentage of Shares Issued
Executive officers	President & CEO	HU, CHIU-CHIANG (@Douglas HU)	2,550,000	1.099%	2,185,000	@10 @12 @14 @8	23,020,000	0.940%	365,000	@8	2,920,000	0.157%
	COO	CHI, TING-FANG (@Stan Chi)										
	Executive VP & General Manager (China)	CHANG, CHIN-HAO (@Asser Chang)										
	CFO (Retired)	HSU, CHUNG-YUEH (@Gordon Hsu)										
	Executive VP	CHEN, CHENG-HUNG (@ Tom Chen)										
	Marketing Development Divisio Senior VP (Resigned)	LIN, CHIH-MING (@Roy Lin)										
	Information Sales Business Division Senior VP (Resigned)	LIN, CHI-HSIANG (@Miky Lin)										
	Administration & Financing Division Senior VP & Spokesperson	CHOU, KAN-LIN (@Fama Chou)										
	Administration & Financing Division Corporate VP	WU, CHE-PIN (@Jason Wu)										
	Accounting Department Manager	HUANG, LI-HSIANG (@Alice Huang)										
Employees	ELCOM Business Division I Senior VP (Resigned)	LI,JUNG-HUA (@Edward Li)	670,000	0.289%	670,000	@10 @12 @14	8,460,000	0.288%		@8		
	ELCOM Business Division III Senior VP	SU, MING-SUNG										
	ELCOM Business Division V	HUNG, TUNG-HUI (@Tony Hung)										

	Division Assistant VP (Resigned)											

VI. Issuance of New Restricted Employee Shares

The Company has no issuance of new restricted employee shares.

VII. Status of New Shares Issuance in Connection with Mergers and Acquisitions

The Company has no issuance of new shares in connection with Mergers and Acquisitions.

VIII. Implementation of Capital Allocation Plans: For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits:

No such situation exists.

V. Operation Overview

I. Business Content

(I) Business Scope

1. Major Business Content and Sales Percentage (2023)

The Company's major business is the distribution of electronic components and computer peripherals, technical services and import/export business, and approximately 100% of its sales are for the distribution of electronic components and peripherals. The Group operates mainly in Greater China (Taiwan, Hong Kong, and China) and Southeast Asia (Singapore, the Philippines, Malaysia, Thailand, Vietnam, and Indonesia), Mexico, and India. The Group's companies continue to play the role of connecting technology and creating value in the semiconductor industry chain with the spirit of proactively meeting challenges and overcoming difficulties, and continue to strengthen the portfolio of the franchising product lines we resell to meet the changing market demands. Currently, the Group currently distributes products for a wide range of semiconductor component brands including IDM or IC design companies, such as AMD, Amazing, GSD, (Infineon, Cypress), Lattice, Microchip, Molex, NXP, Sitronix, Sinopower, Vishay, Western Digital, etc. However, we continue to develop new products and applications in the semiconductor market, seek new opportunities for distribution cooperation, and create new customer needs. Currently, in the fields of industrial electronics, automotive electronics, mobile communications, consumer electronics, computer peripherals, and AI/5G applications, the Group's regional companies are capable of providing competitive components, technical support services, and efficient supply chain management services to achieve a triple win situation through the Group's intermediary role by linking upstream vendors and downstream customers.

2. The Company's current products (services) offerings

The franchising products the Company resells as a distributor can be categorized into chipsets/special application standard ICs, mixed signals, and discrete components according to the characteristics of the products we resell.

3. New products (services) to be developed

At this stage, the Group's companies are developing product solutions for 5G (smartphones, Customer Premise Equipment (CPE), Open Radio Access Networks (O-RAN), small cell stations, etc.), artificial intelligence/Internet of Things (AIoT), WiFi 6/7, automotive electronics (including electric vehicles, electric locomotives, charging piles, etc.), consumer electronics (PC, AI PC, TV, Smartphone, Tablet), industrial control, Type C-Power Delivery (PD), and various types of power supply applications. At the same time, we also devote various resources to the development of relevant application product solutions for servers/data centers, motor control, battery energy storage management systems, in-vehicle infotainment systems, car radar, tire pressure monitoring systems (TPMS), and human-machine interfaces for Center Information Displays (CID), in order to provide customers with immediate product reference solutions. All of these solutions are now available to customers in succession.

(II) Industry Overview

1. Current Status and Development of the Industry

After experiencing the economic slowdown in 2022, the global semiconductor industry continued to decline at the beginning of 2023, and began to show signs of recovery at the end of the year. According to the report of the Semiconductor Industry Association (SIA), despite the challenges of inflation, rising interest rates, and increasing energy costs at the beginning of 2023, global semiconductor sales showed moderate growth at the end of the year. According to the information released by SIA on February 5 this year, global chip sales fell by 8.2% to US\$526.8 billion in 2023, which was still slightly higher than the total

global semiconductor revenue in 2020. However, the improvement of market conditions in the second half of 2023 partially mitigated the overall decline range. According to SIA, revenue growth in 2024 will increase by 13%, reaching nearly US\$600 billion. The "CHIPS and Science Act" in the U.S. has brought significant investment in the global semiconductor industry, driving the research and manufacturing fields. Looking to the future, the Semiconductor Industry Association (SIA) forecasts that the global semiconductor market will achieve double-digit growth in 2024. WSTS also forecasts that the global semiconductor revenue will reach US\$588.364 billion in 2024, which is an annual increase of 13.1% compared to the forecast value of WSTS in 2023 (Figure 1). As the application of semiconductors in various technologies continues to increase, the medium and long-term prospects continue to be looking up.

The International Industry Research Institute of the ITRT forecasts that the output value of Taiwan's IC industry will reach NT\$ 4.3 trillion in 2023, which is an 11.2% decline from the total output value of NT\$ 4.7 trillion in 2022, still higher than the total output value of the semiconductor industry in 2021. In 2023, Taiwan's semiconductor industry is expected to maintain its status as the second largest semiconductor production country in the world, with production capacity increasing by more than 4% over the previous year. Looking forward to 2024, the total output value of Taiwan's semiconductor industry is expected to reach NT\$ 4.9 trillion, an increase of 14.1% from the NT\$ 4.3 trillion in 2023, better than the global growth rate of 13.1%. The growth is mainly due to the increasing application demand of AI technology in various industries and the new opportunities brought about by the rise of generative AI.

In terms of semiconductor product categories, WSTS data shows that discrete components and optical components are expected to achieve slight growth in 2023, while other categories show negative growth. Integrated circuits, including sensing components, declined by 6.3%, analog ICs by 5.7%, micro component ICs by 9.6%, and logic ICs by 1.8%. In particular, memory products are expected to decline by 35.2%, setting a new record in recent years. In terms of product application, the automotive semiconductor market is one of the few application markets showing positive growth. The market research institution Gartner forecasts that the global automotive semiconductor market will grow by 13.8% in 2023, reaching US\$76.9 billion, while global PC shipments will reach 250 million units, a decline of 9.1% compared to 2022. According to the forecast of International Data Corporation (IDC), the global shipment volume of smartphones in 2023 will decrease by 4.7% year-on-year to 1.15 billion units. This is mainly due to the weak economic outlook and persistent inflation, which suppress consumer demand and prolong the replacement cycle. TrendForce expects the shipment of AI servers to exceed 1.2 million units in 2023, a 38% year-on-year growth.

According to SIA's statistics on the semiconductor market in 2023 based on regions, the European market is the only growth region, with a growth rate of 4%. The Americas market is expected to decline by 5.2%, the Asia Pacific region is expected to decline by 10%, and the Japanese market is expected to decline by 3.2%. China, the largest semiconductor market, is expected to experience the largest decline, with a decline of 14% compared to 2022. In terms of the 2024 global semiconductor market cap from a regional perspective, the WSTS report predicts that all regions are expected to achieve continuous expansion. In particular, the Americas and Asia Pacific regions are expected to have significant double-digit annual growth rates. Please refer to Figure 1.

Figure 1. WSTS report, 2023 Q3

Fall 2023	Amounts in US\$M			Year on Year Growth in %		
	2022	2023	2024	2022	2023	2024
Americas	141,135	141,135	141,135	-	-	-
	53,853	53,853	53,853	-	-	-
	45,158	45,158	45,158	-	-	-
Asia Pacific	330,931	330,931	330,931	-	-	-
Total World	333,933	333,933	333,933	-	-	-
	43,908	43,908	43,908	-	-	-
Sensors	21,182	21,182	21,182	-	-	-
	474,402	474,402	474,402	-	-	-
Ants				-	-	-
Micro				-	-	-

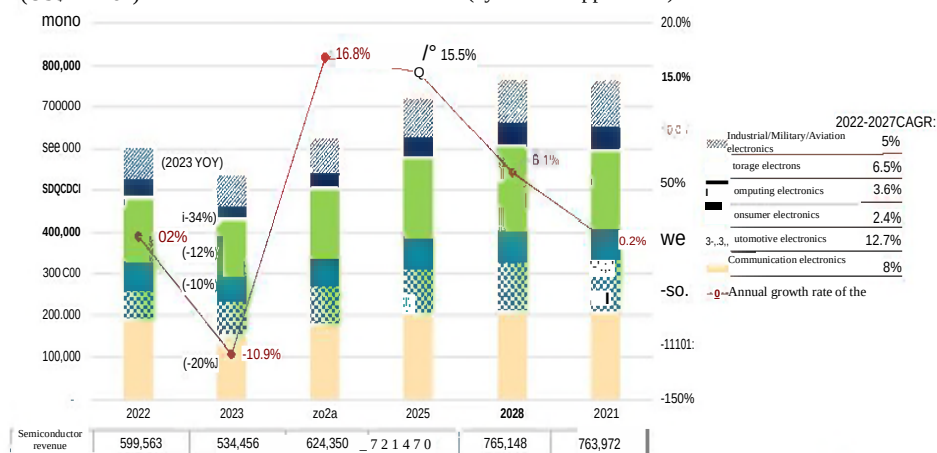
Note: Figures are rounded to the nearest dollar, which may cause totals to differ slightly by region and by product group.

WSTS forecasts that demand in the semiconductor application market in 2024 will be strong, and the supply chain will gradually return to normal operation. With inflation still existing, the main reasons for growth include the global economic recovery to boost consumer demand for electronic products and emerging technologies such as artificial intelligence and the Internet of Things. The development needs of emerging technologies such as artificial intelligence, the Internet of Things, and cloud computing, and the rapid development of the new energy vehicle market, IDC and DIGITIMES are optimistic about the automotive semiconductor market, especially the development of ADAS and infotainment systems, which are expected to bring continuous growth. Among different product types, memory chips will lead the growth of the global semiconductor market in 2024, and the scale of the memory market will reach about US\$130 billion, a 44.8% increase from 2023; the logic chip market is expected to grow by 9.6%, and the image sensor chip market is expected to grow 1.7%. In addition, IDC predicts that the application of AI in data centers expanding to personal devices will drive the demand for semiconductors. The research company Canalys predicts that products such as wearables and PCs with AI functions will be launched soon, which will also help stabilize the market growth.

Various research institutions are optimistic that the semiconductor market will recover from 2024. The Semiconductor Industry Association (SEMI) forecasts that the semiconductor market revenue will grow at a compound annual growth rate of 10% in each of the next 7 years, reaching US\$1 trillion by 2030. Based on the data compiled and released by Gartner (see Figure 2), the ITRI divides the terminal application into two categories. It is estimated that the compound growth rate from 2022 to 2027 of automotive electronics will be the highest, reaching 12.7%, industrial, military and aviation electronics will rank second with a compound growth rate of 8.5%; storage electronics will reach a compound annual growth rate of 6.5%, computing electronics is expected to grow by 3.6%, consumer electronics will reach a compound annual growth rate of 2.4%, and finally the annual compound growth rate of the communication electronics is expected to increase by 1.8%.

Figure 2. Gartner's global semiconductor market trends

(US\$ million) Global semiconductor market trends (by end-use application)

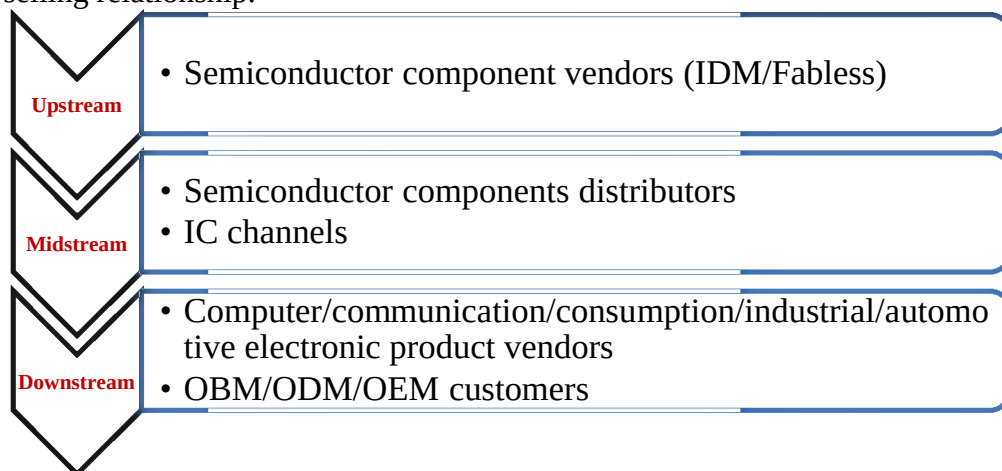


Note: Compiled and released by ITRI based on Gartner data

In 2023, the two major economies have exhibited economic weakness caused by inflation in the U.S. and deflation in China. The global semiconductor industry has witnessed significant capital investment and strategic adjustment. The research institution SC-IQ (Semiconductor Intelligence) pointed out that the 2023 global semiconductor industry in Capital expenditure is expected to be approximately US\$156 billion, down 14% from 2022. Intel's capital expenditure (CAPEX) is expected to be US\$24 billion, higher than the pre-estimated US\$20 billion. Micron Technology's capital expenditure in 2023 was US\$7 billion, while TSMC's capital expenditure target in 2023 was US\$32 billion, down 12% from 2022. In response to the market recovery, it is expected that the total global semiconductor capital expenditure in 2024 will increase by 10% to 20% compared with that in 2023, in the range of US\$172 billion to US\$187 billion. Micron Technology expects that the capital expenditure in 2024 will be slightly higher than that in 2023. Infineon Technologies plans to increase its capital expenditures from 3.2 billion euros (approximately US\$3.6 billion) in 2023 to 3.3 billion euros (approximately US\$3.9 billion) in 2024.

In the face of geopolitical tension, technology and industrial chain fragmentation caused by the Sino-US trade technology war, the semiconductor industry will remain a key development industry supporting the economy, national infrastructure and even national security, including medical care and medical equipment, telecommunications, energy, finance, transportation, agriculture, and manufacturing. They are a key component of the technology that controls critical infrastructure such as water systems, energy grids, and communication networks. Also, they support the IT systems that make it possible to work remotely and connect essential services in various fields, including medicine, finance, education, government, and food distribution. In addition, the output of AI technology application content has also been the growth momentum of the semiconductor industry in recent years. The content output includes text, graphics, music, coding, etc., which is expected to increase the demand for chips for new applications. Therefore, ensuring the continuity of semiconductors and the related supply chain is critical to supporting the realization of a wider range of digital services. In addition, due to the highly globalized nature of the semiconductor supply chain, semiconductor shortages caused by operational constraints in one region cannot be easily compensated for by production in other regions. Accordingly, the semiconductor industry and its supply chain have been defined as "essential infrastructure" and/or "essential business" in real economic activity. The Weikeng Group plays the important role of distributor in the supply chain of the

- semiconductor industry.
2. Explanations on the correlation among the upstream, midstream, and downstream of this industry according to electronic components and peripheral equipment products
- In the semiconductor component industry, the upstream supply chain of franchisees is mainly composed of various semiconductor component vendors, and the downstream is mainly composed of information, communication, consumptive, industrial, automotive, and other end product vendors. For upstream vendors, the franchisees not only can set up a complete sales and technical service network to help the upstream vendors avoid directly facing numerous clients and save their sales and management costs, but also play a role of an information provider, and create an important communication channel with downstream electronic product vendors. For the downstream vendors, the franchisees not only can quickly provide them with necessary components and technical support, reduce their research and development costs, and provide them with analysis and suggestions according to market trends, but also play multiple roles as suppliers, consultants, and analysts. Therefore, semiconductor component distributors have frequent communication with upstream and downstream vendors, and provide professional supply chain management and technical support services to vendors and customers. It is not just a simple buying and selling relationship.



3. Various development trends of products:
- The Group's sales of semiconductor components it resells are mainly in the fields of computer and peripheral devices, network communications, consumer electronics, industrial control and automotive electronics, depending on the applications of the downstream customers. In 2023, as the demand for terminal electronic products slowed down, the destocking and control of related semiconductor components became the management focus of the industry and the Group in 2023. With the strong demand for AI chips in the second half of 2023, the inventory issue will be gradually resolved. Furthermore, there is an optimistic outlook on the end demand for AI chips in 2024, including AI PCs, handsets, automotive chips, servers, and high-performance computing applications. With the advent of the AI generation, the demand for chips is no longer limited to the use for integration into infrastructure and IT systems, but also for content creation through AI technology.
- In terms of the medium to long term, AI technology, decarbonization, and green computing will be the primary trends. In the face of the global net zero emission trend in 2050, both major upstream semiconductor vendors and downstream technology application vendors have made commitments to actively reduce carbon emissions, and require their supply chains to take actions for carbon neutrality. Under this trend, business opportunities from

green energy, consumer product appeals, and the industries' focus on energy conservation and carbon reduction jointly promote the improvement of power efficiency and the introduction speed of and demand for green energy and energy storage-related semiconductors. As for the product portfolio strategy of Weikeng Group in recent years, the semiconductor and related electronics companies have penetrated from the electronics industry to the automotive industry and green energy supply chains, including three large supply chains of solar energy, wind energy, and energy storage, and as long as they seize the related green business opportunities, they can achieve sustainable development. Under the concept of the global circular economy, semiconductor components are penetrating the green supply chain rapidly, and creating sustainable global business opportunities. The semiconductor industry also plays an important and active role in developing green technology and creating content. Weikeng Group will continuously develop relevant applications and provide clients with green technology and emerging application solutions to grasp the sustainable business opportunities.

4. Competition

Currently, most of the distribution rights granted by major international IDM and Fabless semiconductor companies are compound distributor agreement, not exclusive contracts, resulting in dozens of distributors playing the role of midstream semiconductor component distributor in the domestic semiconductor industry. In addition to the Company, other major players include WPG Holdings, Synnex, WT Microelectronics, EDOM, Promate, Zennitron and Supreme, etc.

(III) Technology and R&D Overview

1. R&D expenses and successful technologies or products developed in the latest year and the current year up to the date of publication of the Annual Report

Item/Year	2023 (NT\$ thousand)	Current year to March 31, 2024 (NT\$ thousand)
R&D expenses	135,112	27,464

The Company has set up a Marketing Development Division and FAE Division to provide customers technical services and product solutions. We have done so to enhance the value of customer product sales services and provide efficient after-operation services. The "Marketing Development Division " and " FAE Division " actively cooperate with international (domestic) vendors/customers and are committed to an ESG-compliant innovative R&D direction. As the automotive and industrial energy-related markets have always been focus markets for Weikeng and its major upstream vendors, the application of related power semiconductors is extremely important. With upstream vendors actively expanding their R&D capacity of compound/3rd generation semiconductor products, the electric vehicle and industrial application markets are undoubtedly targeted at solar energy, electric vehicles, and fast charging. The Company's total R&D expenditure in 2023 (mainly on the salaries of R&D personnel and software and hardware equipment) reached NT\$ 135,112 thousand, and the related green product R&D expenditures accounted for 21.85% of the total R&D expenditures, meeting the target of at least 20%.

The "Marketing Development Division" and the "FAE Division" provide customers with complete solutions, comply with future low-carbon and environmentally friendly regulations, and strengthen competitive advantages. or the product lines of well-known foreign semiconductor vendors. These two departments have even successfully maintained or expanded the continuation of agency rights after the merger of upstream vendors. In addition to continuing to establish a firm foothold in consumer electronics applications, the FAE Division also actively provides technical support for IC products from vendors and customers in emerging applications to increase the Company's business territory, provide

customers with technical support for product applications, help customers save R&D expenses and shorten time-to-market, and enhance service levels to strengthen the cooperative relationship with vendors and customers. Furthermore, the Solution Division is moving into the field of R&D and design, specializing in overall product reference solutions.

At this stage, the Group's companies are developing the product solutions for 5G (smartphones, Customer Premise Equipment (CPE), Open Radio Access Networks (O-RAN), small cell stations, etc.), artificial intelligence/Internet of Things (AIoT), WiFi 6/7, automotive electronics (including electric vehicles, electric locomotives, charging piles, etc.), consumer electronics (PC, AI PC, TV, Smartphone, Tablet), industrial control, Type C-Power Delivery (PD), and various types of power supply applications. At the same time, we also devote various resources to the development of relevant application product solutions for servers/data centers, motor control, battery energy storage management systems, in-vehicle infotainment systems, car radar, tire pressure monitoring systems (TPMS), and human-machine interfaces for Center Information Displays (CID), in order to provide customers with immediate product reference solutions. All of these solutions are now available to customers in succession.

(IV) Long-term and short-term business development plans

1. Long-term plan:

- (1) To attach importance to the green economy and sustainable development, grasp the development trend of “new technology” and “green economy” products, and create sustainable business opportunities

The international semiconductor companies have successively proposed to comply with RE100 and implement green transformation. The industry faces a transition to net-zero and responds to actions for green power or carbon reduction, which brings “new technology” and “green economy” business opportunities. The Company will actively cooperate with upstream vendors for the long term, invest resources, and continuously provide clients with competitive components. In the relevant green energy (solar energy, wind energy, energy storage) supply chain, Weikeng Group will, through providing technical support services and research and development projects, achieve connection with green technology in the industrial chain, and create a triple-win value, to obtain sustainable green business opportunities, and make contributions to sustainable development under the concept of the global circular economy.

- (2) To focus on operational performance and efficiency, and emphasize operational and climate change risk management

The operating scales of the companies within the Group and the sales portfolio of franchising products represented are growing day by day. The Group emphasizes the cost-efficiency and risk of working capital. Therefore, the management of both operational and financial risk must be taken into account in the operation management strategy to facilitate the regulation of business and financing activities. In addition, in the face of the risk of exchange rate fluctuations, the Group will strictly control the timing of inventory purchases, management of inventory levels, and customer credit management to prevent the exchange rate fluctuation from reducing gross profits and management assets as much as possible, so as to ensure the achievement of profit for companies within the Group. Also, the Group will strengthen efforts to assess climate change risks, align with international norms, and

regularly review the climate change risks and their countermeasures.

(3) To timely increase the injection of equity capital

Based on the operational needs, although financial institutions are currently the main source of operating capital, for financial leverage, the Group still requires a balance of equity capital in order to build a better financial structure. Therefore, we will assess the financing activities of the Group's companies and the balance of the capital structure from time to time, and increase equity capital injections in a timely manner to balance direct and indirect financing.

(4) To comply with regulations on the export and import of strategic high-tech goods

The IC high-tech goods that we resell may fall under the scope of military and commercial use. Therefore, the goods are subject to screening of customers, product categories and transactions to comply with the relevant import and export laws and regulations of our country and the country of vendors, and to exclude the possibility the counterparties use the goods for the production or development of nuclear, biochemical, missile and other military weapons.

2. Short-term plan:

(1) To be cautious in facing the destocking situation in the industrial chain in 2024

To actively manage and evaluate the speed of purchases and sales, carefully prevent the loss of falling inventory prices, strengthen the efficiency of working capital, strengthen the control measures for the prevention of dead inventory, and improve the countermeasures for the treatment of dead inventory.

(2) Perform cost-benefit analysis

To strengthen cost structure management, active financial management, optimization of capital structure, and digital technology support transformation to reduce costs, implement the "zero-based budgeting" concept. Each department must review its own business and propose budgets starting from the highest priority items according to cost-benefit analysis to reduce costs and expenses.

(3) To grasp the diversified deployment and construction of customers' production bases and supply chains in real-time.

To timely grasp the dynamic adjustment of suppliers and customers due to trade policies or geopolitical factors, such as the "China+1" layout of semiconductor application electronics vendors. In order to relocate a production base, move, or adjust the production lines according to its plan, the Company must also be able to build transnational and trans-regional capacity and flexibility of strategy establishment, and expand its product portfolio on the premise of compliance with the provisions of the United States' (various countries) import and export laws and regulations.

(4) To grasp market changes and market demands for new technologies

In the face of a changing market and uncertainty, to continue to pay attention to the price and demand changes of each item, master the development trends of application-end technology products, invest appropriate R&D resources, and cooperate with industry partners to continue to create added value and competitiveness.

(5) To closely pay attention to the green economy and sustainable development

To focus on the green economy and sustainable development, continue to provide customers with competitive components, and through technical support services and research and development projects, achieve technological links in the industry chain, support the industry chain to promote the carbon reduction operational mode, and grasp business opportunities from the green energy industry, as well as work with upstream and downstream partners to build a green and sustainable industry chain.

(6) To implement countermeasures for operational risks

To continue to comply with the risk management system and code of business with integrity, strengthen the operational efficiency, pay attention to the needs and feelings of employees, take a stable business model as the principle, analyze the profitability of revenue growth, and take appropriate measures to grasp market opportunities.

II. Market and Production and Sales Overview

(I) Market Analysis

1. Sales (Offering) Region of Major Products (Services)

Unit: NT\$ thousand

Year	2023	
	Amount	%
Sales region		
Taiwan	8,735,687	12.32
China	57,848,568	81.60
Other Countries	4,308,158	6.08
Total	70,892,413	100.00

2. Major Competitors

Currently, most of the main international IDMs and Fabless semiconductor vendors have granted distributors franchises through multiple distributor agreements rather than exclusive contracts, dozens of players play a role as midstream semiconductor component distributors with the franchises in the domestic semiconductor industry, and in addition to the Company, the other major players include WPG Holdings, WT Microelectronics, Synnex, Supreme, EDOM, Zennitron and Promate, etc.

3. Approximate market share

Item		Company and peer players							
		Weikeng	WPG Holdings	WT Microelectronics	Synnex	Supreme	EDOM	Zennitron	Promate
Sales Revenue (1) (NT\$ thousand)		70,892,413	671,888,131	594,518,813	395,990,829	152,145,178	107,195,148	32,574,018	29,513,926
Market share (%)	Domestic (2)	1.45%	13.71%	12.13%	8.08%	3.11%	2.19%	0.66%	0.60%
	Global (3)	0.44%	4.17%	3.69%	2.45%	0.94%	0.66%	0.20%	0.18%

Source:

- Based on each company's published financial statements for 2023
- The output value of Taiwan's IC industry in 2023 according to the statistics of ITRI NT\$ 4.9 trillion
- According to the data released by the Semiconductor Industry Association (SIA), the global semiconductor sales in 2023 totaled US\$526.8 billion (approximately NT\$ 16.12 trillion).

4. Future Market Supply and Demand Situation and Growth

(1) Supply Side

As the semiconductor industry and its supply chain are considered “essential infrastructure” and/or “essential business” in real economic activities, the upstream semiconductor companies and wafer vendors have been making great efforts to develop advanced process

and packaging technologies for the design and manufacturing of semiconductor components, hoping that the supply of semiconductor components developed through advanced technologies will create or meet the needs of new applications. One of the tasks of semiconductor component distributors is to link up with the advanced semiconductor technology development of upstream vendors to meet the “induced demand” of customers and play the role of a professional and value-added “demand creation” provider in the semiconductor industry.

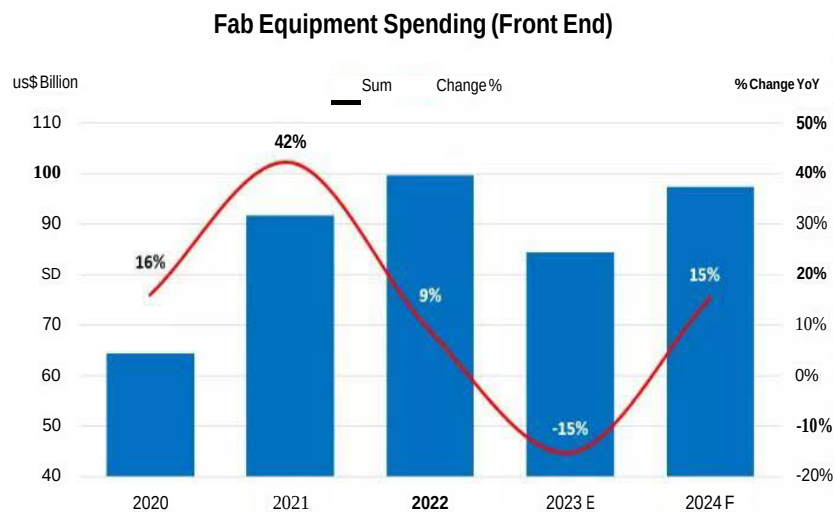
The suppliers of semiconductor component distributors are the upstream semiconductor component vendors (IDM or Fabless companies). The rise and fall of the semiconductor industry's output value directly affect the supply side. In the past few years, capital expenditures in the semiconductor industry have continued to expand. Since the coming of the post pandemic era, the pressure of destocking in the industrial chain has risen. The vendors of upstream semiconductor components have successively revised their capital expenditure budgets down. In addition, geopolitics have continuously affected the supply side of the semiconductor industry, but the overall supply still continues to grow.

The US-China trade relationship has played an important role in the semiconductor industry. The tense trade situation may lead to the fragmentation of the semiconductor industry chain, which in turn affects the stability and efficiency of the global supply chain. For example, the export restrictions of the U.S. on Chinese semiconductor companies not only affected the production and R&D of Chinese companies, but also prompted China to increase investment in independent R&D and technological innovation to reduce dependence on external high-end technologies. In the long run, this is likely to promote technological progress and the improvement of autonomy and controllability of China's semiconductor industry.

At the same time, this situation has also forced the global semiconductor industry to re-evaluate and adjust its supply chain and production strategies. Based on the consideration of risk diversification, the "China Plus One" model of setting up factories in other countries, such as returning to the home country or setting up factories in the “edge of the market”, in order to adapt to the ever-changing political and economic environment. The United States, the European Union, Japan, South Korea, and China have initiated localization of semiconductor production and manufacturing, positively granted various subsidies, and actively cooperated with overseas semiconductor vendors. For example, both the Chips and Science Act enacted by the United States, and the subsidies of the CHIPS Act proposed by the European Commission in 2022 aimed at localizing the industrial chain, or actively cooperating with overseas semiconductor vendors, and dispersing or changing the territory distribution, and increasing their semiconductor market share. The semiconductor industry has indeed become a strategic industry in international relations.

SEMI forecasts in the third quarter of 2023 that fab equipment spending will decline by 15% in 2023, as shown in Figure 3, and the growth rate in 2024 will be 15%. The recovery of fab equipment spending is expected to be boosted by the end of semiconductor inventory adjustment and the increase in demand for high-performance computing (HPC) and memory, totaling close to the 2022 level. Based on the above, the global chip supply is cautiously optimistic under the growing demand for AI chips.

Figure 3. SEMI 2023 3rd quarter wafer fab front-end equipment spending report



Source: World Fab Forecast Report, 3Q23 Update, Published By SEMI

SEMI pointed out in its latest "World Factory Forecast" quarterly report that it is expected that the global semiconductor production capacity will grow by 6.4% in 2024, reaching the highest level in history at 30 million wafers per month. This growth will mainly be driven by advanced logic and foundry applications (including generative AI and high-performance computing), as well as the recovery of final demand for chips.

The foundry suppliers are expected to become the largest buyer of semiconductor equipment. According to a report by SEMI, the production capacity in 2024 is expected to reach a record 10.2 million wafers per month. Due to the weak demand in consumer electronics (including personal computers and smartphones), the capacity expansion of the memory sector will slow down in 2023. The DRAM sector's production capacity is expected to increase by 2% to 3.8 million wafers/month in 2023 and 5% to 4 million wafers/month in 2024. The installed capacity of 3D NAND is expected to remain stable at 3.6 million wafers/month in 2023, and increase by 2% to 3.7 million wafers/month in 2024. On the other hand, the electrification of vehicles has promoted the expansion of the production capacity of decentralized and analog parts. The decentralized production capacity is expected to increase by 10% to 4.1 million wafers/month in 2023 and 7% to 4.4 million wafers/month in 2024. The simulation capacity is expected to grow 11% to 2.1 million wafers/month in 2023 and 10% to 2.4 million wafers/month in 2024.

Overall, although global wafer fab equipment spending is expected to decline in 2023, it is expected to resume growth in 2024, and the supply will reach the level of 2022. In addition, almost all logic and memory vendors expect a rebound in market demand in 2024-2025, and the spending on new wafer fabs is expected to increase significantly. This growth can be attributed in part to a recovery in market demand, increased government incentives, and a heightened focus on the strategic importance of semiconductor manufacturing to national and economic security.

(2) Demand Side

The demand for semiconductor components comes from end-use applications. Semiconductor component distributors are facing demands from vendors of electronic products for information, network communication, consumer, industrial, automotive, and other new technology applications, including OBM, ODM, and OEMs. In 2023, as world economies faced the risk of economic stagnation, and at the same time, in the face of the pressure from the U.S. Fed to raise interest rates, the disruptions of the Russo-Ukrainian

War, and the changes in anti-inflation policies of various economies, the global economic growth rate in 2023 will be even higher than that in 2022. Conservative. According to the World Economic Outlook published by the International Monetary Fund (IMF) in January 2024 (see Figure 4), the global output in 2023 is expected to grow by 3.1% and the economic growth of developed countries and emerging countries is expected to reach 1.6% and 4.1% respectively. In 2024, the global output is expected to grow by 3.1%, and the economic growth of developed and emerging countries is expected to reach 1.5% and 4.1%. The global output growth is expected to be 3.1% in 2024 and 3.2% in 2025. According to the estimated data released by the Directorate General of Budget, Accounting and Statistics on January 31, 2024, the economic growth rate in Taiwan was 1.40% in 2023, mainly due to domestic capital formation (including changes in fixed investment and inventory) was not as good as expected, the manufacturing activities continued to be conservative, showing the lowest level in 14 years and the lowest level since the financial tsunami. However, the economy is expected to improve in 2024, and the Directorate-General of Budget, Accounting and Statistics estimated on November 28, 2023 that the economic growth rate in 2024 will be 3.35%.

Figure 4. IMF World Economic Outlook Projection

World Economic Outlook Growth Projections			
(Real GDP, annual percent change)			
	ESTIMATE 2023	PROJECTIONS	
		2024	2025
World Output	3.1	3.1	3.2
Advanced Economies	1.6	1.5	1.8
United States	2.5	2.1	1.7
Euro Area	0.5	0.9	1.7
Germany	-0.3	0.5	1.6
France	0.8	1.0	1.7
Italy	0.7	0.7	1.1
Spain	2.4	1.5	2.1
Japan	1.9	0.9	0.8
United Kingdom	0.5	0.6	1.6
Canada	1.1	1.4	2.3
Other Advanced Economies	1.7	2.1	2.5
Emerging Market and Developing Economies	4.1	4.1	4.2
Emerging and Developing Asia	5.4	5.2	4.8
China	5.2	4.6	4.1
India	6.7	6.5	6.5
Emerging and Developing Europe	2.7	2.8	2.5
Russia	3.0	2.6	1.1
Latin America and the Caribbean	2.5	1.9	2.5
Brazil	3.1	1.7	1.9
Mexico	3.4	2.7	1.5
Middle East and Central Asia	2.0	2.9	4.2
Saudi Arabia	-1.1	2.7	5.5
Sub-Saharan Africa	3.3	3.8	4.1
Nigeria	2.8	3.0	3.1
South Africa	0.6	1.0	1.3
Memorandum			
Emerging Market and Middle-Income Economies	4.2	4.0	4.0
Low-Income Countries	4.0	5.0	5.6

Source: IMF, *World Economic Outlook Update*, January 2024

Notes: For India, data are preliminary and subject to change. Fiscal year basis, with FY 2023/2024 (April 2023 to April 2024) shown in the 2023 outlook. India's growth projections are: 5.7 percent in 2024 and 6.8 percent in 2025 based on calendar year.

INTERNATIONAL MONETARY FUND

IMF.org

In 2023, due to the pressure of inflation and interest rate hikes in major economies, the major semiconductor manufacturing countries were all facing a trend of slowdown in manufacturing activities. Chung-Hua Institution for Economic Research (CIER) announced the Taiwan Manufacturing Purchasing Broker's Index in January 2024 after the seasonal adjustment of the Taiwan manufacturing industry Purchasing Managers' Index (PMI) of 48.0%. This had contracted for 11 consecutive months, but rebounded by 1.2 percentage points from December 2023; China's manufacturing PMI was 49.2% in January

2024, up 0.2 percentage points from 49.0% in December last year, still below the threshold. 50.3% and 46.4%, respectively. The U.S. and Eurozone manufacturing PMIs were 50.3% and 46.4% in January 2024, respectively, and 48.0% in Japan, indicating that the overall growth is limited.

In response to the demand analysis of Taiwanese customers, the financial status of the top five foundries in Taiwan has been more vulnerable to the impact of the macro environment due to their industrial characteristics. In order to change the enterprise structure that is prone to losses, foundries have begun to transform by investing in AI development trends in recent years, including emerging areas such as artificial intelligence, the Internet of Things, smart medical care, health technology, and electric vehicles. The top 5 foundries estimate that the demand for AI servers will continue to grow. The overall development of AI and new technologies are important drivers of new demand. In the future, both PCs and mobile phones will incorporate AI functions. The combination of AI, such as terminal equipment and servers, can have significant development advantages.

The application growth rate of the global end market is an important support and indicator for the demand side of the Company's products and services. The development of the automotive semiconductor market is mainly driven by advanced driver assistance systems (ADAS) and in-vehicle entertainment systems. IDC forecasts by 2027, ADAS will account for 30% of the automotive semiconductor market, and in-vehicle entertainment system will account for 20%. The application of artificial intelligence in semiconductors will expand from data centers to personal devices. It is expected that more artificial intelligence functions will be integrated into personal devices in 2024. This will stimulate the growth of semiconductor demand and advanced packaging. In 2023, due to inventory correction and a weak demand environment, the capacity utilization rate of the wafer foundry industry will drop significantly. However, it is expected that the market will continue to rise with the gradual stabilization of end user demand by 2024, and the global semiconductor foundry industry is expected to achieve double-digit growth next year.

In summary, although the global semiconductor market experienced a recession in 2023, recovery in 2024 is expected, mainly driven by the AI and automotive semiconductor markets. In addition, with the continuous advancement of semiconductor technology, AI applications will expand from the data center to personal devices, which is expected to stimulate the growth of the semiconductor market in the future.

(3) High Potential for Market Growth

In terms of technology development, the key element of any technological device or equipment is the semiconductor chip that controls and executes the multiple functional requirements of the device or equipment through the compilation process of the instruction set program code. Semiconductor applications span smartphones, automobiles, networking, edge computing, cloud data, industrial automation, smart homes, and various consumer electronics products. In addition, the application of green technology covers energy reserves and optimizes energy use, and AI applications are introduced into terminals. The industrial demand for the development of key semiconductor technologies and the supply of components is growing day by day, driving the steady expansion of the overall potential market.

With the development of semiconductor applications with high growth potential, including the rise of automotive semiconductors, charging piles, high-efficiency energy-saving green data centers and other fields, the third type of semiconductor (SiC, GaN power components) has entered a stage of rapid development. According to the latest market analysis, including reports from TrendForce and other institutions, the global SiC (silicon carbide) and GaN (gallium Nitride) power semiconductor market has experienced significant changes from

2018 to 2023 and is expected to continue to grow between 2024 and 2030. These two materials are increasingly used in various application fields, especially in uninterruptible power supply systems (UPS), power systems (PS), photovoltaic inverters, implantable medical devices (IMDs), and electric vehicles and Hybrid electric vehicles (EVs/HEVs). The main SiC power semiconductor vendors in the market include STMicroelectronics, Infineon, Wolfspeed, Onsemi and ROHM. These companies are expected to promote the global SiC power semiconductor market to reach a market scale of about US\$9 billion in 2028, an increase of 31% from 2022. At the same time, the GaN power semiconductor market is also showing growth momentum in segments, including technologies such as GaN on SiC and GaN on Si. GaN applications are also on the rise in wireless infrastructure, radar, aerospace and defense, test and measurement, and industrial, scientific and medical applications.

North America accounted for the largest share of the global wide bandgap semiconductor market revenue in 2022, and is expected to experience the fastest compound annual growth rate from 2023 to 2032, reaching 13.96%. In addition, the main vendors of SiC and GaN power semiconductor market include Efficient Power Conversion (EPC), Rohm, Fuji, Mitsubishi, United Silicon Carbide Inc., Toshiba, GeneSic, Microchip Technology, and GaN Systems. These reports and analyses show that with the advancement of technology and the growth of market demand, the SiC and GaN power semiconductor market is experiencing rapid growth and development, especially in the application fields of automotive, industrial, energy and rail transportation. It is expected that these materials will continue to play an important role in the semiconductor field in the future.

MIC forecasts that the global market for Type III semiconductor power components will grow from US\$800 million in 2021 to US\$17.1 billion in 2030, with a compound annual growth rate of 39.8%, while communication components will grow from US\$900 million in 2021 to US\$3.1 billion in 2030, with a compound annual growth rate of 14.7%.

According to the latest research by IDC, with the explosive increase in global demand for artificial intelligence (AI) and high-performance computing (HPC), coupled with the stabilized demand for smartphones, personal computers (Notebook & PC), servers, and automobiles, the semiconductor industry is expected to welcome a new wave of growth. The global semiconductor market is expected to rebound in 2024, with an annual growth rate of 20%. IDC pointed out that the gradual recovery of smartphone demand and the strong demand for artificial intelligence chips will promote market growth.

As the emerging applications of semiconductors continue to increase, it is expected that the popularity of AI chip applications and the penetration rate of Type III semiconductors will continue to drive the global semiconductor performance in the next decade. IDC forecasts that due to the rebound of global terminal demand and the strong demand for AI chips, the breakdown of terminal applications in ADAS (Advanced Driver Assistance System) accounts for the highest proportion of automotive semiconductors, with the compound growth rate reaching 19.8% by 2027, accounting for 30% expected. The automotive infotainment semiconductors market, driven by the trend of automotive intelligence and vehicle-to-everything, is estimated to reach 14.6% CAGR by 2027, accounting for 20%. According to estimates by the research institution Bloomberg, generative AI accelerates entrepreneurship and innovation, and the compound annual growth rate of the global generative AI market scale in the next decade (until 2033) is 42%.

Overall, the semiconductor industry is expected to face a wide range of growth opportunities in the next few years, especially in the fields of AI, automotive electronics, and high-performance computing. The forecasts of major analysis institutions show strong demand for new technologies and applications in the market, indicating the rapid

development of the semiconductor industry.

To sum up, the development of electronic technology is changing day by day. Green energy technology and power efficiency improvement are the core of the overall semiconductor development momentum. The introduction of the above emerging materials with high growth potential in the market (compounds/class III semiconductors), product applications driven by 5G and AIoT, technological development of heterogeneous integration design architecture systems and other technological developments will still be engines of driving the continuous growth of semiconductor demand. In addition to the existing product demand solutions in computer, communication, consumer electronics, industrial and automotive electronics, etc, for supply to customers, the Group has also been cooperating with upstream vendors and downstream customers to actively grasp relevant product solutions with growth opportunities, such as cloud or edge applications, industrial AI applications, IoT applications, 5G applications, power optimization, charging stations, etc, to enable the Group to stand out in a timely manner in the future with these business opportunities.

5. Competitive Advantage

(1) Complete Product Portfolio

With years of experience in marketing electronic components and keen judgment of electronic component market trends, the Company has evolved into a professional electronic component distributor, cooperating with world-class vendors, such as AMD, Amazing, GSD, Infineon (Infineon, Cypress), Lattice, Microchip, Molex, NXP, Sitronix, Sinopower, Vishay, Western Digital, etc. The product lines we resell can be categorized into chipsets/special application standard ICs, mixed signals, and discrete components according to product characteristics, covering 3C, industrial, automotive, industrial AI, IoT, cloud/edge, and 5G applications, and we have become a major distributor for these major suppliers.

(2) Highly-Recognized Demand Creation Capabilities

The Company can quickly grasp the latest developments in the technology market, and convey the latest product solution information to our customers and provide timely services. We often invite professionals or suppliers to hold seminars on product and industry information, such as new product launches and seminars on new technology trends, so that our customers can participate in the discussions and keep abreast of the latest information. Meanwhile, in order to provide comprehensive technical services for product solutions and to respond promptly to customers' questions regarding component technology, and to save R&D and design costs and shorten the time to market for new products for customers, the Company and its subsidiaries have set up the FAE Division and Solution Division to provide professional technical services in R&D and design for customer-side demand creation. We have been recognized by both upstream vendors and downstream customers for our expertise in demand creation, which is an important competitive advantage in securing franchise and new project orders from customers.

(3) Strong management team and emphasis on talent cultivation

Our management team is committed to the professional spirit of “linking technology, creating value” and demonstrating the spirit of teamwork in order to enhance our competitiveness in the market. In addition, each of the Group's companies emphasizes the development and training of management successors, and has been cultivating available business and administrative talents in each operating region to let them begin to demonstrate leadership experience and look forward to innovative management thinking. The management team has a good management philosophy and tacit understanding. With the Company's long-standing dedication and persistence to the electronic components and

peripherals channel, the management team is constantly thinking about the management strategy of electronic components distribution, and creating the market value of the channel.

(4) Solid Sales Channel Network

The Group's business is focused on the Asia Pacific market, which is not the largest in the industry but is solid. In order to meet the needs of our customers in terms of the timeliness of supply, we respond to the demand for components from overseas plants of downstream customers by increasing the flexibility of inventory management. In addition to Taiwan, the Weikeng Group has set up subsidiaries in Hong Kong, China, and Singapore, which are responsible for marketing and technical services in the Greater China region (Taiwan, Hong Kong, China) and Southeast Asian markets. By covering the Asia Pacific region and having a complete sales system empowered by our distribution bases, we have formed a solid sales channel and technical service base that not only effectively enhances the competitiveness of both the Company and our customers, but also strengthens our ability to win the franchise for new product lines.

6. Favorable and Unfavorable Factors and Countermeasures for Development Prospects

(1) Favorable Factors

① Considered as "essential infrastructure" and/or "essential business"

As the semiconductor industry and its supply chain are considered "essential infrastructure" and/or "essential business" in real economic activities, upstream semiconductor companies and wafer vendors have been making great efforts to develop advanced process and packaging technologies for the design and manufacturing of semiconductor components, hoping that the supply of semiconductor components developed through advanced technologies will create the needs for new applications. One of the tasks of semiconductor component distributors is to link up with the advanced semiconductor technology development of upstream vendors to meet the "induced demand" of customers and play the role of a professional and value-added "demand creation" provider in the semiconductor industry.

② High Potential for Application Market Growth

In terms of technology development, the key element of any technological device or equipment is the semiconductor chip that controls and executes the multiple functional requirements of the device or equipment through the compilation process of the instruction set program code. Semiconductor applications span smartphones, automobiles, networking, edge computing, cloud data, industrial automation, smart homes, and various consumer electronics products. The increasing demand for key semiconductor technology development and component supply from the industrial side is driving the overall potential market to expand steadily.

In terms of global economic trends, the rise of the digital economy will lead to new directions in economic activities and industry development. With information and communication (ICT) technology and manufacturing technology in place, integration of front-end sensing, IoT communication technology, virtual-real integrated systems, cloud computing, and big data analytics will enhance production efficiency, respond to flexible production, and solve labor shortages, leading to future industry innovation.

An important industry development trend worth mentioning is the arrival of the AI and 5G generation. The rapid advances in electronic technology will often drive a surge in demand for semiconductors. In addition to the existing product demand solutions in computer, communication, consumer electronics, industrial and automotive electronics, etc., for supply to customers, the Group has also been cooperating with upstream vendors and downstream customers to actively grasp relevant product solutions with

growth opportunities, such as cloud or edge applications, industrial AI applications, IoT applications, 5G applications, power optimization, charging stations, etc, to enable the Group to stand out in a timely manner in the future with these business opportunities.

③ Stable franchise

Over the years, the Company has maintained a good relationship with upstream suppliers, which have granted their franchises to us. These world-leading companies have been able to rely on our professional sales capability, which is also very conducive to the Company's business expansion. In the face of parallel integration of suppliers, we are able to obtain new franchises or strengthen existing relationships due to our good cooperative relationship.

(2) Unfavorable Factors and Countermeasures

① Short life cycle of end products

The short life cycle of electronic products and the introduction of new products that gives rise to generational changes will test the Company's ability to control inventory and master product information. Countermeasures include:

- (a) The sales department should hold regular or occasional business meetings to review the market supply and demand and customer needs. They can accurately grasp the lifecycle status of customers' product plans, formulate corresponding preventive measures, and adjust the inventory stock level in a timely manner.
- (b) In response to the market trends and technological developments, the Company sets future development directions, grasps opportunities, actively acquires star product franchises, and develops new customers to optimize the convergence of the product portfolio in order to grasp the growth opportunities of replacement and reduce risks.

② External disturbances blunt economic activities

Political and geopolitical risks such as the Ukrainian-Russian War and the Israel-Kazakhstan war, as well as trade brinksmanship, have resulted in economic fragmentation. Countries around the world are faced with stagnant inflation, while China is facing the risk of deflation. Governments in Europe and the United States have also implemented aggressive monetary tightening policies, which is expected to be mitigated. However, the Company must pay attention to its operational risks and financial costs at all times. Countermeasures include:

- a. Regularly review the Company's internal operation management, review the impact, and establish a rapid response crisis communication channel, with employees, management team, customers, and business partners, to protect the Company's normal operations.
- b. Be loyal to our customers and effectively assist them in solving supply chain problems or even raising alerts, which will deepen their close relationship.
- c. Based on the trend of scientific and technological development, to continuously develop the franchises of new products, and continuously deepen the product strategies of researching and developing new product solutions, so that the Company can accumulate the strength to stand out in the future.
- d. Exchange market information with upstream vendors and downstream customers without being interrupted by interfering factors, so as to grasp the dynamics of opportunities.
- e. Strengthen the management wealth for operational risks caused by interfering factors, such as customer credit and collection management, exchange rate risk management, and inventory risk management. Focus on cash management to enhance liquidity and reduce the rate of capital burn rate with a prudent and

- proactive policy as the guiding principle.
- f. Pay attention to international sanction regulations at any time, keep abreast of the response strategies and structures of customers' production bases and supply chains, establish rapid response communication channels, and strengthen support, service dynamics, and flexibility to maintain the normal operation of the Company and supply chain partners.
 - g. To grasp the industrial development trend, strengthen and expand the product portfolios, timely increase the product franchises in various regions, and expand the product portfolios participating in the supply chains to comply with legal restrictions on the supply of products of European and American system to China.

(II) Major Product Applications and Production Processes

The franchising products the Company resells as a distributor can be categorized into chipsets/special application standard ICs, mixed signals, and discrete components according to the characteristics of the products we resell and their important applications are listed below:

Application Segment	Customer Product Applications
Computer Information	PCs, Notebooks, Motherboards, AIO Computers, Servers, 2-in-1 Laptops, Enterprise Storage Devices, Miners, AI (Artificial Intelligence), Data Centers, Edge Computing
Industry	IPC, UPS, BMS, motor control, charging stations/piles, drones, POS systems, FM pumps, power tools, lighting, security control/surveillance (DVR/NVR), welding machines, remote controlled cars, textile machines, PLCs, hydropower meters, smart grids, wind power, solar power generation inverter, server power supply, testing instrument, telecom power supply, medical.
Consumer	Smart speakers, augmented/virtual reality (AR/VR), Internet of Things (IoT) devices, digital video converters (STBs), projectors, headphones, smart/feature phones, e-book readers, tablets, POS, portable navigation devices (PNDs), LCD/Mini LED TVs, media players, wearable devices, home appliances, white goods, alarm devices, home automation, electronic locks, toys, IP CAM.
Network Communication	Ethernet switch, Gateway, WiFi AP router, xDSL, NIC, Ethernet/Infinite band, GPON/EPON, Cable modem, digital set-top box (STB), micro base station (Femtocell), 4G/5G base station, 5G (Basestation/CPE/Small Cell)
Vehicles	Battery Management System (BMS), Body Control Module (BCM), Dashboard, CID, On-Board Battery Charger (OBC) Infotainment, Remote Keyless Entry (RKE), Advanced Driver Assistance System (ADAS), Car Radar, Tire Pressure Monitoring System (TPMS), Power Windows, In-vehicle TBOX, Head-Up Display (HUD), Motor Control

(III) Supply situation for the company's major raw materials

The Company is not a manufacturer and has no major raw material inputs.

(IV) A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years

1. Major Suppliers in the Last Two Calendar Years (accounting for 10 percent or more of the Company's total procurement)

Unit: NT\$ thousands

Item	2022				2023				2024 (As of March 31)			
	Company Name	Amount	%t	Relation with Issuer	Company Name	Amount	%	Relation with Issuer	Company Name	Amount	%	Relation with Issuer
1	TV007	13,327,673	18.83	None	TV007	17,330,795	24.53	None	TV007	3,940,155	23.41	None
2	TV002	8,424,222	11.90	None	TV002	15,766,958	22.32	None	TV002	2,377,423	14.12	None
3	TV008	7,204,539	10.18	None	TV008	5,240,964	7.42	None	TV008	2,163,172	12.85	None
4	Others	41,814,341	59.09	—	Others	32,313,057	45.73	—	Others	8,353,843	49.62	—

	Net Total Supplies	70,770,775	100.00	—	Net Total Supplies	70,651,774	100.00		Net Total Supplies	16,834,593	100.00	

Note 1: Where the Company is prohibited by contract from revealing the name of a supplier, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

2: For the listed company, the most recent quarterly financial information which has been audited or reviewed by the accountant, prior to the publication date of the annual report, should be disclosed.

2. Major Clients in the Last Two Calendar Years (accounting for 10 percent or more of the Company's total sales)

There were not any clients accounting for more than 10% of total sales.

(V) An indication of the production volume for the 2 most recent fiscal years

The Company is not a manufacturer, so there is no production capacity, quantity, and amount.

(VI) An indication of the volume of units sold for the 2 most recent fiscal years

Unit: NT\$ thousands; Quantity: thousands

Major Products	2022				2023			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Chipsets / ASIC Components	135,742	3,407,673	3,776,479	23,430,261	131,752	3,154,870	3,783,506	29,928,740
Mixed signals and Discrete components	267,288	3,773,560	5,478,438	39,664,138	214,226	4,742,728	5,031,213	33,062,439
Labor services, Commissions and Others		1,718		3,829		1,278		2,358
Total	403,030	7,182,952	9,254,917	63,098,228	345,978	7,898,876	8,814,719	62,993,537

III. Human Resources

Year		2022	2023	2024 (As of March 31)
Number of Employees	Business Division	796	725	706
	F&E & RD Division	243	230	230
	Administration Division	252	250	250
	Total	1,291	1,205	1,186
Average Age		38.67	39.78	40.32
Average Years of Service		7.85	8.81	8.96
Education (%)	Ph.D.	0.08	0.08	0.08
	Masters	6.12	6.14	5.65
	Bachelor's Degree	82.80	82.32	83.05
	Senior High School	8.52	8.63	8.60
	Below Senior High School	2.48	2.82	2.62

IV. Disbursements for environmental protection: Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable

estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

The above-mentioned events did not occur.

V. Labor Relations

(I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

1. Implementation of welfare measures

(1) Executed by the Company:

- ① Participate in labor insurance, national health insurance, group accident/hospitalization/ cancer medical insurance, and employee travel safety insurance according to law ;
- ② Marriage, funeral and maternity benefits ;
- ③ Encourage and subsidize employee on-the-job training courses ;
- ④ Annual employee health check ;
- ⑤ Physician consultation service every two months (3 hours) ;
- ⑥ Signed a childcare contract with a nearby kindergarten to facilitate childcare at work ;
- ⑦ According to the Company's articles of association, the net profit before tax of 6%~10% is allocated to employees ' remuneration, and after the report of the annual shareholders', it is distributed to employees according to the factors such as employee performance evaluation, contribution, job level and other factors ;
- ⑧ Sales and FAE personnel subsidies, including transportation costs, mobile phones, parking costs, and laptop purchases.

(2) Executed by the Company's Employee Welfare Committee:

- ① Encourage employees to form associations, participate in activities to regulate the body and mind ;
- ② Organize and subsidize employee travel, recreational activities, movie enjoy ;
- ③ Signed a contract with a special store to give company employees a discount ;
- ④ Gift vouchers for Dragon Boat Festival, Mid-Autumn Festival and birthday ;
- ⑤ Holding year-end party, lotteries and family day activities.

(3) The Company has formulated and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflects operating performance or results in employee remuneration. Please refer to the explanation of welfare measures in the Sustainable Workplace section of the Company's official website in the Sustainability section, as well as the communication response status/results under the Stakeholders section concerning employees.

(4) The company provides employees with a safe and healthy working environment, and regularly conducts safety and health education for employees.

- ① The Company has set up an Occupational Safety and Health Committee, which holds a committee meeting every three months, and four meetings have been held in 2023 to report or discuss relevant issues. The corporate governance organizational structure also includes an Occupational Safety and Health Department, which is responsible for the execution of occupational safety affairs by qualified personnel with relevant licenses. The staffing for occupational safety

includes 3 supervisors for class A occupational safety and health affairs, 1 Class A occupational health and safety administrator, 1 Class B occupational safety and health specialist, 2 supervisors for class C occupational safety and health affairs, 1 dedicated occupational health service nurse, 3 fire safety administrators (2 in the warehouse center, 1 at the headquarters), and 10 personnel qualified for first aid (3 in the warehouse center, 7 at the headquarters). Additionally, the warehouse center has 1 personnel qualified in the International Air Transport Association (IATA) dangerous goods training course and 1 personnel certified to operate forklifts with a capacity of one ton or more. These personnel are responsible for executing daily occupational safety and health tasks and official duties to ensure a safe working environment for all employees.

- ② To apply the management methods of ISO quality and environmental system standards to occupational health and safety management, aiming to reduce occupational hazards and risks while enhancing operational efficiency, the Company reported to the Sustainable Development Committee in August 2023 and selected a counseling firm (Lian Cheng Environmental Safety Management Consulting Co., Ltd./ Lian An Industrial Safety and Hygiene United Technician Firm) to commence planning for the establishment of an occupational health and safety management system (ISO 45001:2018). External verification has been completed, and on February 6, 2024, the Company obtained the ISO 45001:2018 certificate issued by Ares International Verification Co., Ltd. (Certificate No.: ARES/TW/I2402011S), valid until February 5, 2027. It is hoped that through the establishment of the occupational health and safety management system, the Company can implement the occupational health and safety policy of "Compliance with Laws", "Hazard Prevention", "Competence Awareness", "Continuous Improvement", and "All-Staff Participation". The occupational health and safety management system covers the Taipei headquarters and the Taipei Tanmei warehouse. Other locations with fewer employees are not included, considering the Company's resource utilization. Additionally, the aforementioned covered locations include all workers and contractors at those sites.
- ③ In 2023, the Company designated the Far Eastern Memorial Hospital to conduct annual health checkups for employees, with a participation rate of 94.0% (excluding overseas colleagues). We also collaborated with the Cathay General Hospital to invite physicians to provide employee health care and consultation services, conducting a total of 6 sessions, each lasting three hours, amounting to a total of 18 hours. Additionally, the Company's Occupational Health and Safety Department, staffed by dedicated nurses and arranged external experts, conducted 4 sessions of health education seminars, totaling 3.5 hours, with the participation of 174 employees.
- ④ To meet the increased medical needs of our employees, the Company has opted for group medical insurance coverage. In agreement with a premium adjustment, we have requested the insurance company to revise the claims terms. Starting from October 6, 2022, the inpatient medical group health insurance claims process has been relaxed, allowing employees to apply for claims by submitting copies of receipts. This flexibility enables employees to balance their personal and company insurance coverage. In the fiscal year 2023, the ratio of the claim amounts for group accident/inpatient/cancer medical insurance to the total premium expenditure was 65.11%. This has

provided employees with a certain level of support in terms of medical coverage.

- ⑤ The Company is committed to promoting tobacco hazard prevention and health promotion in the workplace. After evaluation by the Health Promotion Administration, Ministry of Health and Welfare, and awarded the Healthy Workplace Certification- Health Promotion Logo (Certificate Number: HPAB1110793, valid from January 1, 2023, to December 31, 2025).

Please refer to the Stakeholders and Communication under the Stakeholders section on the Company's official website for relevant explanations regarding employees. Additionally, please review the explanation of Occupational Health and Safety under the Sustainable Workplace in the Sustainability section. The relevant actions for 2023 were reported to the Sustainable Development Committee and the Board of Directors on January 31, 2024.

2. Situation of further education and training

(1) Executed by the Company:

- ① Regular training for new colleagues:
 - a. Understanding the Company's corporate philosophy and core values;
 - b. Corporate governance, ethical corporate management and sustainability policy requirements;
 - c. Introduction to the work functions of each department, network and information security, intellectual property protection requirements and other points to note;
 - d. On the Job Training (OJT) of the department to which the trainees belong, focusing on job functions and ERP operations.
- ② Job skill refinement training: In response to the work processes, ERP system program and function addition or management requirements, the program leader will arrange work skill refinement training courses to enhance the essential capability of employees and improve work efficiency so that employees can enhance their work value. In response to the workflow, advanced ERP system program function or management requirements, etc., the plan host executes the training courses of working skill improvement to strengthen the essential learning ability of employees, enhance work efficiency, and advance work value of colleagues.
- ③ Leadership and governance training: Education and training for the development of management officers to strengthen the leadership thinking and management knowledge of supervisors, let them identify with the Company's values, and cultivate the management in succession.

(2) Participate in courses of external training institutions

- ① We encourage employees to participate in professional skills or new knowledge training courses held by external organizations for application in the work process or management, so that employees and the company can have a win-win achievement.
- ② The Company subsidizes the training fees of all the courses attended after approval. Those who have obtained the relevant professional licenses or qualifications will be rewarded with professional incentives if they are evaluated as having added value to the Company's operations.

(3) In 2023 and as of March 31, 2024, the Company conducted internal and external training as described below.

- ① In 2023

Classification	Person-times				Person-time hours			
Training on Human Rights and Sustainable Development	Male	62	98	2,344	Male	173.5	297	6,178
	Female	36			Female	123.5		
Enhancement of Work Skills.	Male	250	546		Male	753	1,314.5	
	Female	296			Female	561.5		
New Employee Training	Male	245	496		Male	247.5	512.5	
	Female	251			Female	265		
Leadership and Governance Training	Male	88	116		Male	396	522	
	Female	28			Female	126		
Environmental Health and Safety	Male	268	538		Male	628.5	1,270.5	
	Female	270			Female	642		
External Organization Courses	Male	432	550		Male	1999	2,261.5	
	Female	118			Female	262.5		

(4) As of March 31, 2024

Classification	Person-times				Person-time hours			
Training on Human Rights and Sustainable Development	Male	33	45	252	Male	29.0	47.0	540.5
	Female	12			Female	18.0		
Enhancement of Work Skills.	Male	102	116		Male	291.5	368.0	
	Female	14			Female	76.5		
Other Education and Training	Male	30	43		Male	30.0	43.0	
	Female	13			Female	13.0		
Environmental Health and Safety	Male	22	46		Male	37.5	52.5	
	Female	24			Female	15.0		
External Organization Courses	Male	0	2		Male	0.0	30.0	
	Female	2			Female	30.0		

3. Implementation of the Retirement System:

The Company has established an employee retirement measure in accordance with the law. For employees entitled to the old scheme of labor pension, 2% of the total monthly salary of the labors is appropriated to the labor pension reserve account in the Bank of Taiwan. In contrast, for employees who are entitled to the new scheme of labor pension, 6% is contributed to their personal pension accounts at the Bureau of Labor Insurance according to the “Table of Monthly Contribution Classification of Labor Pension”. Employees are also encouraged to make self-contributions for early planning of pension accumulation arrangements.

4. Negotiation between Employer and Employee, and Employee Rights Protection

(1) Communication in employer-employee relations involves conducting labor-management meetings and staff meetings each quarter in principle. In 2023, three staff meetings for employees were held, and representatives of labor and management held four labor-management meetings. The above-mentioned meetings serve as a bridge for communication and issue reflection between the employers and employees, as well as between employees and management. Usually, there is an employee grievance mechanism and channel in the Human

Resources Office, so that employees can always have a communication channel to reflect relevant rights and interests in the workplace. There have been no labor disputes in 2023.

- (2) In efforts to create an age-friendly workplace environment, the Company has made strides and, in September 2023, received certification as the 'First Annual Age-Friendly Enterprise for Middle-aged and Elderly Workers' from the Taipei City Government.
- (3) The Company regards employees as company assets, so it attaches great importance to the career planning of employees. In addition to setting reasonable salary and business performance reward standards for employees' contribution, there is also a mechanism of employees' remuneration distribution that will benefit employees. Therefore, On June 8, 2023, the Company was once again listed as a constituent stock of the "Taiwan HC 100 Index" published by Taiwan Index Plus (TIP), and the 1111 Job Bank voted the Company as the 2023 Happy Enterprise Gold Award, which shows that the Company's compensation and other benefits paid to employees have been recognized by external institutions.
- (4) The Company attaches importance to employee welfare measures, provides a safe and healthy working environment, encourages employees to participate in refresher training to enhance work value, emphasizes fair treatment, sets up employee complaint mechanisms and channels, and implements the retirement system according to law, so that employees' rights and interests can be demonstrated within the Weikeng Group system.
- (5) In accordance with the Gender Equality Act, the Labor Standards Act, the government's population policy, and the family policy, the Company implements a service map to take care of its employees, including the promotion of gender equality at work, prevention of sexual harassment in the workplace, promotion of emergency assistance programs for employees, corporate childcare measures, workplace maternal health counseling, promotion of family-friendly measures, promotion of work-life balance measures, and assistance in childcare/ work suspension/ reinstatement, in order to establish a friendly workplace as one of the Company's competitive advantages, which will help enhance the organizational commitment and performance of employees.
- (6) To ensure the well-being of all employees during the execution of their duties and to protect them from physical or mental harm, our company has introduced the "Prevention of Workplace Wrongdoings Policy" in the fiscal year 2023. This policy aims to safeguard the physical and mental health rights of our employees. Additionally, in the fiscal year 2023, our company has revised the "Workplace Harassment Prevention and Complaints Handling Procedures" to protect employees from the threat of sexual harassment. The goal is to establish a friendly work environment, enhance awareness of gender equality between supervisors and employees, and create a workplace free from the menace of harassment.
- (7) In order to protect the basic human rights of employees, based on fulfilling its social responsibilities and supporting various international human rights conventions such as the United Nations Universal Declaration of Human Rights, the United Nations Global Covenant, Two International Bill of Human Rights - International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights, and the International Labor Organization-Declaration of Fundamental Principles and Rights at Work, the

Company eliminates any violations of human rights, so that all employees of the Company can be treated fairly and with dignity. The Board of Directors promulgated the “Protection of Human Rights Policy” on June 29, 2021, which was revised and approved by the Sustainable Development Committee and the Board of Directors on December 28, 2022 and January 13, 2023 respectively, covering: (1) comply with the relevant local labor and environment regulations and international standards in each business area of Weikeng group, (2) diversity and tolerance of selected talents and equal opportunities for labor rights, (3) remunerations and benefits, (4) humane treatment, and (5) healthy and safe workplace. For the relevant implementation situation, please refer to the Company’s official website for Sustainability_ Sustainable Workplace_ Employee Rights or Stakeholders_ Stakeholders and Communication_ Employee.

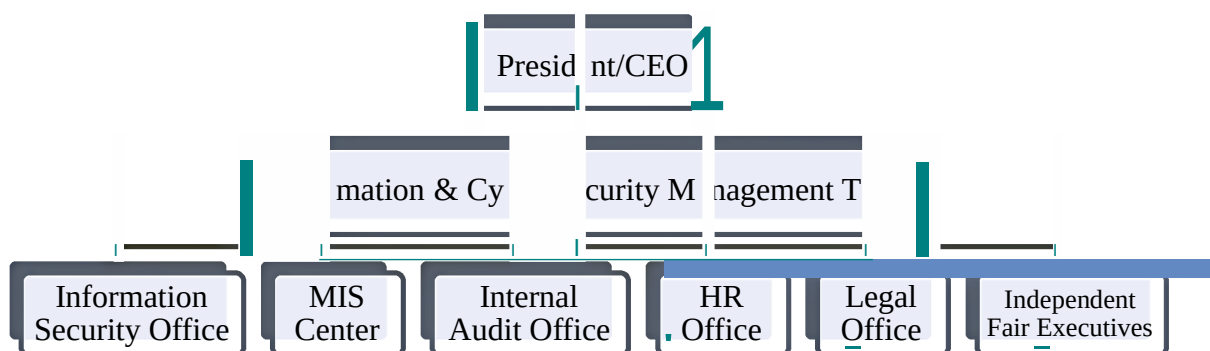
- (II) List any losses suffered by the company in the most recent fiscal years and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided. In 2023 and up to the date of publication of this Annual Report, the Company did not have any of the above incidents.

VI. Cyber security management:

- (I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. Information and Cyber Security Risk Management Framework

The Company has established an information security office since September 1, 2022, with a dedicated supervisor (division director) and a dedicated information security specialist, and the president/CEO (the former Chief Operating Officer) serves as the convener of the information and cyber security management team. In addition to the information security office, the information and cyber security management team includes MIS center, internal audit office, HR office, legal office, and independent fair executives (management levels of various business divisions and functional units) with the relevant expertise and knowledge, responsible for coordinating, planning, executing and analyzing information and cyber security incidents, and evaluating information and cyber security policies at least once a year.



- (1) The Information Security Office is responsible for establishing the Company's information security policies, strategies and projects, and proposing information security sustainability plans, loss prevention and fraud prevention, and privacy protection to protect employees, information assets and technology.
 - (2) The MIS Center and the Legal Office cooperate with the policies, strategies and projects proposed by the Information Security Office, and are responsible for handling information security related plans, measures and technical specifications, as well as research, construction and evaluation of security technologies.
 - (3) The HR office is in charge of the employment security assessment.
 - (4) The Internal Audit office shall work with the Information Security Office, MIS Center, and related units to take charge of the maintenance of information confidentiality and management matters for audit use.
 - (5) The Legal Office is responsible for the review of the project contract, and provides timely publicity, training and education on the laws and regulations of information ethics, including but not limited to privacy, accuracy, property, and accessibility.
 - (6) The Independent Fair Executives (management level of various divisions and functional units) shall be in charge of the research on the need for the data, information and cyber system security, and access management and protection thereof, as well as authorization recommendations, assessments and managements of personnel who can use confidential and sensitive data management.
2. Information and Cyber Security Policy
- The so-called information and cyber security policy maintains the regular operation of the Company without violating local regulations, ethics and cultural norms, adopts necessary and cost-effective management, controls risks within an acceptable level, and uses safety protection means, measures or mechanisms, such as operation control and technology tools, to precisely protect the Company's information assets from any unfair use, disclosure, tampering, theft or destruction, and take the necessary responsive actions promptly and recover normal operations immediately in the event of emergencies, such as malicious attacks, destruction or unfair use, and mitigate the damage caused by the incident that can potentially affect and compromise the Company's operations. For details, please refer to the "Information and Cyber Security Policy and Management Regulations" published on the Company's official website.
3. Concrete management programs
- In 2023, the Information Security Office and the MIS Center have implemented information and cyber security management in accordance with the " Information and Cyber Security Policy and Management Regulations " revised and approved by the Board of Directors on September 28, 2022, and the above Regulations have been revised and approved by the board of directors on September 28, 2022:
- (1) Information and cyber security threats and protection :
Currently, Weikeng email uses Microsoft office 365 cloud system :
 - ① Normal emails count in 2023 : 9,417,928 · Spam emails: 523,271 · Threat emails: 203,097 · interception accuracy rate : 99.87%.
 - ② The Company's main operation application system is located in the IDC computer room of Chunghwa Telecom, and which successfully blocks tens of thousands of cyber-attacks every week and maintains the normal operation of the Group's information system.
 - ③ The Company is a member of the Taiwan Computer Emergency Response Team / Coordination Center (TW-ISAC), and will receive relevant security information and reports from time to time, and we will list the warning website as a prohibited

service in the firewall.

(2) Information and cyber security education and promotion :

- ① Information and cyber security promotion : MIS regular monthly email promotions and the Information Security Office collects information and cyber security information, and irregular email promotions. Total 37 promotional messages have been sent in 2023.
- ② Information and cyber security education : MIS/ISO (Information Security Office) Provide explanations and propaganda on topics such as hackers, viruses, phishing, computer worms, social engineering and password maintenance during each quarter's new recruit training. In 2023, 3 promotion sessions were held, with a total of 33 people participating.

(3) Information and cyber security incidents and response :

- ① Hacker virus invasion : In 2023, there were no major hacker or virus intrusions.
- ② Computer network failure : In 2023, during February, two submarine cables of Chunghwa Telecom's Taiwan-Matsu submarine cable were disconnected, causing the CN/HK/TW network to be intermittent and affecting ERP/WMS operations. Normal operations gradually resumed after Chunghwa Telecom deployed the network.
- ③ Failure of environmental facilities : There were no major environmental facility failures in 2023 (generally referring to computer room air-conditioning, power supply and other facilities).
- ④ Major information and cyber security incidents : In 2023, there was no loss suffered or impact on operations, goodwill, etc. due to major information and cyber security incidents.
- ⑤ In 2023, there were no confirmed complaints of infringement of customer privacy or loss of customer information.

(4) Information and cyber security investment and improvement :

- ① On March 6, 2023, the IT department updated the Softnext Spam defense server (SPAMSQR) to enhance and improve the product's security vulnerabilities.
- ② On March 27, 2023, TWCERT notified the Apache HTTP Server of the company's information equipment that the CVE-2023-25690 security vulnerability was suspected, and recommended that the Apache HTTP Server be updated to 2.4.56 (including above versions). The IT department updated all risky Apache Http Servers to the latest version 2.4.56 on 2023/03/29 and reported it to TWCERT.
- ③ In October 2023, in order to strengthen the security of employees' Office365 email account passwords, the IT department enabled the Multi-Factor Authentication (MFA) function.
- ④ The IT department according to information and cyber security information provided by TWCERT-ISAC and updated firewall, anti-virus, anti-hacking, anti-phishing etc. total for 64 times in 2023.
- ⑤ The IT department purchases F-Secure anti-virus software for all colleagues and purchases a few endpoint protection (EDR) certificates, installs and uses it for some colleagues with higher risks, and tracks and observes to evaluate whether it can be used by all colleagues in the future.

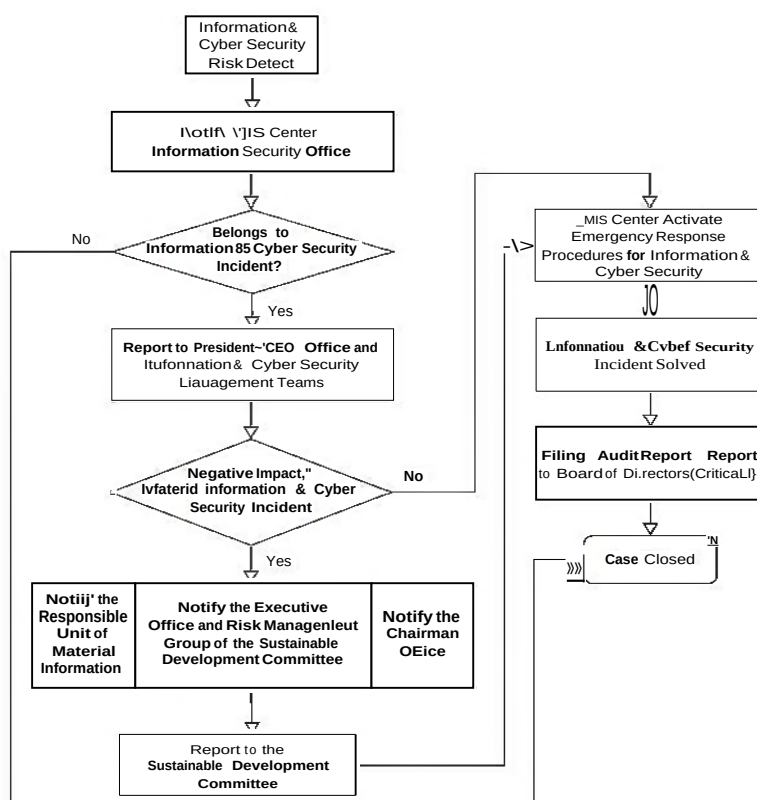
(5) Education courses and activities related to security personnel (2023) :

Organizer	Name of Course/Activity	Date	Hours	Participant	Certificate
Taiwan Corporate	Practical Aspects of Information and	2023/02/07	3	1. SHIA,CHIEN-CHUNG	1. Taiwan Corporate Governance

Organizer	Name of Course/Activity	Date	Hours	Participant	Certificate
Governance Association	Cyber Security Governance: Analysis of Key Management Issues			(@Steve Shia) (Director of Information Security Office) 2. LIN, YI-MIN (@Vincent Lin) (Deputy Manager of Information Security Office)	Association Training Certificate-TCGA11200070 2. Taiwan Corporate Governance Association Training Certificate-TCGA11200071
	1. International Trends in Information and Cyber Security Governance 2. Key Performance Indicators in Information and Cyber Security 3. Information and Cyber Security Management Dashboard 4. Industrial Control System Security Management 5. Innovative Perspectives on Information and Cyber Security				
iSpan International Inc.	SSCP (Systems Security Certified Practitioner) Training Course	2023/08/19~20 2023/08/26~27	30	SHIA, CHIEN-CHUNG (@Steve Shia) (Director of Information Security Office)	iSpan International Inc. Achieving Certificate- 112-SE200685
	1. Fundamentals of Information and Cyber Security 2. Access Control and Authorization 3. Identity Authentication 4. Management Practices and Security Operations 5. Risk Identification, Monitoring, and Analysis 6. Information and Cyber Security Incident Response and Recovery 7. Business Continuity and Disaster Recovery Planning 8. Cryptography				

Organizer	Name of Course/Activity	Date	Hours	Participant	Certificate
	9. Network and Communications Security 10. Network Security Defense Techniques 11. Cloud Computing and Virtualization Security 12. Network Attacks and Malicious Code				
Information Service Industry Association of R.O.C.	Practical Course on Cyber Warfare Techniques: Principles and Practices of DDoS Attacks 1. Definition of DoS & DDoS 2. DoS/DDoS Attack Architecture and Methods 3. Defense Mechanisms and Improvement Measures for DoS/DDoS 4. Black Market Industry and Case Studies of DoS/DDoS 5. Sharing of IoT Security Issues	2023/11/23	3	SHIA, CHIEN-CHUNG (@Steve Shia) (Director of Information Security Office)	Information Service Industry Association of R.O.C. Achieving Certificate-11226006

(6) Procedures of Information and Cyber Security Incident Notification



(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

In 2023 and as of the date of publication of the Annual Report, the Company's information assets have not been misused, leaked, tampered with, stolen, or damaged, and there have been no emergencies such as malicious attacks, damages, or misuse. Therefore, there is no loss or impact on operations and goodwill due to the occurrence of major information security incidents.

VII. Important Contracts

Nature of Contract	Contractual Party	Contract Validity	Main Content	Restriction Clause
Distribution	ADVANCED MICRO DEVICES, INC.,	Since 1997/09	Franchise of Electronic Components	None
Distribution	ESS Technology Inc.	Since 1998/03	Franchise of Electronic Components	None
Distribution	Microchip Technology Inc.	Since 2003/10	Franchise of Electronic Components	None
Distribution	Cypress Semiconductor Corporation	Since 1999/06	Franchise of Electronic Components	Comply with U.S Import/Export Regulations
Distribution	Echelon Corporation	Since 2000/06	Franchise of Electronic Components	None
Distribution	Amazing Microelectronic Corp.	Since 2007/11	Franchise of Electronic Components	None
Distribution	Vishay Intertechnology Asia Pte Ltd	Since 2008/04	Franchise of Electronic Components	None
Distribution	SG Microelectronics (Hong	Since 2008/12	Franchise of	None

Nature of Contract	Contractual Party	Contract Validity	Main Content	Restriction Clause
	Kong) Co., Limited.		Electronic Components	
Distribution	Western Digital Technologies, Inc.	Since 2009/01	Franchise of Electronic Components	None
Distribution	Lattice SG Pte. Ltd.	Since 2009/03	Franchise of Electronic Components	Comply with U.S Import/Export Regulations
Distribution	Panasonic Industrial Sales (Taiwan) Co., Ltd	Since 2009/10	Franchise of Electronic Components	None
Distribution	LucidPort Technology	Since 2010/05	Franchise of Electronic Components	None
Distribution	PieceMakers Technology, Inc.	Since 2012/07	Franchise of Electronic Components	None
Distribution	Hui Zhou TCL King High Frequency Electronics Co., LTD	Since 2012/10	Franchise of Electronic Components	None
Distribution	Sinopower Semiconductor Inc.	Sinc3 2013/11	Franchise of Electronic Components	None
Distribution	Realtek Semiconductor Corporation	Since 2014 /01	Franchise of Electronic Components	1. No sales, quotation or other marketing activities or distribution outside the distribution territory t 2. Without the prior consent of the vendor, there shall be no improper quotation or lower than the current price of the product provided by the vendor, or acts to disrupt the market order 3. Without the prior consent of the vendor, the distributor shall not sell to customers who are not stated in the distributor's order or attached to the relevant order 4. The distributor shall not market, promote, or sell products that are competitive with the vendor 's products or introduce intermediate referral customers or exclusive customers or other unfavorable behavior or competitive behavior against the vendor.
Distribution	mCube Hong Kong Limited	Since 2014/03	Franchise of	None

Nature of Contract	Contractual Party	Contract Validity	Main Content	Restriction Clause
			Electronic Components	
Distribution	Crocus Technology, Inc.	Since 2014/04	Franchise of Electronic Components	Comply with U.S Import/Export Regulations
Distribution	Infineon Technologies Asia Pacific Pte Ltd	Since 2015/06	Franchise of Electronic Components	None
Distribution	Arctic Sand Technologies Inc.	Since 2016/07	Franchise of Electronic Components	None
Distribution	Luminus Devices, Inc.	Since 2016/07	Franchise of Electronic Components	None
Distribution	NXP Semiconductors Netherlands B.V.	Since 2016/07	Franchise of Electronic Components	Comply with U.S Import/Export Regulations
Distribution	InvenSense International Inc.	Since 2016/10	Franchise of Electronic Components	None
Distribution	Molex Taiwan Ltd.	Since 2016/10	Franchise of Electronic Components	Comply with U.S Import/Export Regulations
Distribution	CT Microelectronics Co., Ltd.	Since 2017/01	Franchise of Electronic Components	None
Distribution	QBit Semiconductor LTD.	Since 2017/01	Franchise of Electronic Components	None
Distribution	Trigence Semiconductor K.K.	Since 2017/09	Franchise of Electronic Components	None
Distribution	Globaltech Semiconductor	Since 2017/10	Franchise of Electronic Components	None
Distribution	XMOS LIMITED	Since 2017/12	Franchise of Electronic Components	Comply with U.S Import/Export Regulations
Lease	Beijing Jinguanda Real Estate Development Co., Ltd. Donghuang Hotel	2017/12/16~2024/12/15	Weikeng International (Shanghai) Co., Ltd. Beijing Branch Office	None
Distribution	GIGADEVICE SEMICONDUCTOR(HK) LIMITED	Since 2018/06	Franchise of Electronic Components	None
Distribution	EVE Energy Co., Ltd	Since 2018/06	Franchise of Electronic Components	None
Distribution	Active-Semi Hong Kong Limited	Since 2018 /11	Franchise of Electronic Components	None
Lease	Sen Heng Pte Ltd	2022/11/1~2025/10/31	Weikeng Technology Pte Ltd Office and warehouse	
Distribution	SkyHigh Memory Limited	Since 2019/04	Franchise of Electronic Components	Comply with U.S Import/Export Regulations
Lease	Hu Yuan Industrial Co., Ltd.	2019/5/1~2023/4/30 2023/5/1~2027/4/30	The Company's Taipei Warehouse	None
Distribution	MULTICOREWARE, Inc	Since 2019/07	Franchise of	None

Nature of Contract	Contractual Party	Contract Validity	Main Content	Restriction Clause
			Electronic Components	
Distribution	AirBeam Wireless Technologies Inc.	Since 2019/07	Franchise of Electronic Components	None
Lease	Shenzhen GrenTech Communication Co., Ltd.	2022/7/16~2025/7/15	Weikeng International (Shanghai) Co., Ltd. Shenzhen Branch Office	None
Distribution	Huizhou Gaoshengda Technology Co.,Ltd.	Since 2019/08	Franchise of Electronic Components	None
Distribution	Qorvo International Pte. Ltd	Since 2019/10	Franchise of Electronic Components	Comply with U.S Import/Export Regulations
Distribution	Tantiv4 Inc.	Since 2019/10	Franchise of Electronic Components	Comply with U.S Import/Export Regulations
Distribution	New Degree Technology CO., LTD	Since 2020/02	Franchise of Electronic Components	None
Distribution	Montage Technology Macao Commercial Offshore Limited	Since 2020/02	Franchise of Electronic Components	None
Distribution	E&R Engineering Corporation	Since 2020/02	Franchise of Semiconductor Equipment	None
Distribution	M-SOLV LTD	Since 2020/03	Franchise of Semiconductor Equipment	None
Distribution	DJ Tech Chip Test Co.	Since 2020/03	Franchise of Semiconductor Equipment	None
Distribution	Gillion Application Technology Co., Ltd.	Since 2020/04	Franchise of Semiconductor Materials	None
Distribution	Micropixel Optronics Ltd	Since 2020/04	Franchise of Semiconductor Materials	None
Distribution	JET TECHNOLOGY CO., LTD.	Since 2020/04	Franchise of Semiconductor Equipment	None
Distribution	Silan Microelectronics Co., Ltd.	Since 2020/04	Franchise of Electronic Components	None
Distribution	ETAS Automotive Technology (Shanghai) Co., Ltd.	Since 2020/04	Franchise of solutions for the automotive and other embedded industry	None
Distribution	KEYSSA SYSTEMS, INC.	Since 2020/05	Franchise of Electronic Components	Comply with U.S Import/Export Regulations
Distribution	M3 Technology Inc.	Since 2020/05	Franchise of Electronic Components	None
Distribution	SIGOLD OPTICS INC.	Since 2020/05	Franchise of Semiconductor Equipment	None
Distribution	CHERNGER TECH. CO.,	Since 2020/06	Franchise of	None

Nature of Contract	Contractual Party	Contract Validity	Main Content	Restriction Clause
	LTD..		Semiconductor Equipment	
Distribution	ETAS GmbH	Since 2020/08	Franchise of solutions for the automotive and other embedded industry	None
Logistics Management	Feili Logistics(Shenzhen)Co., Ltd.	2020/8/26~2022/8/25 2022/8/26~2025/8/25	The Company and subsidiary Weikeng International Co., Ltd. Shenzhen Futian Warehouse	None
Distribution	Memic Semiconductor (Tianjin) Co., Ltd	Since 2020/09	Franchise of Electronic Components	Comply with U.S Import/Export Regulations
Lease	Weikeng International Co., Ltd.	2020/9/26~2022/8/25	Sub-lease Shenzhen Futian Warehouse t	None
	WU, O-LAN	2022/11/1~2024/10/31	The Company's Kaohsiung Office	None
Distribution	Ningbo Aura Semiconductor Limited	Since 2020/12	Franchise of Electronic Components	None
Distribution	AP Memory Technology Corp	Since 2021/01	Franchise of Electronic Components	None
Lease	Xinfa Industrial Co., Ltd. Lian Fu Industrial Co., Ltd. HEALTH.COM BIOTECH CO., LTD.	2021/1/6~2023/1/5 2023/1/6~2027/1/5	The Company's Taipei office	None
	Cang Long Industrial Co., Ltd.	2021/5/1~2023/1/5 2023/1/6~2027/1/5		
	CHANG,O-LAN LIN,O-LUNG	2019/1/6~112/1/5 2023/1/6~2027/1/5		
	SU, O-WEN	2020/7/6~2023/1/5 2023/1/6~2027/1/5		
Distribution	Blaize, Inc.	Since 2021/03	Franchise of Electronic Components	Comply with U.S Import/Export Regulations
Lease	Synnex Technology International (Shanghai) Co., Ltd.	2021/4/1~2027/3/31	Weikeng International (Shanghai) Co., Ltd. Office	None
Distribution	SiTune Corporation	Since 2021/04	Franchise of Electronic Components	Comply with U.S Import/Export Regulations
Distribution	Kandou Bus S.A.,	Since 2021/06	Franchise of Electronic Components	Comply with U.S Import/Export Regulations
Distribution	Suzhou NOVONSENSE Microelectronics Co., Ltd.)	Since 2021/06	Franchise of Electronic Components	None
Distribution	MACHVISION Inc Co., LTD	Since 2021/06	Franchise of Semiconductor Equipment	None
D&O	Insurance Company of North	2021/6/16-2022/6/16	All directors,	None

Nature of Contract	Contractual Party	Contract Validity	Main Content	Restriction Clause
Insurance	America, Taiwan Branch	2022/6/16~2023/6/16	supervisors and important staff personal liability insurance and company compensation insurance	
Lease	Hangzhou Gudangwan Joint-Stock Economic Cooperative	2022/6/18~2023/6/17 2023/6/18~2024/6/17	Weikeng International (Shanghai) Co., Ltd. Hangzhou Branch Office	None
Distribution	Shanghai Sillumin Semiconductor Co., Ltd.	Since 2021/0 7	Franchise of Electronic Components	None
Distribution	RICHWAVE TECHNOLOGY CORP.	Since 2021/07	Franchise of Electronic Components	None
Distribution	SG Micro Corp 、SG Micro (HK) Limited	Since 2021/09	Franchise of Electronic Components	None
Distribution	ITE Tech. Inc.	Since 2021/09	Franchise of Electronic Components	None
Reseller	GLOBALFOUNDRIES Singapore Pte. Ltd.	Since 2021/10	Purchase and Distribute products to End Customers	Comply with U.S Import/Export Regulations
Lease	Genright Investment Limited	2021/11/1~2024/10/31	Weikeng International Co., Ltd. Hong Kong Shatin Office and Warehouse	None
	Weikeng International Co., Ltd.	2021/11/1~2024/10/31	Sub-lease of office and warehouse in Shatin, Hong Kong	
	CHIANG,O-HSIUNG	2021/11/1~2023/10/31 2023/11/1~2025/10/31	The Company's Hsinchu Office	
Cargo & Inventory Insurance	The First / Fubon / Taian / Shin Kong / Chung Kuo / Hotai /Nan Shan General /Union/ South China/ MSIG Mingtai/ CTBC/ Taiwan Fire & Marine Insurance Co., Ltd.	2022/12/31~2023/12/31	Cargo transportation insurance, inventory /fire insurance, theft insurance, etc.	None
	The First / Fubon / Shin Kong / Chung Kuo / Hotai /Nan Shan General /Union/ South China/ Tokio Marine Nawa/Taiwan Fire & Marine Insurance Co., Ltd./Falcon Insurance (Hong Kong) Ltd./XL Insurance Co., SE(Hong Kong Branch)/QBE Hongkong & Shanghai Insurance Ltd./HDI Global SE Hong kong Branch/Swiss Reinsurance Co., Ltd. Hong Kong Branch/QPS Lloyd's Syndicate/Bank of China Ltd./The People's Insurance	2023/12/31~2024/12/31		

Nature of Contract	Contractual Party	Contract Validity	Main Content	Restriction Clause
	Company of China(Hong Kong) Ltd./ China Pacific Property Insurance Co., Ltd. Suzhou Branch			
Distribution	Navitas Semiconductor Limited	Since 2022/01	Franchise of Electronic Components	None
Lease	Nan Shan Life Insurance Co., Ltd.	2022/2/1~2027/1/31	The Company's Taichung Office	None
Distribution	AONDevices, Inc.	Since 2022/02	Franchise of Electronic Components	Comply with U.S Import/Export Regulations
Distribution	Morse Micro, Inc.	Since 2022/03	Franchise of Electronic Components	None
Distribution	iCana Co., Ltd.	Since 2022/08	Franchise of Electronic Components	Comply with U.S Import/Export Regulations
Distribution	Carota Co. Ltd.	Since 2022/08	Franchise of Solution	None
Distribution	Kinara, Inc.	Since 2022/11	Franchise of Electronic Components	Comply with U.S Import/Export Regulations
Distribution	Xconn Technologies, Inc.	Since 2023/05	Franchise of Solution	None
Distribution	Xilinx, Inc.; Xilinx Ireland Unlimited Company; Xilinx Sales International Pte. Ltd.	Since 2023/11	Franchise of Electronic Components	Comply with U.S Import/Export Regulations

*Remark : The contract will keep in force until either party requests to terminate.

VI. Financial Information

I. Five-Year Financial Summary

(I) Condensed Balance Sheet and Statement of Comprehensive Income

1. Consolidated Condensed Balance Sheet – Based on IFRS

Unit: NT\$ thousands

Year Item		Financial Summary for The Last Five Years					As of March 31, 2024 of quarterly report
		2019	2020	2021	2022	2023	
Current assets		22,559,927	22,153,599	26,676,542	32,460,121	37,863,431	38,783,600
Property, Plant and Equipment		149,291	134,770	133,459	129,766	146,748	150,163
Intangible assets		57,519	53,665	30,480	10,602	6,597	10,415
Other assets		616,713	511,796	694,749	640,364	629,524	553,414
Total assets		23,383,450	22,853,830	27,535,230	33,240,853	38,646,300	39,497,592
Current liabilities	Before distribution	17,104,473	15,232,451	18,377,950	21,033,613	27,013,601	27,459,874
	After distribution	17,316,925	15,726,959	19,648,182	22,346,601	27,883,601	---
Non-current liabilities		614,052	1,547,301	1,134,792	3,027,622	2,866,479	2,851,630
Total liabilities	Before distribution	17,718,525	16,779,752	19,512,742	24,061,235	29,880,080	29,880,080
	After distribution	17,930,977	17,274,260	20,782,974	25,374,223	30,750,080	---
Equity attributable to shareholders of the parent		5,664,925	6,074,078	8,022,488	9,179,618	8,766,220	9,186,088
Capital stock		3,677,513	3,677,513	4,159,342	4,235,432	4,280,715	4,280,715
Capital surplus		884,335	941,349	1,275,927	1,440,646	1,526,125	1,526,125
Retained earnings	Before distribution	1,332,537	1,820,922	3,041,802	3,495,467	2,971,734	3,140,671
	After distribution	1,120,085	1,326,414	1,771,570	2,182,479	2,101,734	---
Other equity interest		(229,460)	(365,706)	(454,583)	8,073	(12,354)	238,577
Treasury stock		---	---	---	---	---	---
Non-controlling interest		---	---	---	---	---	---
Total equity	Before distribution	5,664,925	6,074,078	8,022,488	9,179,618	8,766,220	9,186,088
	After distribution	5,452,473	5,579,570	6,752,256	7,866,630	7,896,220	---

2. Individual- Parent Company Condensed balance sheet – Based on IFRS

Unit: NT\$ thousands

3. Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years					As of March 31, 2024 of quarterly report
	2019	2020	2021	2022	2023	
Net sales revenue	48,224,086	58,413,402	72,404,886	70,281,179	70,892,413	18,444,276
Gross profit	2,775,288	3,067,783	5,162,842	5,489,993	4,491,181	1,049,148
Income from operations	752,757	976,203	2,525,619	2,728,183	2,645,330	564,015
Non-operating income & expenses	(394,701)	(43,115)	(74,299)	(398,029)	(798,515)	(269,976)
Income before tax	358,056	933,088	2,451,320	2,330,154	1,047,336	215,157
Income from Continuing Operation after Income Tax	260,394	699,309	1,721,140	1,699,134	786,767	168,937
Income (Loss) from Discontinued Operation	---	---	---	---	---	---
Net income (Loss)	260,394	699,309	1,721,140	1,699,134	786,767	168,937
Other comprehensive income (income after tax)	(92,578)	(134,718)	(94,629)	487,419	(17,939)	250,931
Total comprehensive income	167,816	564,591	1,626,511	2,186,553	768,828	419,868
Net income attributable to shareholders of the parent	260,394	699,309	1,721,140	1,699,134	786,767	168,937
Net income attributable to non-controlling interest	---	---	---	---	---	---
Comprehensive income attributable to Shareholders of the parent	167,816	564,591	1,626,511	2,186,553	768,828	168,937
Comprehensive income attributable to non-controlling interest	---	---	---	---	---	---
Earnings per share	0.71	1.9	4.54	4.03	1.85	0.39

4. Individual- Parent Company Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years					As of March 31, 2024 of quarterly report
	2019	2020	2021	2022	2023	
Net sales revenue	22,377,731	27,706,010	29,964,915	28,811,601	33,150,275	NA
Gross profit	1,056,790	1,238,640	1,603,259	2,062,639	1,955,421	
Net operating income	226,074	285,149	445,040	865,445	915,406	
Non-operating income & expenses	107,932	597,333	1,709,467	1,271,193	116,571	
Income before tax	334,006	882,482	2,154,507	2,136,638	1,031,977	
Income from Continuing Operation before Income Tax	260,394	699,309	1,721,140	1,699,134	786,767	
Income (Loss) from Discontinued Operation	---	---	---	---	---	
Net income (Loss)	260,394	699,309	1,721,140	1,699,134	786,767	
Other comprehensive income (income after tax)	(92,578)	(134,718)	(94,629)	487,419	(17,939)	
Total comprehensive income	167,816	564,591	1,626,511	2,186,553	768,828	
Net income attributable to shareholders of the parent	260,394	699,309	1,721,140	1,699,134	786,767	
Net income attributable to non-controlling interest	---	---	---	---	---	
Comprehensive income attributable to Shareholders of the parent	167,816	564,591	1,626,511	2,186,553	768,828	
Comprehensive income attributable to non-controlling interest	---	---	---	---	---	
Earnings per share	0.71	1.9	4.54	4.03	1.85	

(II) CPAs' Opinions from 2018 to 2022

Year	Accounting Firm	CPA	Audit Opinion
2019	KPMG, Taiwan	Lo, Jui-Lan and Au, Yiu-Kwan	Unqualified Opinion
2020	KPMG, Taiwan	Lo, Jui-Lan and Au, Yiu-Kwan	Unqualified Opinion
2021	KPMG, Taiwan	Lo, Jui-Lan and Au, Yiu-Kwan	Unqualified Opinion
2022	KPMG, Taiwan	Au, Yiu-Kwan and Kuo, Kuan-Ying	Unqualified Opinion
2023	KPMG, Taiwan	Au, Yiu-Kwan and Kuo, Kuan-Ying	Unqualified Opinion

II. Five-Year Financial Analysis

(I) Consolidated Financial Analysis – Based on IFRS

Item		Year	Financial Analysis for the Last Five Years(Note 1)					As of March 31, 2024 of quarterly report
			2019	2020	2021	2022	2023	
Financial structure (%)	Debt Ratio		75.77	73.42	70.86	72.38	77.32	76.74
	Ratio of long-term capital to property, plant and equipment		4,205.86	5,655.1	6,861.49	9,407.12	7,926.99	8,016.43
Solvency (%)	Current ratio		131.89	145.44	145.16	154.32	140.16	141.24
	Quick ratio		70.49	93.54	88.91	76.81	61.19	65.07
	Interest earned ratio (times)		1.84	4.71	15.50	6.19	2.12	1.84
Operating performance	Accounts receivable turnover (times)		5.79	6.18	5.97	5.32	5.36	5.19
	Average collection period		63	59	61	69	68	70
	Inventory turnover (times)		3.81	6.04	7.41	4.88	3.61	3.44
	Accounts payable turnover (times)		8.3	12.45	15.14	14.61	10.1	7.66
	Average days in sales		96	60	49	75	101	106
	Property, plant and equipment turnover (times)		315.08	411.27	539.87	534	512.76	496.96
	Total assets turnover (times)		1.97	2.53	2.87	2.31	1.97	1.89
Profitability	Return on total assets (%)		2.45	3.90	7.37	6.77	4.28	3.82
	Return on stockholders' equity (%)		4.54	11.91	24.42	19.75	8.77	7.53
	Pre-tax income to paid-in capital (%)		9.74	25.37	58.94	55.02	24.47	20.1
	Profit ratio (%)		0.54	1.2	2.38	2.42	1.11	0.92
	Earnings per share (NT\$)		0.71	1.9	4.54	4.03	1.85	0.39
Cash flow	Cash flow ratio (%)		17.83	(1.27)	(3.86)	(19.94)	4	(5.9)
	Cash flow adequacy ratio (%)		(11.60)	(19.32)	(0.92)	(29.21)	(5.89)	(35.19)
	Cash reinvestment ratio (%)		41.70	(5.20)	(12.85)	(43.96)	(1.96)	(13.25)
Leverage	Operating leverage		1.22	1.18	1.07	1.07	1.1	1.09
	Financial leverage		2.3	1.35	1.07	1.2	2.03	2.11

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

- (1) Quick ratio decreased: Mainly due to quarterly stock-up increase, the accounts payable also increased.
- (2) Interest earned ratio (times) decreased: Due to successive interest rate hikes, the financial costs rose. Additionally, the profitability also decreased (as described in the 5 following).
- (3) Inventory turnover decreased/Average days in sales increased: Due to the quarterly advance stock-up and unexpectedly lower recovery of demand in the market of mainland China.
- (4) Payables turnover rate (frequency) decreased: Due to the increase in accounts payable from quarterly advance stock-up.
- (5) Return on assets (%) / Return on equity (%) / Ratio of net income before tax to paid-in capital (%) / Net profit margin (%) / Earnings per share(dollar) decreased: Along with the stock-out situation caused by the pandemic, which has now passed, the downward adjustments in goods prices contributed to the decline in profit. Furthermore, the successive interest rate hikes in 2023, the financial cost increased significantly.
- (6) Cash flow ratio (%) Increased: Mainly due to the extension of payables turnover days, the net cash inflow increased.
- (7) Cash flow adequacy ratio (%) Increased: Due to the thriving semiconductor industries and developing diversification of their applications in recent years, the Group has invested continuously in working capital to meet the changing market demands. Besides, the market's inventory adjustment of market that began last year has continued to affect the payback of working capital. However, as the payables turnover days extended, the net cash flow improved.
- (8) Cash reinvestment ratio (%) Increased: The net cash inflow from operating activities increased (as described in the 6 above). However, the impact of the inventory adjustment persists, and the Group will, therefore,

strictly control inventory and adopt more conservative strategies in the future.

(9) Financial leverage Increased: Due to the financial costs increase and the profitability decrease (as described in the (2) & (5) above).

Note 1: The above financial statements have been audited or reviewed by the independent auditors of KPMG, Taiwan.

Note 2: The formulas for financial analysis calculations are as follows:

(1) Financial structure:

a. Debt to asset ratio = Total Liabilities / Total Assets

b. Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

(2) Liquidity:

a. Current Ratio = Current Assets / Current Liabilities

b. Quick Ratio = (Current Assets – Inventories – Prepaid Expenses) / Current Liabilities

c. Time interest earned = net income before income tax and interest expense / current interest expense.

(3) Operating ability:

a. Average Collection Turnover = Net Sales / Average Trade Receivables (including all accounts receivable and all notes receivable resulting from trade)

b. Average Collection Days = 365 / Average Collection Turnover

c. Inventory turnover ratio = cost of goods sold / average amount of inventory.

d. Average Payables Turnover = Cost of Sales / Average Trade Payables (including all accounts payable and all notes payable resulting from trade)

e. Average Inventory Turnover Days = 365 / Average Inventory Turnover

f. Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment

g. Fixed assets turnover ratio = net sales / total average fixed assets.

(4) Profitability:

a. Return on Total Assets = (Net Income + Interest Expenses * (1-Effective Tax Rate)) / Average Total Assets

b. Return on Equity = Net Income / Average Equity

c. Net profit margin = after-tax profit / net operating income.

d. Earnings Per Share = (Net Income Attributable to Shareholders of the Parent – Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

(5) Cash flows:

a. Cash flow ratio = new cash flows from operating activities / current liabilities.

b. Cash flow adequacy ratio = net cash flows from operating activities in the past five years / (capital expenditure + increase in inventory + cash dividend) in the past five years.

c. Cash reinvestment ratio = (net cash flows from operating activities – cash dividend) / (gross margin of property, plant and equipment + long-term investment + other noncurrent assets + working capital).

(6) Leverage:

a. Operating leverage = (net operating revenue – variable operating cost and expenses) / operating profit.

b. Financial leverage = operating profit / (operating profit – interest expense).

Note 3: The formula for calculating the earnings per share should pay special attention to the following items when measuring:

(1) Based on the weighted average number of ordinary shares rather than the number of shares issued at the end of the year.

(2) Where there is a cash capital increase or treasury stock transaction, the weighted average number of shares should be calculated considering the period of outstanding.

(3) Where there is a capitalization of retained earnings or capitalization of capital reserves, when calculating the previous year and semi-annual earnings per share, it should be adjusted retrospectively according to the capital increase ratio, and there is no need to consider the period of the capital increase.

(4) If the preferred shares are non-convertible accumulated preferred shares, the current year's dividend (whether or not paid) shall be deducted from the net profit after tax or increase the net loss after tax. If the preferred shares are of non-cumulative nature, in the case of net profit after tax, the dividend of preferred shares shall be deducted from the net profit after tax; if it is a loss, no adjustment is necessary.

Note 4: When measuring cash flow analysis, special attention should be paid to the following items:

(1) Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statements.

(2) Capital expenditure refers to the annual cash outflow of capital investment.

(3) The increase in inventory is counted only when the ending balance is greater than the beginning balance. If inventory decreases at the end of the year, it is calculated as zero.

(4) Cash dividends include cash dividends for ordinary shares and preferred shares.

(5) Gross amount of real estate, plant and equipment refers to the total amount of real estate, plant and equipment before deduction of accumulated depreciation.

Note 5: The issuer should classify various operating costs and operating expenses into fixed and variable according to the nature. If it involves estimation or subjective judgment, it should pay attention to its rationality and maintain consistency.

Note 6: If the company's stocks have no par value or par value per share that are not NT \$ 10, the calculation of the ratio of the paid-in capital to the previous issue will be calculated based on the equity ratio of equity attributable to shareholders of the parent on the balance sheet.

(II) Individual- Parent Company Financial Analysis – Based on IFRS

Item \ Year		Financial Analysis for the Last Five Years(Note 1)					As of March 31, 2024 of quarterly report
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt Ratio	60.57	59.32	54.96	55.79	62.15	NA
	Ratio of long-term capital to property, plant and equipment	6,157.55	7852.36	9,574.96	13,134.78	10,890.24	
Solvency (%)	Current ratio	124.53	140.9	133.02	148.72	132.23	
	Quick ratio	80.43	100.56	98.57	96.78	78.82	
	Interest earned ratio (times)	2.72	7.96	25.78	11.33	3.88	
Operating performance	Accounts receivable turnover (times)	5.42	6.47	5.26	4.38	4.8	
	Average collection period	67	56	69	83	76	
	Inventory turnover (times)	4.35	8.11	9.50	7.09	5.83	
	Accounts payable turnover (times)	8.38	15.74	13.07	12.11	9.84	
	Average days in sales	84	45	38	51	63	
	Property, plant and equipment turnover (times)	218.20	280.80	314.43	310.01	334.92	
	Total assets turnover (times)	1.43	1.89	1.83	1.49	1.51	
Profitability	Return on total assets (%)	2.66	5.47	10.94	9.67	4.89	
	Return on stockholders' equity (%)	4.54	11.91	24.42	19.75	8.77	
	Pre-tax income to paid-in capital (%)	9.08	24.00	51.80	50.45	24.11	
	Profit ratio (%)	1.16	2.52	5.74	5.9	2.37	
	Earnings per share (NT\$)	0.71	1.9	4.54	4.03	1.85	
Cash flow	Cash flow ratio (%)	27.70	(3.08)	7.26	(17.15)	14.45	
	Cash flow adequacy ratio (%)	16.60	(8.84)	28.01	1.84	41.32	
	Cash reinvestment ratio (%)	30.23	(5.71)	1.59	(22.69)	3.11	
Leverage	Operating leverage	1.28	1.22	1.16	1.08	1.08	
	Financial leverage	7.01	1.8	1.24	1.31	1.64	

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

- (1) Interest earned ratio (times) decreased: The increase in interest expenses is attributed to the continued rise in US dollar interest rates. Additionally, there has been a decline in profitability. (as described in the (3) following).
- (2) Average days in sales increased: Primarily due to advance stocking in the quarter, resulting in an increase in inventory.
- (3) Return on assets (%) decreased/ Return on equity (%) decreased/ Ratio of net income before tax to paid-in capital (%) / Net profit margin (%) / Earnings per share (dollar): The main reason is that the recovery of demand in the mainland China market was not as expected, resulting in the recognition of losses from equity method investments in the China subsidiaries, including Hong Kong.
- (4) Cash flow ratio (%) Increased: Mainly due to the extension of payables turnover days, the net cash flow increased.
- (5) Cash flow adequacy ratio (%) Increased: Due to the thriving semiconductor industries and developing diversification of their applications in recent years, the Group has invested continuously in working capital to meet the changing market demands. Besides, the market's inventory adjustment of market that began last year has continued to affect the payback of working capital. However, as the payables turnover days extended, the cash flow adequacy ratio improved.
- (6) Cash reinvestment ratio (%) Increased: The cash inflow from operating activities increased (as described in the 4 above). However, the impact of the inventory adjustment persists, and the Group will, therefore, strictly control inventory and adopt more conservative strategies in the future.
- (7) Financial leverage Increased: Due to the financial costs increase (as described in the (1) above).

Note 1: The above financial statements have been audited or reviewed by the independent auditors of KPMG, Taiwan.

Note 2: Not Applicable.

Note 3: The formulas for financial analysis calculations are as follows: Please refer to the aforementioned "Consolidated Financial Analysis" in this Annual Report.

Note 4: The formula for calculating the earnings per share should pay special attention to the following items when measuring:

- (1) Based on the weighted average number of ordinary shares rather than the number of shares issued at the end of the year.
- (2) Where there is a cash capital increase or treasury stock transaction, the weighted average number of shares should be calculated considering the period of outstanding.
- (3) Where there is a capitalization of retained earnings or capitalization of capital reserves, when calculating the previous year and semi-annual earnings per share, it should be adjusted retrospectively according to the capital increase ratio, and there is no need to consider the period of the capital increase.
- (4) If the preferred shares are non-convertible accumulated preferred shares, the current year's dividend (whether or not paid) shall be deducted from the net profit after tax or increase the net loss after tax. If the preferred shares are of non-cumulative nature, in the case of net profit after tax, the dividend of preferred shares shall be deducted from the net profit after tax; if it is a loss, no adjustment is necessary.

Note 5: When measuring cash flow analysis, special attention should be paid to the following items:

- (1) Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statements.
- (2) Capital expenditure refers to the annual cash outflow of capital investment.
- (3) The increase in inventory is counted only when the ending balance is greater than the beginning balance. If inventory decreases at the end of the year, it is calculated as zero.
- (4) Cash dividends include cash dividends for ordinary shares and preferred shares.
- (5) Gross amount of real estate, plant and equipment refers to the total amount of real estate, plant and equipment before deduction of accumulated depreciation.

Note 6: The issuer should classify various operating costs and operating expenses into fixed and variable according to the nature. If it involves estimation or subjective judgment, it should pay attention to its rationality and maintain consistency.

Note 7: If the company's stocks have no par value or par value per share that are not NT \$ 10, the calculation of the ratio of the paid-in capital to the previous issue will be calculated based on the equity ratio of equity attributable to shareholders of the parent on the balance sheet.

III. Audit Committee's Review Report for the Most Recent Year (2023)

Weikeng Industrial Co., Ltd. 2023 Review Report of Audit Committee

The Board of Directors hereby submits the financial reports (including individual financial report and the consolidated financial report) for the fiscal year 2023, which has been audited by KPMG Taiwan, with independent auditors Mr. Au, Yiu-Kwan and Ms. Kuo, Kuan-Ying, and accompanied by an audit report. Along with the Business Report and proposals for Surplus Earnings Distribution Plan, these documents have been examined by the Audit Committee and found to be in compliance. Therefore, pursuant to the provisions of Articles 14-4 and 14-5 of the Securities and Exchange Act, as well as Article 219 of the Company Act, this report is prepared. Kindly review and verify.

To: Weikeng Industrial Co., Ltd., 2024 Shareholders' Annual General Meeting

Convener of Audit Committee : Tsai, Yu-Ping

Date: April 18, 2024

IV. Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report

Please refer to page 213~282 of this Annual Report.

V. Individual- Parent Company Financial Statements for the Years Ended December 31, 2023 and 2022, and Independent Auditors' Report

Please refer to page 283~359 of this Annual Report.

VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation.

None.

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

I. Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	37,863,431	32,460,121	5,403,310	16.65%
Fixed Assets	146,748	129,766	16,982	13.09%
Intangible Assets	6,597	10,602	(4,005)	-37.78%
Other Assets	629,524	640,364	(10,840)	-1.69%
Total Assets	38,646,300	33,240,853	5,405,447	16.26%
Current Liabilities	27,013,601	21,033,613	5,979,988	28.43%
Total Liabilities	29,880,080	24,061,235	5,818,845	24.18%
Capital stock	4,280,715	4,235,432	45,283	1.07%
Capital surplus	1,526,125	1,440,646	85,479	5.93%
Retained Earnings	2,971,734	3,495,467	(523,733)	-14.98%
Other Equity Interest	(12,354)	8,073	(20,427)	-253.03%
Total Stockholders' Equity	8,766,220	9,179,618	(413,398)	-4.50%
Analysis of changes in financial results				
(1) Decrease in intangible assets: Due to the amortization of intangible assets.				
(2) Increase in current liabilities and total liabilities: Primarily due to advance stocking in the quarter, resulting in an increase in accounts payable.				
(3) Decrease in other equity: Decrease attributed to the decrease in t exchange differences on translation of foreign financial statements and the fair value of financial assets through other comprehensive income.				

II. Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Net sales revenue	70,892,413	70,281,179	611,234	0.87%
Cos of sales	66401232	64,791,186	1,610,046	2.48%
Gross profit	4,491,181	5,489,993	(998,812)	-18.19%
Operating expenses	2,645,330	2,761,810	(116,480)	-4.22%
Net operating income	1,845,851	2,728,183	(882,332)	-32.34%
Non-operating income & expenses	(798,515)	(398,029)	(400,486)	100.62%
Profit before tax	1,047,336	2,330,154	(1,282,818)	-55.05%
Income tax expenses	260,569	631,020	(370,451)	-58.71%
Profit (Loss)	786,767	1,699,134	(912,367)	-53.70%

Other comprehensive income, net	(17,939)	487,419	(505,358)	-103.68%
Total comprehensive income	768,828	2,186,553	(1,417,725)	-64.84%
Analysis of changes in financial results				
(1) Decrease in operating income: Resulting from the end of the shortage situation caused by the pandemic, accompanied by downward price adjustments leading to a decrease in gross profit.				
(2) Decrease in net non-operating income and expenses: Primarily due to a significant increase in financial costs as US dollar interest rates continued to rise in 2023.				
(3) Decrease in income tax expense: Mainly due to reduced profitability.				
(4) Decrease in other comprehensive income: Mainly due to the relative stability of the exchange rate between the US dollar and the New Taiwan Dollar, resulting in a decrease in the exchange differences on translation of foreign financial statements.				

(I) Sales volume forecast and the basis:

The Company classifies the franchising products into chipsets/special application standard ICs, mixed signals and discrete components according to product characteristics. In fiscal year 2023, despite constraints stemming from economic cycles such as inflation in Europe and the United States, deflation in China, and financial cost pressures due to rising US dollar interest rates, the group's consolidated annual operating income and pre-tax net profit reached approximately NT\$70.892 billion and NT\$ 1.047 billion, respectively. These figures represent an increase of approximately 0.87% and a decrease of approximately 55.05% compared to the previous year. Nevertheless, the budget execution remained in line with internal expectations.

(II) Effect upon the Company's financial operations as well as measures to be taken in responses

In 2024, the global semiconductor market is still awaiting the recovery of end-demand. Various research institutions have estimated that the overall growth rate of the semiconductor industry in 2024 will shift from negative to positive. There is optimism in the medium to long term for the automotive and AI chip markets. The issue of inventory clearance in the industry chain is expected to gradually come to an end. However, uncertainties persist due to the unclear establishment of interest rate reduction policies by the Federal Reserve in the United States and the industry chain migration resulting from geopolitical factors. These are ongoing operational challenges for Weikeng.

Weikeng will prioritize steady operations and risk management as the primary agenda for 2024. Regarding business expansion, regionalization of the supply chain due to geopolitical factors will prompt Weikeng to continuously review and adjust its business expansion strategies. Additionally, it will provide technical support and appropriate industry cooperation to understand the needs of OEMs and customers. Weikeng expects its management team, under a steady operating model, to lead all employees in rigorously adhering to risk management systems, optimizing operations and financial efficiency, and upholding the goals of integrity, sustainable operation, and steady performance to create higher value for all stakeholders.

1. Operating Principles

- (1) To prudently face the situation of destocking in the industry chain, actively manage and evaluate the speed of purchasing and sales, carefully prevent the loss of inventory depreciation, strengthen the efficiency of working capital, and enhance control measures for the prevention of dead inventory and improvement measures for the disposal of dead inventory.
- (2) To strengthen cost structure management by adopting active financial management, capital structure optimization, digitalization to reduce operating costs, and implementation of "Zero-Based Budgeting", where each department must review its own business and propose a budget starting from the highest priority items based on cost-benefit analysis in order to save costs and expenses.
- (3) To timely grasp the dynamic adjustment of suppliers and customers due to trade policies or geopolitical factors, such as the "China+1" layout of semiconductor application electronics manufacturers. In order to relocate a production base, move, or adjust the production lines according to its plan, the Company must also be able to build transnational and trans-regional capacity and flexibility of strategy establishment,

- and expand its product portfolio on the premise of compliance with the provisions of the United States' (various countries) import and export laws and regulations.
- (4) In the face of a changing market and uncertainty, to continue to pay attention to the price and demand changes of each item, master the development trends of application-end technology products, invest appropriate R&D resources, and cooperate with industry partners to continue to create added value and competitiveness.
 - (5) To attach importance to the green economy and sustainable development in the long term, continue to provide customers with competitive components, and through technical support services and research and development projects, achieve technological link in the industry chain, support the industry chain to promote the carbon reduction operation mode, and grasp business opportunities from the green energy industry, as well as work with upstream and downstream partners to build a green and sustainable industry chain.
 - (6) To continue to comply with the risk management system and ethical corporate management best practice principles, strengthen the operational efficiency, pay attention to the needs and feelings of employees, take a stable business model as the principle, analyze the profitability of revenue growth, and take appropriate measures to grasp market opportunities.
2. Production and Sales Policy
- (1) Pricing Strategy: In the face of the high-cost environment, to carefully evaluate the product pricing strategy and profit analysis, maintain good communication with the franchising vendors and downstream manufacturers, and through the mechanism of negotiation with customers and on the premise of improving the quality of product services, timely adjust product pricing to ensure the maintenance of the profit of each product line.
 - (2) New Business Development: To continue to grasp the development trend of "decarbonization", "digitization", "green computing", and the "regionalization" of the supply chain collaboration to expand business cooperation opportunities and solidify customer structure.
 - (3) Resilience: In the face of the cross-border movement of upstream and downstream manufacturers among the Asia-Pacific region, North American region, and European region, as well as the adjustment of production line planning made by the customers due to marginalization of trade policies, the Group must strengthen its support, service momentum and resilience, assess its cost-effectiveness, and improve its capability of strategy establishment at any time.
 - (4) Compliance with laws and regulations: To pay attention to and implement laws and regulations on the export and import of strategic high-tech products, including whether a transaction or service object is set forth in the control list of the United States' regulatory authority for export, re-export, or transfer.
 - (5) With the continuous expansion of operation scale and franchises, to prudently review risk and profitability.

III. Analysis of Cash Flow

(I) Cash Flow Analysis for the Most Recent Fiscal Year (2021)

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Inflow (Outflow) (3)	Cash Surplus (Deficit) (1)+(2)+(3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
2,839,507	1,081,224	(1,509,999)	2,410,732	---	---

Analysis of change in cash flow in the recent year

- (1) Net Cash Inflow from Operating Activities: Primarily driven by increases in inventory, which in turn lead to increases in accounts payable balances
- (2) Cash inflow: Mainly due to repayment of lease liabilities and cash dividend distributions from financing activities.
- (3) For related information, please refer to the cash flow statement in the financial statements.

(II) Remedy for Cash Deficit and Liquidity Analysis:

There is no liquidity insufficiency.

(III) Cash Flow Analysis for the Coming Year (2024)

In order to meet relevant plans for future operating needs, the Company will use cash inflows from operating activities and bank borrowings to raise funds for future operations.

IV. Effect upon Financial Operations of any Major Capital Expenditures during the Most Recent Fiscal Year

No major capital expenditures in 2023.

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

- (I) The Company's reinvestment policy mainly considers the extension and expansion of the semiconductor parts distributor business. Therefore, investing in 100% owned subsidiaries in Hong Kong, China and Singapore are responsible for the regional markets in Greater China and Southeast Asia respectively, and belong to long-term strategic investment. In the most recent year (2023), the Company recognized investment income by equity method and received management service fees from overseas subsidiaries, which totaled NT \$ 290,914 thousand.

(II) Investment plan for the next year (2024)

1. The Company plans to reinvest in establishing a wholly-owned subsidiary in Texas, USA, aiming to facilitate direct shipments from Mexico to El Paso, Texas, USA, and then to major OEM factory customers of Taiwanese businesses in Mexico. The establishment of the El Paso VMI operating warehouse is intended to address the trend of many Taiwanese customers shifting production bases to Mexico, stabilize franchise rights, and expand the Company's cross-border/regional supply chain service capacity.
2. The investment amount (i.e., the subsidiary's capital) is initially planned to be within US\$100,000.
3. The relevant investment procedures were approved by the Audit Committee and the Board of Directors on April 18, 2024, and the Chairman was authorized to handle the investment approval process in accordance with the procedures of the Department of Investment Review, Ministry of Economic Affairs and the Company's Procedures for Acquisition or Disposal of Assets.

VI. Analysis of Risk Management

- (I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures
 1. Changes in Interest rate

The borrowing from financial institutions by both the Company and its subsidiaries primarily serves to meet the funding needs for operational turnover. As the majority of liabilities are denominated in US dollars, fluctuations in USD market interest rates directly impact the financial costs of the Group. The Group's financial costs for the years 2023 and 2022 were NT\$937,320 thousand and NT\$448,796 thousand, respectively, representing 1.32% and 0.64% of net sales revenue. This indicates an increase (decrease) of NT\$488,524 thousand and NT\$279,748 thousand compared to the same period of the previous year, with growth rates of 108.85% and 165.48%, respectively.

The Group's borrowing from financial institutions primarily serves the operational turnover funding needs. Apart from some loans denominated in New Taiwan Dollars and Chinese Yuan, the majority of borrowings are in US dollars. Therefore, fluctuations in USD market interest rates directly impact the financial costs of the group. The risk of upward interest rate volatility mainly stems from major global economies, especially the United States and the European Union, adopting tightening monetary policies to address inflationary pressures, leading to continuous adjustments in interest rate hikes and raising the cost of USD funding. Interest rate fluctuations directly affect the Company's financial costs and fund turnover. Therefore, the following measures have been adopted in response:

(1) Risk Management Assessment:

- ① Regularly assess the company's asset and liability positions to identify potential interest rate risks.
- ② Understand the impact of different financial instruments and contracts on the company and conduct risk assessments.
- ③ Perform interest rate sensitivity analysis to evaluate the potential impact of interest rate changes on the company's net profit and cash flow. This helps in formulating effective management strategies to mitigate financial risks.

(2) Diversification of Financing Sources:

- ① Avoid overreliance on a single financing source and strive for diversified funding sources.
- ② Establish relationships with multiple financial institutions and consider using different financing instruments, such as short-term and long-term debt.
- ③ Timely utilize a combination of long-term and short-term financing instruments to adjust the financial and capital structure, without incurring actual cash outflow interest expenses on financial costs. For example, the company completed its sixth issuance of NT\$2 billion in five-year unsecured convertible bonds with zero coupon rates in the capital market between May and June of 2022.

(3) Cash Flow Management:

- ① Strengthen cash flow management to ensure an adequate level of safe cash reserves to meet potential unforeseen demands.
- ② Optimize and enhance the turnover period of accounts receivable and inventory to facilitate effective operational working capital management.

(4) Stay Vigilant on Financial Market Trends:

Continuously monitor global and local economic dynamics, financial market trends, and central bank policy changes. This helps in early detection of potential risks and making timely adjustments.

(5) Adjust Pricing Strategy According to Product Price Elasticity:

In response to rising interest rates, leading to higher financial costs for the company's operational working capital, pricing strategies will be adjusted appropriately based on mechanisms negotiated with customers. This adjustment aims to enhance product services and consider the price elasticity of sales products, reevaluate product pricing, and strive to maintain profit margins.

2. Changes in Foreign exchange rates

In the fiscal years 2023 and 2022, the group generated net gains (losses) from foreign

exchange of NT\$66,794 thousand and NT\$14,526 thousand, respectively, accounting for 0.09% and 0.02% of net operating revenue, respectively. Exchange rate fluctuations have not significantly impacted the company's operations.

The Company and its subsidiaries are multinational operations, and the main foreign transaction currencies are US dollars and Chinese Yuan. The associated exchange rate risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operating entities. The policy of the Company and its subsidiaries stipulates that each company manages the exchange rate risk relative to its functional currency, and the financial department of each company should hedge the overall exchange rate risk. In addition, in order to manage the exchange rate risk from future commercial transactions and recognized assets and liabilities, and to reduce the impact of exchange rate fluctuations on profit and loss, each company will appropriately adopt the positive and negative position management mode of US dollar financial assets and liabilities, and determine the position gap management at any time based on the judgment of the current exchange rate trend at the time. Therefore, the Company's current exchange rate management, in addition to the natural hedging of USD financial assets and liabilities, is based on the actual position gap, and Forward Exchange Agreements (FXA) are used as hedging tools in principle.

3. Inflation

In the year 2023, the two major economies, the United States and China, exhibited a situation of inflation in the United States and deflation in China. Tightening monetary policies were adopted in European and American countries as the primary tool to curb inflation. However, this also raised concerns in the market about stagflation, amidst the inevitable economic cycles and pressure on financial costs. The global economy as a whole is in an unstable state. In response to this situation, and considering the interactions within the semiconductor industry chain involving upstream vendors and downstream customers, the Group has taken the following measures:

(1) Agility and Adaptability:

- ① Foster a culture of change within the organization to enable swift adaptation to changes.
- ② Adopt agile methodologies to enhance the ability for quick decision-making and execution.

(2) Diversification of Market Applications and Product Solutions:

- ① Expand the diversity of application markets to reduce reliance on a single market and facilitate risk diversification.
- ② Provide diversified products or services to address fluctuations in demand across different application markets.

(3) Budgeting and Financial Management:

- ① Strictly control costs, maintain financial discipline, and establish robust financial policies to ensure liquidity.
- ② Establish a safety cushion of funds to deal with emergencies.
- ③ Monitor financial indicators such as cash flow, inventory, accounts receivable, and accounts payable to ensure effective utilization of funds.

(4) Continuously Strengthening Customer Relationships:

- ① Actively maintain existing customer relationships, provide better customer service to ensure customer loyalty.
- ② Seek new customers and market applications to expand business.
- ③ Use data analysis tools to better understand customer needs and market changes.
- ④ Actively play the role of a semiconductor component distributor, establish cross-regional/international logistical cooperation partnerships to meet customer supply chain needs.

(5) Exploration and Innovation:

Explore new customer needs, grasp technological trends and opportunities, collaborate with original manufacturers, and innovate to launch new products or service solutions to attract new customers and expand market share.

(6) Market Monitoring and Risk Management:

- ① Closely monitor global economic trends, understand product and financial market trends, and make effective responses in advance.
 - ② Use data analysis tools to better understand customer needs and market changes.
 - ③ Evaluate various risks, including market operational risks, financial currency risks, geopolitical risks, etc., and formulate corresponding risk management strategies to deal with potential losses from unexpected events.
- (7) Human Resources Management:
- ① Optimize human resources to ensure that employees in the organization can cope with unstable environments.
 - ② Provide training and development opportunities to enhance employees' adaptability.
- (II) Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions**
1. The Company and its subsidiaries did not engage in any high-risk, high-leveraged investments or lending in the most recent year.
 2. The Company and its subsidiaries engage in the operation of derivatives transactions, and currently only the Company (Parent Company) uses Forward Exchange Agreements to fill the gaps in US dollar financial assets and liabilities, and handles them in accordance with the "Procedures for Acquisition and Disposal of Assets. In the most recent year and up to the date of printing of this annual report, there have been no major losses.
 3. The endorsement guarantees of the Company and its subsidiaries are limited to the subsidiary's application to the bank facilities agreement renewal or increase and the credit limit for purchases from some franchising vendors are guaranteed by the Parent Company, are handled in accordance with the "Procedures for Making of Endorsement Guarantees". In the most recent year and up to the date of printing of this Annual Report, there have been no major losses.
- (III) Research and Development Work to be Carried out in the Future, and Further Expenditures Expected for Research and Development Work**
- At the current stage, the product solutions developed by companies within the Group mainly focus on various applications such as:
1. 5G Technology: Including smartphones, customer premises equipment (CPE), Open Radio Access Network (O-RAN), and small cell solutions.
 2. Artificial Intelligence and Internet of Things (AIoT): Developing solutions that integrate AI and IoT technologies.
 3. WiFi 6/7: Providing advanced wireless connectivity solutions.
 4. Automotive Electronics: Covering electric vehicles, electric scooters, charging stations, etc.
 5. Consumer Electronics: Such as PCs, AI PCs, TVs, smartphones, tablets, etc.
 6. Industrial Control: Solutions for industrial automation and control systems.
 7. Type C-PD Chargers and Various Power Products: Addressing charging needs and power management.
 8. Additionally, resources are also invested in developing solutions for servers/data centers, motor control, battery energy management systems, in-vehicle infotainment systems, automotive radar, tire pressure monitoring systems (TPMS), and center information display (CID) human-machine interfaces.
- These solutions aim to provide customers with timely product reference solutions, and they have already been provided to customers for use.
- The "Solution Division" and the "FAE Division" actively collaborate with international (domestic) vendors/customers, focusing on innovative research and development in line with ESG principles. The automotive and industrial energy-related markets have always been key markets for our company and major upstream agent manufacturers, making the application of related power semiconductors crucial.
- As upstream vendors expand their research and development capacity for compound/third-category semiconductor products, they undoubtedly target markets such as electric vehicles, solar energy, and rapid charging in industrial applications. In the fiscal year 2023, the Company's total research and development expenditure (mainly including salaries of research and development personnel and hardware/software equipment) reached NT\$135,112 thousand, with green product research and development expenditure accounting for 21.85% of the total research and development expenditure, meeting the target of at least

20%.

In 2024, the necessary R&D expenditures primarily correspond to ongoing investment in applied technical talent and capital expenditure investments in software and hardware for laboratory equipment. The total projected R&D expenditure for 2024 is expected to be NT\$120,480 thousand.

(IV) Effect on the Company's Financial Operations of Important Policies Adopted and Changes in the Legal Environment at Home and Abroad, and Measures to be Taken in Response.

Regarding important domestic and foreign policy and legal changes, the Company will promptly consult CPAs and consultant lawyers as a response. In the most recent year and as of the date of publication of this annual report, there have been no significant impacts on the Company's financial operations.

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

1. The Company and its subsidiaries are located in the middle of the semiconductor component supply chain. According to the industry characteristics of semiconductor component distributors, continuous technical support services mainly based on demand creation are the requirements of the Company and its subsidiaries to keep pace with the times. With the rapid development and application of technology in the electronics industry, the investment of applied technical talents and the continuous research and development of new application areas of products are all adhered to by the Company and its subsidiaries, and are also one of the foundations of the Company and its subsidiaries' core competitiveness. Therefore, the Group Companies continue to fully cooperate with upstream franchising vendors and downstream customers to actively grasp related product solutions and turnkey solutions with growing business opportunities. In the most recent year and as of the publication date of this annual report, the Company and its subsidiaries have strengthened the completeness and balance of the product portfolio, and also emphasized the diversification of the customer sales structure, in order to reduce the Group's operating risks and increase the Group's overall gross profit.

2. Managements and countermeasures of cyber security risks:

Please refer to the detailed information in this Annual Report, Section V, Operation Overview_ VI, Cyber Security Management, or visit the Company's official website under the Governance section_ Risk Management_ Information and Cyber Security Risk Management Framework, for explanations on this topic.

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

The Company continuously provides various product solutions for downstream manufacturers and collaborates with upstream vendors to significantly shorten the development and launch schedule of customers' new products. In response to the industry chain migration stemming from the extended US-China tech conflict, the Company expands its service scope along with its customers. In addition to the existing Greater China region (Taiwan, Hong Kong, China) and Southeast Asia region (Singapore, Philippines, Malaysia, Thailand), the company also provides logistics support in regions such as Vietnam, Indonesia, and Mexico to meet the needs of customers' "China+1" strategy.

Starting from partnerships, the Company offers professional value-added services and adheres to the business philosophy of "Bridging Technology, Creating Value." Under the leadership of the management team, all employees rigorously adhere to the Company's governance, risk management, and integrity operation guidelines. We continue to seize business opportunities from customers and vendors committed to sustainable development in various aspects. The Company also strives to continuously optimize sustainable governance, risk management, and operational performance, aiming to create higher sustainable value for all stakeholders.

(VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

The Company has no ongoing merger and acquisition activities. In considering future M&A activities, the Company will evaluate their efficiency, risks, vertical integration and other factors in accordance with its internal control system.

(VIII) Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

Any expansion of the Company's facilities will be subject to careful evaluation by a special task force in accordance with the Company's internal control system. In the most recent year and up to the printing date of this Annual Report, no expansion of plant equipment has occurred.

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

The Company is a distributor of electronic components and peripherals. Purchases are carried out in accordance with the signed distributor agreements. These franchises of product lines are diversified and decentralized. There are no excessive concentration of purchasing sources and risks. The sales targets for downstream customers are distributed in the Asia-Pacific region. Products sold cover the markets of computers, communications, consumer, industrial and automotive electronics. A single sales customer accounts for less than 10% of total revenue, and there is no such thing as a high concentration of sales and risks.

(X) Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

In the most recent year and as of the date of publication of the Annual Report, the holdings of these personnel have been stable and no such major transfers or swaps of shares.

(XI) Effects of, Risks Relating to and Response to the Changes in Management Rights

The structure of the Company's principal shareholders is solid. A strong professional management team is in place to maximize both shareholders and the Company's best interest. Accordingly, the Company believes that the risk of changing in management rights that would cause damage to the Company is mitigated. The Company's policy is to maintain a steady ownership and management structure. As of the date of publication of the Annual Report, the Company did not identify such matters and risks.

(XII) Litigation or Non-litigation Matters

1. Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.
2. Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None.

(XIII) Other Major Risks

1. Geopolitical Risk

(1) Risk assessment:

- ① Regularly assess the global geopolitical environment, including factors such as political stability, trade policy changes, international conflicts and sanctions in different regions.
- ② Understand the possible impact of risks on the supply chain and business operations, including measures to deal with supply chain disruptions and business interruptions, and which helps enable quick response in the event of an emergency.
- ③ Due to rising geopolitical risks, covering political instability, nationalization, war and other geopolitical risks, insurance costs will rise sharply.

(2) Establish local partners:

- ① Establish local partners in risky areas and improve understanding of the local environment so that we can respond to possible changes more flexibly.
- ② Establish a stronger local foundation and seize opportunities to expand product portfolio in a timely manner.

(3) Monitor trade policies:

- ① Pay close attention to changes in global trade policies and understand the possible impact on imports and exports. Maintain a current understanding of tariffs, sanctions, and import and export regulations to develop appropriate response strategies.
- ② The semiconductor components franchised by the Group's companies are European and U.S. IC products mainly based on U.S. technology. Based on the franchise contract requirements, they must strictly apply U.S. import and export laws and regulations with upstream vendors, and carry out product design, quotation, order acceptance, and inspection of each stage of the shipment, according to internal procedures to comply with laws and regulations.
- ③ Actively comply with local and international regulations and avoid engaging in activities that may touch on politically sensitive issues to reduce risks caused by

political reasons.

(4) Build international logistic capabilities and flexibility:

- ① Following the layout of downstream customers, the Company's cross-border and cross-regional logistics layout must be planned and analyzed in advance to provide customer product logistics services in a timely manner.
- ② International logistics partners, bases, local country customs laws, tax conditions (tariffs, business tax and income tax, etc.) must be analyzed and understood in advance.

2. Inventory Risk

In response to supply chain inventory risks, the Company adopts the following mitigation strategies:

(1) Supply chain diversification and efficiency:

- ① Reduce reliance on a single vendor, and strive to establish a diversified supply chain and establish partnerships with multiple vendors to reduce the risks of specific vendors.
- ② Establish a close partnership with upstream vendors, strengthen communication, and jointly respond to challenges. Building strong partnerships can help share information and provide early warning of potential supply chain issues.
- ③ A supply chain that shares information efficiently and in real time should be able to share information and processes from vendors to the Company and from the Company to customers, so that the Company, vendors, and customers can develop efficient, flexible and capable risk-tolerant supply chain structures.

(2) Inventory management optimization:

- ① Implement effective inventory management strategies to balance inventory levels and costs.
- ② Through the use of predictive analytics, real-time data monitoring and demand planning, ensure that inventory levels can meet market demand while avoiding excessive accumulation of inventory.
- ③ Procurement policies must focus on the "entire supply chain" and "end demand". Do not chase prices and quantities beyond the quota, and be careful to guard against losses from inventory depreciation and the risk of capital chain breakage.
- ④ It is necessary to trace the origin of sluggish inventory to prevent and detect sluggishness in advance.

(3) Monitor market trends:

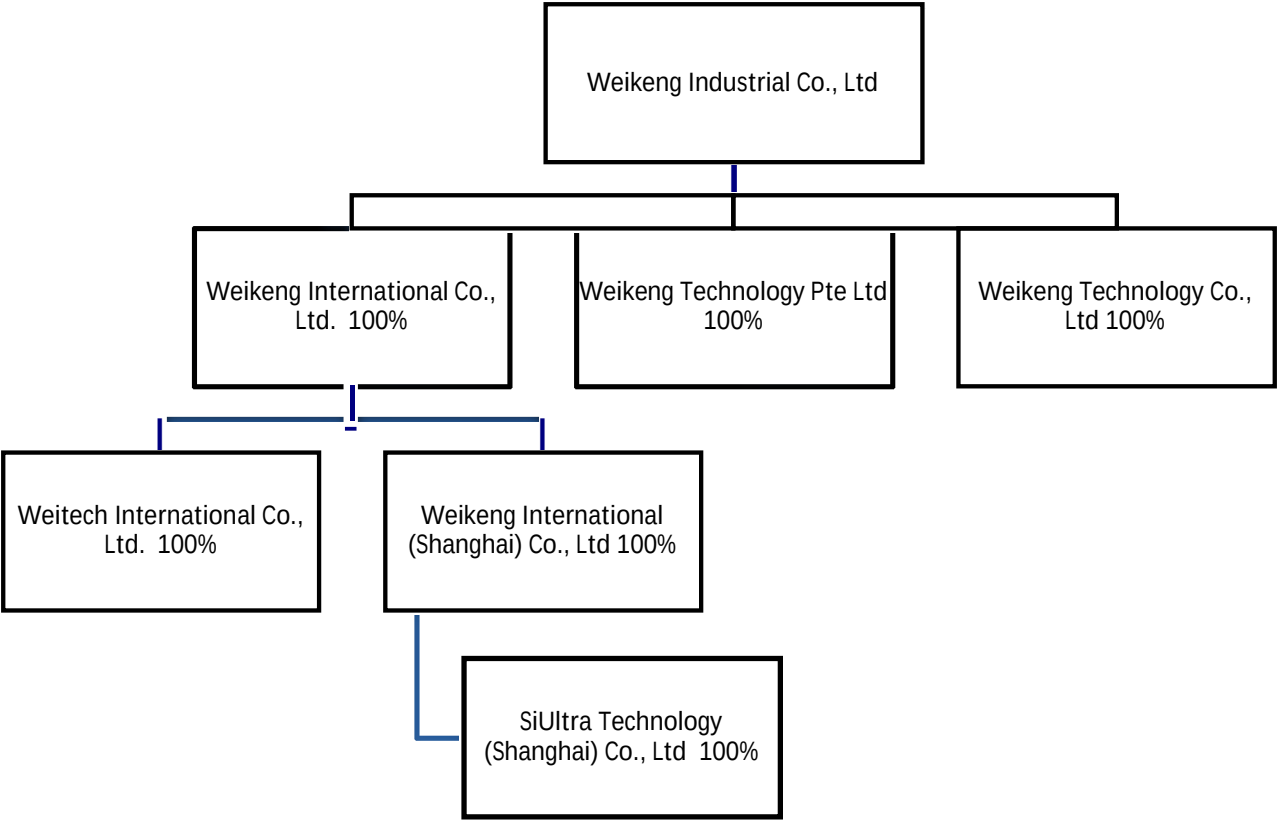
Pay close attention to demand trends in the semiconductor market and related application markets, and understand changes in product demand and market supply and demand dynamics in order to make flexible adjustments.

VII. Other important matters: None

VIII. Special Disclosure

I. Summary of Affiliated Companies
(I) Overview of Affiliated Companies

1. Organization chart of affiliated companies in accordance with the Article 369-2 of the Company Act



There is no cross-shareholding between the Company and affiliated companies.

2. Information on affiliated companies

As of 2023/12/31

Name of Company	Date of Establishment	Registered Address	Paid- in Capital	Major Business or Products
Weikeng International Co., Ltd.	1997.02.05	Unit A, 17/F., Ever Gain Centre, 28 On Muk Street, Shatin, N.T., Hong Kong	HK\$552,450,000 (Note: approximately equivalent to NT\$2,171,313 thousand)	Electronic Components & Peripheral Products distribution and technical support
Weikeng Technology Co., Ltd.	1988.08.01	11F-1, 308 Sec. 1 Nei Hu Rd., Taipei 11493, TAIWAN	NT\$15,892,750	Electronic Components & Peripheral Products distribution and technical support
Weitech International Co., Ltd.	1998.03.13	Room 901, 9th Floor, Finance Building, 254 Des Voeux Road Central, Sheung Wan, H.K.	HK\$100 (Note: approximately equivalent to NT\$0.41 thousand)	Electronic components trading
Weikeng Technology Pte Ltd.	2001.01.26	No 10 Upper Aljunied Link, #02-09, Johnson Controls Building, Singapore 367904	SGD\$16,001,303 (Note: approximately equivalent to NT\$335,459 thousand)	Electronic Components & Peripheral Products distribution and technical support
Weikeng International (Shanghai) Co., Ltd.	2002.05.14	Registration address: Room 1618, No. 118, Xinling Road, China (Shanghai) Pilot Free Trade Zone Business Address: 8th Floor, Building A, No. 1068 Tianshan West Road, Changning District, Shanghai, China	US\$25,000,000 (Note: approximately equivalent to NT\$786,647 thousand)	Electronic Components & Peripheral Products distribution and technical support
SiUltra Technology (Shanghai) Co., Ltd.	2015.04.08	Room 801, Tower A, no.1068 West Tianshan Road, Changning District, Shanghai, China	CNY1,000,000 (Note: approximately equivalent to NT\$5,067 thousand)	Electronic technology development, technical consulting, etc.

3. Information on the shareholders of the companies shall be concluded as the existence of the controlling and subordinate relation in accordance with Article 369-3 of the Company Act: None.

4. Industries covered by the operations of all affiliates: Electronic Components & Peripheral Products distribution and technical support.

5. Information on Directors, Supervisors, and Presidents of affiliates:

As of 2023/12/31

Name of Company	Title	Name or Representative	Holding	
			Shares	%
Weikeng International Co., Ltd.	Director	Hu Chiu Chiang	552,450,000	100%
	Director	Chi, Ting-Fang		
Weikeng Technology Co., Ltd.	Director	Weikeng Industrial Co., Ltd. Representative : Hu Chiu Chiang	1,589,275	100%
	Director	Weikeng Industrial Co., Ltd. Representative : Chi Ting Fang		
	Director	Weikeng Industrial Co., Ltd. Representative : Chen, Cheng-Hung		
	Supervisor	Weikeng Industrial Co., Ltd. Representative : Chou Kan Lin		
Weitech International Co., Ltd.	Director	Hu Chiu Chiang	100	100%
	Director	Chi, Ting-Fang		
Weikeng Technology Pte Ltd	Director	Hu Chiu Chiang	12,412,750	100%
	Director	Chi, Ting-Fang		
	Director	Hung Tung Hui		
	Director	Chou, Kan-Lin		

Name of Company	Title	Name or Representative	Holding	
			Shares	%
Weikeng International (Shanghai) Co., Ltd.	Director	Weikeng International Co., Ltd. Representative : Chang, Chin Hao	---	100%
SiUltra Technology (Shanghai) Co., Ltd.	Director	Weikeng International (Shanghai) Co., Ltd. Representative : Cheng, Yen-Chun	---	100%

(II) Operating Overview of Affiliated Companies

Unit: NT\$ thousands
As of 2023/12/31

Name of Company	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Net Sales Revenue	Operating Income (Loss)	Net Income after Tax	EPS (NT\$)
Weikeng International Co., Ltd.	2,171,313	19,677,156	12,865,656	6,811,500	33,057,246	454,786	(73,094)	---
Weikeng Technology Co., Ltd.	15,893	30,013	3,225	26,788	50,736	606	938	0.59
Weitech International Co., Ltd.	0.417	11,370	8,549	2,821	3,650,636	(144)	289	2,890
Weikeng Technology Pte Ltd	335,459	1,373,747	873,551	500,196	2,194,774	43,980	1,383	0.111
Weikeng International (Shanghai) Co., Ltd.	786,647	3,043,195	2,416,145	627,050	8,255,751	42,161	(67,392)	---
SiUltra Technology (Shanghai) Co., Ltd.	5,067	8,498	1,646	6,852	20,839	453	589	---

(III) Consolidated financial declaration statement of affiliated companies and consolidated financial statement:

Please refer to Page 213~282 of this Annual Report for the consolidated financial statements audited and attested by KPMG, Taiwan.

II. Private Placement of Securities in the Most Recent Year and as of the Printing Date of the Annual Report: None.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

IV. Other Important Matters: None.

IX. Matters, if any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

**WEIKENG INDUSTRIAL CO., LTD. AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

Address: 11F., No.308, Sec.1, Neihu Rd., Neihu Dist., Taipei City
Telephone : (02)2659-0202

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Representation Letter

The entities that are required to be included in the combined financial statements of WEIKENG INDUSTRIAL CO., LTD. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, WEIKENG INDUSTRIAL CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: WEIKENG INDUSTRIAL CO., LTD.

Chairman: Chiu-Chiang, Hu

Date: March 11, 2024.



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KPMG

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Independent Auditors' Report

To the Board of Directors of Weikeng Industrial Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Weikeng Industrial Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in the auditors' report as follows:

1. Recognition of Operating Revenue

Please refer to note (4)(m) "Revenue recognition" for accounting policies with respect to recognizing revenue, and to note (6)(q) "Revenue from contracts with customers" for explanatory notes about revenue.

Description of key audit matters:

Weikeng Industrial Co., Ltd. is a listed company. The Group is a distributor for the sale of electronic components and computer peripheral equipment. Operating revenue is one of the significant items in the consolidated financial statements, and the amounts and changes of operating revenue may affect the users' understanding of the entire financial statements. Therefore, the testing over revenue recognition is considered a key matter in our audits.

How the matter was addressed in our audits:

Our main audit procedures for the aforementioned key audit matters include testing the Group's controls surrounding revenue recognition in the order-to-cash transaction cycle, including reconciliations between the general ledger and sales system, performing the detailed test of relevant vouchers, as well as assessing whether the Group's timing on revenue recognition and the amounts recognized are in accordance with the related standards.

2. Valuation of Inventories

Please refer to note (4)(h) "Inventories" for accounting policies with respect to valuating inventories, note (5) "Valuation of inventories" for accounting estimates and uncertainties of affairs for inventory valuation, and to note (6)(t) "Inventories" for explanatory notes about inventories and related expenses.

Description of key audit matters:

The Group is a distributor for the sale of electronic components and computer peripheral equipment. Due to the horizontal competition in the industry and constant advancement of related technologies, the price of end electronic products are volatile, and thus, affects the price of electronic components and computer peripheral equipment. Therefore, the testing over the valuation of inventories is considered a key matter in our audits.

How the matter was addressed in our audits:

Our main audit procedures for the aforementioned key audit matters include testing the related controls over the cost operating cycle, evaluating whether the policies for setting aside allowance for inventory valuation and obsolescence losses are in accordance with the Group's policies and related standards, as well as implementing sampling procedures to check the correctness of the aging of the inventories. In addition, we also examined the inventory aging reports, understood the subsequent sales status of slow-moving inventories, and evaluated the adopted basis of the net realizable value to assess the reasonableness of the management's estimates of the allowance for inventory valuation.

Other Matter

Weikeng Industrial Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on this consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Au, Yiu-Kwan and Kuo, Kuan-Ying.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

WEIKENC INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(expressed in thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Assets					
Current assets:					
1100	Cash and cash equivalents (note (6)(a))	2,410,732	6	2,839,501	9
1110	Current financial assets at fair value through profit or loss (note (6)(b))	850	-	6,711	-
1170	Notes and accounts receivable, net (notes (6)(d) and (7))	13,586,966	35	12,541,117	59
1200	Other receivables (note (6)(d))	387,353	1	566,511	1
1300	Inventories, net (note (6)(e))	20,516,999	53	16,266,151	79
1470	Prepayments and other current assets	960,531	3	100,115	-
		17,263,451	98	29,860,131	98
Non-current assets:					
1511	Non-current financial assets at fair value through other comprehensive income (note (6)(c))	1,250,118	-	81,089	-
1600	Property, plant and equipment (note (6)(f))	216,220	1	179,166	-
1750	Right-of-use assets (note (6)(g))	6,591	-	28,112	1
1810	Intangible assets	190,001	1	196,680	1
1900	Deferred tax assets (note (6)(n))	17,012	-	17,376	-
	Other non-current assets	1,111,860	3	1,111,860	3
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (note (6)(h))				
2120	Current financial liabilities at fair value through profit or loss (note (6)(b))				
2130	Current contract liabilities (note (6)(q))				
2170	Accounts payable				
2200	Other payables (notes (6)(i) and (7))				
2230	Current tax liabilities				
22130	Current lease liabilities (note (6)(k))				
2300	Other current liabilities				
Non-current liabilities:					
2500	Non-current financial liabilities at fair value through profit or loss (note (6)(b))				
2530	Bonds payable (note (6)(u))				
2510	Deferred tax liabilities (note (6)(n))				
2550	Non-current lease liabilities (note (6)(k))				
2610	Non-current net defined benefit liabilities				
2610	Other non-current liabilities				
Total liabilities					
Equity					
3100	Share capital (note (6)(o))				
3200	Reserves				
3310	Retained earnings				
3320	Other comprehensive income				
3410	Other equity interest:				
3420	Exchange differences on translation of foreign financial statements				
	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income				
Total equity					
Total liabilities and equity					

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**Consolidated Statement of Comprehensive Income****For the years ended December 31, 2023 and 2022****(expressed in thousands of New Taiwan Dollars, except for earnings per share)**

		2023		2022	
		Amount	%	Amount	%
4100	Net sales revenue (note (6)(q))	\$ 70,892,413	100	70,281,179	100
5000	Cost of sales (note (6)(e))	<u>66,401,232</u>	<u>94</u>	<u>64,791,186</u>	<u>92</u>
	Gross profit	<u>4,491,181</u>	<u>6</u>	<u>5,489,993</u>	<u>8</u>
	Operating expenses (notes (6)(k), (6)(m), (7) and (12)):				
6100	Selling expenses	2,039,128	3	2,128,553	3
6200	Administrative expenses	556,835	1	632,975	1
6450	Expected credit losses (note (6)(d))	<u>49,367</u>	<u>-</u>	<u>282</u>	<u>-</u>
		<u>2,645,330</u>	<u>4</u>	<u>2,761,810</u>	<u>4</u>
	Net operating income	<u>1,845,851</u>	<u>2</u>	<u>2,728,183</u>	<u>4</u>
	Non-operating income and expenses:				
7100	Interest income	25,685	-	7,098	-
7010	Other income (notes (6)(l) and (7))	30,791	-	36,594	-
7230	Foreign currency exchange (losses) gains, net (note (6)(s))	66,794	-	14,526	-
7235	Gains (losses) on financial assets (liabilities) at fair value through profit or loss, net (note (6)(j))	15,868	-	(6,783)	-
7050	Finance costs (notes (6)(i) and (6)(k))	(937,320)	(1)	(448,796)	(1)
7590	Miscellaneous disbursements	<u>(333)</u>	<u>-</u>	<u>(668)</u>	<u>-</u>
		<u>(798,515)</u>	<u>(1)</u>	<u>(398,029)</u>	<u>(1)</u>
7900	Profit before tax	1,047,336	1	2,330,154	3
7950	Income tax expenses (note (6)(n))	<u>260,569</u>	<u>-</u>	<u>631,020</u>	<u>1</u>
8200	Profit	<u>786,767</u>	<u>1</u>	<u>1,699,134</u>	<u>2</u>
	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss				
8311	Changes on remeasurements of defined benefit plans (note (6)(m))	3,110	-	30,954	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>(10,460)</u>	<u>-</u>	<u>(169)</u>	<u>-</u>
8349	Less: Income tax related to items that will not be reclassified to profit or loss (note (6)(n))	<u>622</u>	<u>-</u>	<u>6,191</u>	<u>-</u>
		<u>(7,972)</u>	<u>-</u>	<u>24,594</u>	<u>-</u>
8360	Items that may be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(12,460)	-	578,532	1
8399	Less: Income tax related to items that will be reclassified to profit or loss (note (6)(n))	<u>(2,493)</u>	<u>-</u>	<u>115,707</u>	<u>-</u>
		<u>(9,967)</u>	<u>-</u>	<u>462,825</u>	<u>1</u>
	Other comprehensive income	<u>(17,939)</u>	<u>-</u>	<u>487,419</u>	<u>1</u>
8500	Comprehensive income	<u>\$ 768,828</u>	<u>1</u>	<u>2,186,553</u>	<u>3</u>
	Earnings per ordinary share (expressed in New Taiwan dollars) (note (6)(p))				
9750	Basic earnings per share	<u>\$ 1.85</u>		<u>4.03</u>	
9850	Diluted earnings per share	<u>\$ 1.61</u>		<u>3.67</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES**Consolidated Statement of Cash Flows****For the years ended December 31, 2023 and 2022****(expressed in thousands of New Taiwan Dollars)**

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	5 1,047,336	2,330,154
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	170,901	165,728
Amortization expenses	10,749	27,987
Expected credit losses	49,367	282
Net (gains) losses on financial assets and liabilities at fair value through profit or loss	(15,868)	6,783
Interest expenses	937,320	448,796
Interest income	(25,685)	(7,098)
Dividends income	(231)	-
Gain on lease modification	(6)	(103)
Others	(439)	(26)
	<u>1,126,108</u>	<u>642,349</u>
Changes in operating assets and liabilities:		
(Increase) decrease in notes and accounts receivable	(791,906)	704,272
(Increase) decrease in other receivables	(20,884)	10,016
Increase in inventories	(4,250,542)	(5,979,539)
(Increase) decrease in prepayments and other current assets	(773,664)	54,359
	<u>(5,836,996)</u>	<u>(5,210,994)</u>
Decrease in financial liabilities at fair value profit or loss	(915)	-
Increase (decrease) in accounts payable	6,032,114	(1,747,414)
Decrease in other payable	(192,917)	(22,782)
Increase in contract liabilities and other current liabilities	213,208	697,713
Decrease in net defined benefit liabilities	(6,979)	(1,312)
	<u>6,044,511</u>	<u>(1,083,795)</u>
Total changes in operating assets and liabilities	<u>207,515</u>	<u>(6,294,737)</u>
Total adjustments	<u>1,333,623</u>	<u>(5,652,388)</u>
Cash flows from (used in) operations	2,380,959	(3,322,234)
Interest received	25,141	7,098
Dividends received	231	-
Interest paid	(917,411)	(319,860)
Income taxes paid	(407,696)	(558,412)
Net cash flows from (used in) operating activities	<u>1,081,224</u>	<u>(4,193,408)</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(9,056)	(42,000)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	2,400	807
Acquisition of property, plant and equipment	(30,045)	(7,759)
Disposal of property, plant and equipment	587	-
Increase in refundable deposits	(40,882)	(3,665)
Acquisition of intangible assets	(6,836)	(6,751)
(Increase) decrease in other prepayments	(464)	166
Net cash flows used in investing activities	<u>(84,296)</u>	<u>(59,202)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	54,175	3,651,850
Proceeds from issuing bonds	-	2,000,000
Repurchase of bonds	-	(1,638)
Increase in guarantee deposits received	12	-
Payments of lease liabilities	(154,902)	(153,882)
Cash dividends paid	(1,312,988)	(1,270,232)
Net cash flows (used in) from financing activities	<u>(1,413,703)</u>	<u>4,226,098</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(12,000)</u>	<u>599,412</u>
Net (decrease) increase in cash and cash equivalents	<u>(428,775)</u>	<u>572,900</u>
Cash and cash equivalents at the beginning of period	<u>2,839,507</u>	<u>2,266,607</u>
Cash and cash equivalents at the end of period	<u>S 2,410,732</u>	<u>2,839,507</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(expressed in thousands of New Taiwan Dollars, unless otherwise specified)

(1) Company history

Weikeng Industrial Co., Ltd. (the "Company") was incorporated in Taiwan as a company limited by shares in January 1977 and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 1F, No.308 Sec. 1, Neihu Rd., Neihu Dist., Taipei City. The major activities of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") are the purchase and sale of electronic components and computer peripherals, technical service, and the import-export trade business. Please refer to note (4)(c) for related information. The Company's common shares were listed on the Taiwan Stock Exchange (TSE).

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on March 11, 2024,

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Group has initially adopted the following new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform Pillar Two Model Rules"

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(C) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 32 "Lack of Exchangeability"

(4) Summary of material accounting policies

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on the historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value (including derivative financial instruments),
- 2) Financial assets at fair value through other comprehensive income are measured at fair value,
- 3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation limited as explained in to note 4(n).

(ii) Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of Consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, 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.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Nature of operation	Shareholding	
			December 31, 2023	December 31, 2022
The Company	Weikeng International Co., Ltd. (WKI)	Electronic components computer peripherals products distribution and technical support	100%	100 %
"	Weikeng Technology Co., Ltd. (WKZ)	Electronic components and technical support	100 %	100 %
"	Weikeng Technology Pte. Ltd. (WTP)	"	100 %	100 %
WKI	Weikeng International (Shanghai) Co., Ltd. (WKS)	Electronic components computer peripherals products distribution and technical support	100 %	100 %
"	Weitech International Co., Ltd. (Weitech)	Import and export trade of electronic components	100 %	100 %
WKS	SiUltra Electronic Technology (Shanghai) Co., Ltd. (SiU) (Note 1)	Electronic technology development and technical advisory	100 %	100 %

Note 1: Weikeng Electronic Technology (Shanghai) Co., Ltd. was renamed to SiUltra Electronic Technology (Shanghai) Co., Ltd. on July 27, 2023.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income,
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective, or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the functional currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle,
- (ii) It is held primarily for the purpose of trading,
- (iii) It is expected to be realized within twelve months after the reporting period, or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle,
- (ii) It is held primarily for the purpose of trading,
- (iii) It is due to be settled within twelve months after the reporting period, or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, 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 which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reclassified as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost, Fair value through other comprehensive income (FVOCI) – debt investment, FVOCI – equity investment, or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI. However, they are included in the "accounts receivables" line item.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis,

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, notes and accounts receivable, other receivable and guarantee deposit paid), accounts receivable measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date, and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer,
- a breach of contract such as a default or being more than 90 days past due,
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider,
- it is probable that the borrower will enter bankruptcy or other financial reorganization, or

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets, the Group recognizes the amount of expected credit losses (or reversal) in profit or loss.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss.

On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign *exchange* gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average-cost principle and includes expenditure incurred in acquiring the inventories, production or transition costs, and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- 1) Buildings: 59 years
- 2) Transportation equipment: 5~11 years

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- 3) Machinery equipment: 1~6 years
- 4) Office and other equipment: 1~7 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(j) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leases

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is assessed periodically and is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payment,
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate, or
- 2) there is a change of its assessment on whether it will exercise an extension or termination option, or
- 3) there is any lease modifications in lease subject, scope of the lease or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, including dormitories, part of offices and transportation equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

(k) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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The estimated useful lives for current and comparative periods are as follows:

- 1) Computer software: 1– 10 years
- 2) Other intangible assets: 3 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(1) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

(m) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group sells electronic components and computer peripherals to customers. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers commercial discounts and volume discounts to its customers. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A Refund liability is recognized for expected discounts payable to customers in relation to sales made at the end of the reporting period.

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For certain contracts that permit a customer to return products, revenue would not be recognized for the products expected to be returned. In addition, the Group recognized a refund liability for these contracts and an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers on settling the refund liability.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(H) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of the defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value. The fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of the present value of the economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. In order to calculate the present value of the economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on the settlement of the plan liabilities.

When the benefits of a plan are improved, the expense of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income to retained earnings or other equity. If the amounts recognized in other comprehensive income are transferred to other equity, they shall not be reclassified to profit or loss or recognized in retained earnings in a subsequent period.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets and the change in the present value of the defined benefit obligation.

(iii) Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an *offer* of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(iv) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(0) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized as personnel expenses in profit or loss.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

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The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences,
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future, and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized, such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, (if any).

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity, or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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The surtax on unappropriated earnings is recorded as current tax expense in the following year after the resolution to appropriate retained earnings is approved in a stockholders' meeting.

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds and employee compensation.

(0) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to *transactions* with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments in applying accounting policies that have significant effect on amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of economic uncertainty is as follows:

(21) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for nonna consumption, obsolescence on unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note (6)(e) for further description of the valuation of inventories.

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(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31,2023	December 31,2022
Cash on hand	\$ 382	460
Checking accounts and demand deposits	2,379,645	2,839,047
Time deposits	<u>30,705</u>	<u>-</u>
	\$ <u>2,410,732</u>	<u>2,839,507</u>

Please refer to note (6)(s) for the exchange rate, interest rate risk and sensitivity analysis of the financial assets of the Group.

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

(i) The details of the financial assets and liabilities at fair value through profit or loss were as follows:

	December 31,2023	December 31,2022
Current financial assets at fair value through profit or loss:		
Non-derivative financial assets		
Stocks listed on domestic markets	\$ <u>850</u>	<u>644</u>
Current financial liabilities at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ <u>-</u>	<u>784</u>
Non-current financial liabilities at fair value through profit or loss:		
Convertible bonds – embedded derivatives	\$ <u>14,144</u>	<u>31,173</u>

As of December 31, 2023 and 2022, the Group did not provide any financial assets at fair value through profit or loss as collateral for its loans.

Please refer to note (6)(s) for credit risk and currency risk of financial assets of the Group.

(ii) Non-hedging derivative financial instruments

The Group holds derivative financial instruments to hedge certain foreign exchange risk exposures arising from its operating and financing activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss financial assets

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Forward exchange contracts:

	December 31, 2022		
	Amount (in thousands)	Currency	Maturity dates
Forward exchange purchased	USD 1,000	USD to TWD	2023.03.27

(c) Non-current financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Debt investments at fair value through other comprehensive income:		
Overseas unlisted convertible promissory note	\$ 9,056	-
Limited Partnership Company-InnorBridge Venture Fund I, L.P.	-	15,150
	<u>9,056</u>	<u>15,150</u>
Equity investments at fair value through other comprehensive income:		
Domestic emerging market stocks	237	347
Domestic unlisted stocks	60,534	58,134
Overseas unlisted stocks	<u>7,458</u>	<u>7,458</u>
	<u>\$ 77,285</u>	<u>81,089</u>

(i) Debt investments at fair value through other comprehensive income

The Group has made an assessment that the debt investment were held within a business model whose objective was achieved by both collecting contractual cash flows and selling financial assets. Therefore, they have been classified as financial assets at fair value through other comprehensive income.

(ii) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

There were no disposals of strategic investments, nor were there any transfers of any cumulative gain or loss within equity relating to these investments in the years ended December 31, 2023 and 2022.

(iii) The investee company, Vision Wide Technology Co., Ltd. (VTEC), recognized as non-current financial assets at fair value through other comprehensive income, distributed the cash dividends of \$807 from its capital surplus based on the resolution approved during the shareholders' meeting held in 2022. The amount has been fully received as of the reporting date and recognized as the account deduction.

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- (iv) The investee company, Shin Kong Global Venture Capital Corp. (SKGVC), which was recognized as non-current financial assets at fair value through other comprehensive income, reduced its capital to refund \$2,400 in 2023, leading to a reduction of the Company's shareholding in SKGVC from 960 thousand shares to 720 thousand shares.
- (v) The Group invested in InnoBridge Venture Fund I, L.P., a limited partnership company, in October 2006. The investment had been designated as a financial asset at fair value through other comprehensive income upon the adoption of IFRS 9. As of December 31, 2023, the book value was \$0. In accordance with the IFRS Q&A released by the Accounting Research and Development Foundation on June 15, 2023, wherein the financial asset cannot be designated as at fair value through other comprehensive income, the classification need not be applied retroactively to the investments in limited partnership companies that were made prior to June 30, 2023, according to the Q&A for the classification of financial assets released by the FSC. Therefore, the Group continues to measure its investment in InnoBridge Venture Fund I, L.P. as a financial asset at fair value through other comprehensive income.
- (vi) For credit risk and market risk, please refer to note (6)(s).
- (vii) As of December 31, 2023 and 2022, the Group did not provide any financial assets at fair value through other comprehensive income as collateral for its loans.
- (d) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	S 204,733	181,378
Accounts receivable-measured as amortized cost	11,040,545	10,590,071
Accounts receivable-fair value through other comprehensive income	<u>2,485,651</u>	<u>2,167,677</u>
	13,730,929	12,939,126
Less: Loss allowance	<u>(143,963)</u>	<u>(94,699)</u>
	S <u>13,586,966</u>	<u>12,844,427</u>

The Group has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by selling financial assets, therefore, such accounts receivable was measured at fair value through other comprehensive income.

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics of the customer's ability to pay all due amounts in accordance with contract terms, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The Group's loss allowance of notes and accounts receivable were determined as follows:

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) The Company

December 31, 2023				
<u>Credit rating</u>	<u>Carrying amount</u>	<u>Expected credit loss rate</u>	<u>Loss allowance</u>	<u>Credit impaired</u>
Listed company (assessed by group)				
Level A	¥ 4,484,835	0.55%	24,483	No
Level B	1,216,338	1.26%	15,305	No
Unlisted company	<u>1,422,654</u>	1.03%	<u>14,600</u>	No
	S <u>7,123,827</u>		<u>54,388</u>	
December 31, 2022				
<u>Credit rating</u>	<u>Carrying amount</u>	<u>Expected credit loss rate</u>	<u>Loss allowance</u>	<u>Credit impaired</u>
Listed company (assessed by group)				
Level A	S 3,308,146	0.53%	17,592	No
Level B	1,890,769	1.30%	24,658	No
Unlisted company	<u>1,330,528</u>	0.96%	<u>12,770</u>	No
	S <u>6,529,443</u>		<u>55,020</u>	

The aging analysis of the Company's notes and accounts receivable was determined as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$ 7,070,656	6,477,584
Overdue 90 days or less	<u>53,171</u>	<u>51,859</u>
	S <u>7,123,827</u>	<u>6,529,443</u>

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Subsidiaries

December 31, 2023			
	Carrying amount	Expected credit loss rate	Loss allowance
Not past due	\$ 6,126,572	0.01%	390
Overdue 90 days or less	430,360	10.43%	44,896
Overdue 91 to 180 days	15,226	61.38%	9,345
Overdue 181 days or more	34,944	100%	34,944
	<u>\$ 6,607,102</u>		<u>89,575</u>

December 31, 2022			
	Carrying amount	Expected credit loss rate	Loss allowance
Not past due	\$ 5,785,783	0.03%	1,742
Overdue 90 days or less	609,535	4.82%	29,388
Overdue 91 to 180 days	14,008	58.48%	8,192
Overdue 181 days or more	357	100%	357
	<u>\$ 6,409,683</u>		<u>39,679</u>

For the years ended December 31, 2023 and 2022, the movements in the allowance for notes and accounts receivable of the Group were as follows:

	2023	2022
Balance at January 1	\$ 94,699	91,751
Impairment losses recognized	49,367	282
Amounts written off	(739)	-
Reclassifications	-	(221)
Effect of changes in foreign exchange rates	636	2,887
Balance at December 31	<u>\$ 143,963</u>	<u>94,699</u>

The Group entered into accounts receivable factoring agreements with banks. According to the factoring agreement, the Group does not bear the loss if the account debtor does not have the ability to make payments upon the transfer of the accounts receivable factoring. The Group has not provided other guarantees except for the promissory notes, which have the same amount with the factoring, used as the guarantee for the sales return and discount. The Group received the proceeds from the discounted accounts receivable determined by agreements on the selling date. Interest is calculated and paid based on the duration and interest rate of the agreement, and the remaining amounts are received when the accounts receivable are paid by the customers. In addition, the Group has to pay a service charge based on a certain rate.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement by them. The amounts receivable from the financial institutions were recognized as "other receivables" upon the derecognition of those accounts receivable.

As of December 31, 2023 and 2022, the information of accounts receivable sold without recourse was as follows:

December 31, 2023						
Purchaser	Amount Derecognized	Amount Paid	Advanced Unpaid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial institutions	\$ 3,372,394	3,035,553	-	336,841	6.06%-6.69%	None

December 31, 2022						
Purchaser	Amount Derecognized	Amount Paid	Advanced Unpaid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial institutions	\$ 3,202,845	2,884,268	-	318,577	3.34%-6.35%	None

As of December 31, 2023 and 2022, the Group did not provide any receivables as collaterals for its loans.

Please refer to note (6)(s) for further credit risk information.

(e) Inventories

	December 31, 2023	December 31, 2022
Merchandise inventories	\$ 18,613,949	14,859,181
Goods in transit	<u>1,903,050</u>	<u>1,407,276</u>
	<u><u>\$ 20,516,999</u></u>	<u><u>16,266,457</u></u>

The details of the cost of sales were as follows:

	2023	2022
Inventory that has been sold	\$ 66,113,355	64,505,051
Write-down of inventories	280,165	257,460
Loss on disposal of inventory	<u>7,712</u>	<u>28,675</u>
	<u><u>\$ 66,401,232</u></u>	<u><u>64,791,186</u></u>

As of December 31, 2023 and 2022, the Group did not provide any inventories as collaterals for its loans.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Property, plant and equipment

		<u>Land</u>	<u>Buildings and construction</u>	<u>Transportation equipment</u>	<u>machinery equipment</u>	<u>Office and other facilities equipment</u>	<u>Total</u>
Cost:							
Balance on January 1, 2023	\$	77,377	51,836	17,434	27,359	178,302	352,308
Additions		-	-	5,546	14,799	9,700	30,045
Disposals		-	-	(2,956)	(2,035)	(54,636)	(59,627)
Effect of changes in exchange rates		-	-	(227)	(184)	336	(75)
Balance on December 31, 2023	\$	<u>77,377</u>	<u>51,836</u>	<u>19,797</u>	<u>39,939</u>	<u>133,702</u>	<u>322,651</u>
Balance on January 1, 2022	\$	77,377	51,836	17,180	24,920	168,055	339,368
Additions		-	-	68	2,429	5,262	7,759
Disposals		-	-	-	-	(1,448)	(1,448)
Effect of changes in exchange rates		-	-	186	10	6,433	6,629
Balance on December 31, 2022	\$	<u>77,377</u>	<u>51,836</u>	<u>17,434</u>	<u>27,359</u>	<u>178,302</u>	<u>352,308</u>
Depreciation and impairment loss:							
Balance on January 1, 2023	\$	-	23,497	13,821	19,071	166,153	222,542
Additions		-	863	1,429	2,882	7,371	12,545
Disposals		-	-	(2,887)	(2,018)	(54,574)	(59,479)
Effect of changes in exchange rates		-	-	(121)	(105)	521	295
Balance on December 31, 2023	\$	<u>-</u>	<u>24,360</u>	<u>12,242</u>	<u>19,830</u>	<u>119,471</u>	<u>175,903</u>
Balance on January 1, 2022	\$	-	22,634	12,864	16,339	154,072	205,909
Additions		-	863	864	2,745	7,748	12,220
Disposals		-	-	-	-	(1,443)	(1,443)
Effect of changes in exchange rates		-	-	93	(13)	5,776	5,856
Balance on December 31, 2022	\$	<u>-</u>	<u>23,497</u>	<u>13,821</u>	<u>19,071</u>	<u>166,153</u>	<u>222,542</u>
Carrying amounts:							
Balance on December 31, 2023	\$	<u>77,377</u>	<u>27,476</u>	<u>7,555</u>	<u>20,109</u>	<u>14,231</u>	<u>146,748</u>
Balance on December 31, 2022	\$	<u>77,377</u>	<u>28,339</u>	<u>3,613</u>	<u>8,288</u>	<u>12,149</u>	<u>129,766</u>
Balance on January 1, 2022	\$	<u>77,377</u>	<u>29,202</u>	<u>4,316</u>	<u>8,581</u>	<u>13,983</u>	<u>133,459</u>

For management purposes, the Group has leased its own office building and rented other office building for operation. The purpose of this leasing was not for earning rental income or capital appreciation, so it is classified as property, plant, and equipment.

As of December 31, 2023 and 2022, the Group did not provide any property, plant, and equipment as collaterals for its loans.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Right-of-use assets

	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:			
Balance on January 1, 2023	\$ 562,169	10,426	572,595
Additions	160,602	908	161,510
Reductions	(192,939)	(4,405)	(197,344)
Effect of changes in exchange rates	<u>(3,097)</u>	<u>38</u>	<u>(3,059)</u>
Balance on December 31, 2023	<u>\$ 526,735</u>	<u>6,967</u>	<u>533,702</u>
Balance on January 1, 2022	\$ 575,080	8,196	583,276
Additions	106,281	6,090	112,371
Reductions	(134,189)	(3,895)	(138,084)
Effect of changes in exchange rates	<u>14,997</u>	<u>35</u>	<u>15,032</u>
Balance on December 31, 2022	<u>\$ 562,169</u>	<u>10,426</u>	<u>572,595</u>
Accumulated depreciation:			
Balance on January 1, 2023	\$ 284,504	3,842	288,346
Depreciation	155,763	2,593	158,356
Reductions	(192,699)	(4,405)	(197,104)
Effect of changes in exchange rates	<u>(2,161)</u>	<u>45</u>	<u>(2,116)</u>
Balance on December 31, 2023	<u>\$ 245,407</u>	<u>2,075</u>	<u>247,482</u>
Balance on January 1, 2022	\$ 260,676	5,225	265,901
Depreciation	150,974	2,534	153,508
Reductions	(132,214)	(3,895)	(136,109)
Effect of changes in exchange rates	<u>5,068</u>	<u>(22)</u>	<u>5,046</u>
Balance on December 31, 2022	<u>\$ 284,504</u>	<u>3,842</u>	<u>288,346</u>
Canoning amount:			
Balance on December 31, 2023	<u>\$ 281,328</u>	<u>4,892</u>	<u>286,220</u>
Balance on December 31, 2022	<u>\$ 277,665</u>	<u>6,584</u>	<u>284,249</u>
Balance on January 1, 2022	<u>\$ 314,404</u>	<u>2,971</u>	<u>317,375</u>

(h) Short-term borrowings

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured loans	¥ 13,673,644	13,889,812
Short-term notes and bills payable, net	<u>1,028,429</u>	<u>758,086</u>
	<u>\$ 14,702,073</u>	<u>14,647,898</u>
Unused short-term credit lines	<u>\$ 5,579,350</u>	<u>4,752,709</u>
Range of interest rates	<u>1.72%~6.82%</u>	<u>1.53%~6.09%</u>

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Issuance and repayment of borrowings

The Group's incremental amounts in loans for the years ended December 31, 2023 and 2022 were \$39,391,865 and \$44,022,143, respectively, with maturities from January, 2024 to November, 2024 and from January, 2023 to November, 2023, respectively, and the repayments were \$39,337,690 and \$40,370,293, respectively.

(ii) For information on the Group's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(s).

(i) Other payables

	December 31,2023	December 31,2022
Accrued expenses	\$ 267,398	269,476
Bonus payable	341,929	378,218
Remuneration to employees and directors	118,677	273,223
Interest payable	<u>118,648</u>	<u>126,019</u>
	<u>\$ 846,652</u>	<u>1,046,936</u>

The accrued expenses include import and export fees, processing expense, professional services fees, pension, insurance, and payable for unused vacation time, etc.

(in) Convertible bonds payable

(i) Non-guaranteed convertible bonds:

	December 31,2023	December 31,2022
The sixth aggregate principal amount	\$ 2,000,000	2,000,000
Bond discount	(92,884)	(127,991)
Cumulative repurchased amount	(1,700)	(1,700)
Cumulative converted amount	<u>(137,300)</u>	<u>-</u>
Bonds payable at end of period	<u>\$ 1,768,116</u>	<u>1,870,309</u>
Embedded derivative put and call options		
Included in non-current financial liabilities at fair value through profit or loss	<u>\$ 14,144</u>	<u>31,173</u>
Equity component – conversion options (included in capital surplus – conversion options)	<u>\$ 106,369</u>	<u>114,216</u>

(ii) The effective interest rate of the fifth convertible bonds was 1.53%. The interest expenses on convertible bonds for the year ended December 31, 2022, was \$554. All of the above fifth convertible bonds had been converted into the ordinary shares in September 2022.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) The effective interest rate of the sixth convertible bonds was 1.51%. The interest expenses on convertible bonds for the years ended December 31, 2023 and 2022, were \$27,333 and \$16,347, respectively.
- (iv) The net gain or loss on the recognition of financial assets and liabilities for the years ended December 31, 2023 and 2022, amounted to a gain of \$15,794 and a loss of \$6,037, respectively.
- (v) There were no issuances, repurchases and repayments of bonds payable for the year ended December 31, 2023.
- (vi) The Company issued the sixth domestic unsecured convertible bonds, with a face value of \$2,000,000 on June 1, 2022. The Company separated the convertible option from the liability and recognized it as equity and liability, respectively. The relevant information was as follows:

	<u>The Sixth</u>
The compound interest present values of the convertible bonds' face value at issuance	\$ 1,860,200
The embedded derivative financial liabilities at issuance – put options	25,200
The equity components at issuance	<u>114,600</u>
The total amounts of the convertible bonds at issuance	<u>S 2,000,000</u>

The equity components were recorded in capital surplus-conversion options. In accordance with IFRSs, the issue cost of the sixth domestic unsecured convertible bonds were allocated at \$287 to the capital surplus-conversion options.

- (vii) The main terms of issuance of the sixth convertible bonds were as follows:
 - 1) Duration: five years (June 1, 2022 to June 1, 2027).
 - 2) Interest rate: 0%.
 - 3) Redemption clause: The Company may redeem the bonds under the following circumstances:
 - a) Within the period between three months after the issuance date and 40 days before the end of duration, the Company may redeem the bonds at their principal amount if the closing prices of the Company's common stock on the Taiwan Stock Exchange for a period of 30 consecutive trading days has been 30% more than the conversion price in effect on each such trading day.
 - b) If at least 90% of the principal amount of the bonds has been converted, redeemed, or purchased and cancelled, the Company may redeem the bonds at their principal amount within the period between three months after the issuance date and 40 days before the end of duration.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Redemption at the option of the bondholders:

The bondholders have the right to request the Company to repurchase the bonds at a price equal to the face value, plus, an accrued premium three and four years after the issuance date. The annual interest rates for the redemption are 0.5% both three and four years after the issuance date.

5) **Conversion clause:**

- H) Bondholders may request to have the bonds converted into the common stock of the Company in accordance with conversion clause from September 2, 2022 to June 1, 2027.
- b) Conversion price: NT\$34.27 per share. Starting from July 31, 2022 and August 8, 2023, the adjusted conversion prices due to the distribution of 2021 and 2022 retained earnings of NT\$30.32 and NT\$27.80, respectively.

(viii) The Company paid the amount of \$1,638 to repurchase the convertible bonds, with a face value of \$1,700, for the year ended December 31, 2022, resulting in a gain of \$31 and a decrease in capital surplus of \$52.

(k) Lease liabilities

The details of Group's lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	85 140,303	121,746
Non-current	S 156,868	171,675

For the maturity analysis, please refer to note (6)(s) of financial instruments.

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expenses on lease liabilities	S <u>8,736</u>	<u>7,722</u>
Expenses relating to short-term leases	\$ <u>5,978</u>	<u>6,565</u>

The amounts recognized in the consolidated statements of cash flows were as follows:

	2023	2022
Total cash outflow for leases	S <u>169,616</u>	<u>168,169</u>

(i) Real estate leases

The Group leases buildings for its office space, warehouses and dormitories. The leases of office space typically run for a period of 1 to 6 years, of warehouses for 1 to 4 years, and of dormitories for 3 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Some leases of office buildings contain extension or cancellation options exercisable by the Group before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. When the lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period will not be included within lease liabilities.

(ii) Other leases

The Group leases transportation equipment typically run for a period of 3 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Group leases office space, dormitories, transportation equipment and parking space with lease terms of one year. Since these leases are short term, the Group elected not to recognize its right-of-use assets and lease liabilities for these leases.

(I) Operating lease as lessor

As of December 31, 2023 and 2022, the future minimum lease receivables under non-cancellable leases are as follows:

	December 31, 2023	December 31, 2022
Less than one year	\$ 4,592	4,476
Between one and five years	<u>5,124</u>	<u>8,160</u>
	<u>\$ 9,716</u>	<u>12,636</u>

For the years ended December 31, 2023 and 2022, the rental revenue under operating leases were \$4,727 and \$5,270, respectively.

The department office leases as combined leases of land and buildings. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

(m) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and fair value of plan assets of the Company were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 210,730	217,353
Fair value of plan assets	<u>(140,863)</u>	<u>(137,397)</u>
Net defined benefit liabilities	<u>\$ 69,867</u>	<u>79,956</u>

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Company makes defined benefit plan contributions to the pension fund account at the Bank of Taiwan that provides pensions for employees upon retirement. The plans entitle a retired employee to receive an payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$140,863 at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

	2023	2022
Defined benefit obligation at January 1	\$ 217,353	242,018
Current service costs and interest	4,009	1,834
Remeasurernment in net defined benefit liability (assets)	(2,540)	(21,823)
Benefits paid	(8,092)	(4,676)
Defined benefit obligation at December 31	<u>\$ 210,730</u>	<u>217,353</u>

3) Movements of defined benefit plan assets

The movements in defined benefit plan assets for the Company were as follows:

	2023	2022
Fair value of plan assets at January 1	\$ 137,397	119,796
Contributions made	8,678	12,426
Expected return on plan assets	2,310	720
Remeasurement of the net defined benefit liability (assets)	570	9,131
Benefits paid	(8,092)	(4,676)
Fair value of plan assets at December 31	<u>\$ 140,863</u>	<u>137,397</u>

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	2023	2022
Service cost	\$ 376	376
Net interest on net defined benefit liability	3,633	1,458
Expected return on plan assets	(2,310)	(720)
	<u>\$ 1,699</u>	<u>1,114</u>
Selling expenses	3 1,250	813
Administrative expenses	449	301
	<u>\$ 1,699</u>	<u>1,114</u>

5) Actuarial assumptions

The following are the Company's principal actuarial assumptions:

	December 31, 2023	December 31, 2022
Discount rate	1.625 %	1.750 %
Future salary increases	3.000 %	3.000 %

The expected allocation payment made by the Company to the defined benefit plans for the one year period after the reporting date was \$8,925.

The weighted-average duration of the defined benefit obligation is 11.51 years.

6) Sensitivity analysis

As of December 31, 2023 and 2022, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on the defined benefit obligation	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2023		
Discount Rate	\$ (3,643)	3,765
Future salary increases	3,626	(3,528)
December 31, 2022		
Discount Rate	(4,124)	4,250
Future salary increases	4,100	(3,996)

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company and WKZ allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company and WKZ allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company and WKZ expenses for the pension plan contributions to the Bureau of Labor Insurance amounted to \$25,133 and \$24,462 for the years ended December 31, 2023 and 2022, respectively.

Other subsidiaries recognized the pension expense, basic endowment insurance expense, and social welfare expenses amounting to \$82,720 and \$78,833 for the years ended December 31, 2023 and 2022, respectively.

(n) Income taxes

(i) Income tax expenses

1) The components of income tax for the years 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current tax expense		
Current period	\$ 262,597	514,663
Adjustment for prior periods	<u>6,495</u>	<u>(3,993)</u>
	<u>269,092</u>	<u>510,670</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>(8,523)</u>	<u>120,350</u>
Income tax expense	<u>\$ 260,569</u>	<u>631,020</u>

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 2) The amounts of income tax recognized in other comprehensive income for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ <u>622</u>	<u>6,191</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ <u>(2,493)</u>	<u>115,707</u>

- 3) The reconciliations of income tax and profit before tax for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Profit before tax	¥ <u>1,047,336</u>	<u>2,330,154</u>
Income tax using each entities of the Group's legal tax rate	195,696	606,755
Non-deductible expenses	17,107	9,404
Net investment income and tax-exempt income	(6,662)	(2,428)
Change in unrecognized temporary differences	10,358	6,108
Additional tax on undistributed earnings	34,655	9,237
Under (over) provision in prior periods	6,482	(3,993)
Others	<u>2,933</u>	<u>5,937</u>
Income tax expense	\$ <u>260,569</u>	<u>631,020</u>

(ii) Deferred tax assets and liabilities

- 1) Unrecognized deferred tax assets

The Group's deferred tax assets have not been recognized in respect of the following items:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Tax effect of deductible temporary differences	\$ <u>34,687</u>	<u>24,329</u>

The Group assessed that the deductible temporary differences which can be offsetted with the taxable income are not probable to be utilized. Hence, such temporary differences are not recognized under deferred tax assets.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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2) Recognized deferred tax assets and liabilities

The changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Defined Benefit Plans	Exchange differences on translation	Bad debt expense over the tax limitation	Loss on valuation of inventory	Allowance for sales discount	Others	Total
Deferred tax assets:							
Balance at January 1, 2023	\$ -	-	2,169	23,131	75,433	95,917	196,650
Recognized in profit or loss	-	-	(1,477)	(305)	10,604	(15,465)	(6,643)
Balance at December 31, 2023	\$ -	-	692	22,826	86,037	80,452	190,007
Balance at January 1, 2022	\$ 4,512	93,352	1,817	24,842	60,426	77,108	262,057
Recognized in profit or loss	-	-	352	(1,711)	15,007	18,809	32,457
Recognized in other comprehensive income	(4,512)	(93,352)	-	-	-	-	(97,864)
Balance at December 31, 2022	\$ -	-	2,169	23,131	75,433	95,917	196,650
		Temporary difference from subsidiary investment	Defined Benefit Plans	Exchange differences on translation	Others		Total
Deferred tax liabilities:							
Balance at January 1, 2023	\$	849,470	1,679	22,355	824		874,328
Recognized in profit or loss		(14,342)	-	-	(824)		(15,166)
Recognized in other comprehensive income		-	622	(2,493)	-		(1,871)
Balance at December 31, 2023	\$	835,128	2,301	19,862	-		857,291
Balance at January 1, 2022		665,434	-	-	32,053		697,487
Recognized in profit or loss		184,036	-	-	(31,229)		152,807
Recognized in other comprehensive income		-	1,679	22,355	-		24,034
Balance at December 31, 2022	\$	849,470	1,679	22,355	824		874,328

- (iii) The ROC Income Tax Act allows losses for tax purposes, as assessed by the tax authorities, to be offset against the taxable income in the following ten years. WKZ's estimated tax losses which could be used to offset the future taxable income are summarized as follows:

Year of loss	Amount of loss	Deductible amount	Expiry year	Note
2013	\$ 559	559	2023	Assessed
2014	513	513	2024	Assessed
2015	481	481	2025	Assessed
2016	360	360	2026	Assessed
2017	678	678	2027	Assessed
2018	441	441	2028	Assessed
2019	513	513	2029	Assessed
2020	530	530	2030	Assessed
2021	24	24	2031	Assessed
2022	331	331	2032	Filed
	\$ 4,430	4,430		

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(iv) Income tax assessment

The Company's and WKZ's income tax returns have been examined and approved by the R.O.C.'s tax authorities until year 2021, respectively.

(0) Capital and other equities

A resolution was passed at the shareholders' meeting held on June 16, 2022, to increase the Company's registered capital to \$6,000,000. The registration procedure has been completed.

As of December 31, 2023 and 2022, the total number of authorized ordinary shares were 600,000 thousand shares, with par value of TWD 10 per share. The total value of authorized ordinary shares amounted to \$6,000,000. As of that date, 428,072 thousand shares and 423,543 thousand shares of ordinary shares were issued, respectively. All issued shares were paid up upon issuance.

(i) Common stock

The Company issued 4,528 thousand and 7,609 thousand new ordinary shares, with a par value of NT\$10 per share, amounting to \$45,283 and \$76,090, due to the conversion of convertible bonds for the years ended December 31, 2023 and 2022, respectively. The relevant statutory registration procedures have been completed.

(ii) Capital surplus

Balances on capital surplus of the Company were as follows:

	December 31, 2023	December 31, 2022
Additional paid in capital	\$ 1,381,129	1,287,803
Treasury share transactions	37,662	37,662
Donation from shareholders	712	712
Convertible bonds – conversion options	106,369	114,216
Others	<u>253</u>	<u>253</u>
	\$ 1,526,125	<u>1,440,646</u>

For the years ended December 31, 2023 and 2022, the capital surplus deriving from those convertible bonds, which were converted to common stock, amounted to \$85,479 and \$50,458, respectively (including the capital surplus-conversion options transferred to the capital surplus additional paid-in capital of \$7,847 and \$7,634, respectively).

In accordance with the Company Act, realized capital surplus can be utilized for issuing new shares or be distributed as cash dividends only after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to be utilized for issuing new shares shall not exceed 10 percent of paid-in capital every year. Capital surplus increased by transferring from paid-in capital in excess of par value shall not be capitalized until the next fiscal year after the competent authority for company registrations approves registration of the capital increase.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(iii) Retained earnings

The Company's Article of Incorporation stipulates that Company's earnings should first be used to estimate and retain to pay for taxes, then offset the prior years' deficits; thereafter, the remaining balance shall be set aside as legal reserve, and then set aside or reverse special reserve. The remainder, if any, together with any undistributed retained earnings at the beginning, shall be distributed according to the distribution plan proposed by the board to be submitted by the Board of Directors. Before the distribution of dividends, the Board of Directors shall first take into consideration its profitability, plan of capital expenditure, business expansion and capital, requirements for cash flow, regulations, and degree of dilution of earnings per share to determine the proportion of stock and cash dividends to be paid. After the above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the Board of Directors, and a meeting of shareholders will be held to adopt this resolution. The total distribution shall not be less than 50% of the current distributable earnings, and the cash dividends shall not be less than 20% of the total dividends.

The Company authorize dividends, bonus and the legal reserve and capital surplus in whole or in part be paid in cash based on the resolution of the Board of Directors with over two-thirds directors present and approved by a majority vote of the present directors, then shall be reported to shareholders meeting.

1) Legal reverse

When a company incurs no loss, it may, pursuant to a resolution by the shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of the legal reserve which exceeds 25% of capital may be distributed.

2) Special reverse

Upon distribution of earnings, the Company is required by law to set aside a legal reserve for the net decrease in other equity items (such as exchange differences on the translation of financial statements of foreign operations and unrealized gain or loss on valuation of financial assets at fair value through other comprehensive income). If the net decrease amount of other equity items is subsequently reduced, the decrease may be reversed from the special reserve to undistributed earnings.

3) Earnings distribution

The amounts for cash dividends of the Company's earnings distribution for 2022 and 2021 were decided by the Board meetings held on April 28, 2023 and March 25, 2022.

	2022		2021	
	<u>Amount per share (in dollars)</u>	<u>Total amount</u>	<u>Amount per share (in dollars)</u>	<u>Total amount</u>
Dividends distributed to ordinary shareholders:				
Cash dividends	\$ 3.06721661	<u>1,312,988</u>	3.00725918	<u>1,270,232</u>

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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The amount of cash dividends of the Company's 2023 earnings distribution has yet to be decided. The related information can be accessed through the Market Observation Post System website after the related meeting.

(p) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2023 and 2022 was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding as follows:

1) Profit attributable to ordinary shareholders of the Company

	<u>2023</u>	<u>2022</u>
Profit attributable to ordinary shareholders of the Company	\$ <u>786,767</u>	<u>1,699,134</u>

2) Weighted-average number of ordinary shares (thousands)

	<u>2023</u>	<u>2022</u>
Weighted-average number of ordinary share	<u>425,695</u>	<u>421,319</u>

	<u>2023</u>	<u>2022</u>
3) Basic earnings per share (TWD)	\$ <u>1.85</u>	<u>4.03</u>

(ii) Diluted earnings per share

The calculation of diluted earnings per share on December 31, 2023 and 2022 was based on profit attributable to ordinary shareholders of the Company, and the weighted average number of ordinary shares outstanding *after* adjustment for the effects of all dilutive potential ordinary shares calculated as follows.

1) Profit attributable to ordinary shareholders of the Company (diluted)

	<u>2023</u>	<u>2022</u>
Profit attributable to ordinary shareholders of the Company (basic)	\$ 786,767	1,699,134
Convertible bonds payable	<u>11,362</u>	<u>22,826</u>
Profit attributable to ordinary shareholders of the Company (diluted)	\$ <u><u>798,129</u></u>	<u><u>1,721,960</u></u>

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Weighted-average number of ordinary shares (thousand, diluted)

	2023	2022
Weighted-average number of ordinary shares (basic)	425,695	421,319
Effect of convertible bonds	65,981	39,562
Effect of employee stock remuneration	4,484	8,494
Weighted-average number of ordinary shares (diluted) on December 31	<u>496,160</u>	<u>469,375</u>

	2023	2022
3) Diluted earnings per share (TWD)	\$ <u><u>1.61</u></u>	<u><u>3.67</u></u>

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023	2022
Primary geographical markets:		
Taiwan	\$ 8,735,687	7,286,106
China	57,848,568	58,136,241
Others	<u>4,308,158</u>	<u>4,858,832</u>
	\$ <u><u>70,892,413</u></u>	<u><u>70,281,179</u></u>
Major products/services lines		
Chipset/memory components	\$ 33,083,610	26,837,934
Mixed and other components	37,805,167	43,437,698
Others	<u>3,636</u>	<u>5,547</u>
	\$ <u><u>70,892,413</u></u>	<u><u>70,281,179</u></u>

(ii) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (included related parties)	\$ 13,730,929	12,939,126	13,640,732
Less: loss allowance	<u>(143,963)</u>	<u>(94,699)</u>	<u>(91,751)</u>
	\$ <u><u>13,586,966</u></u>	<u><u>12,844,427</u></u>	<u><u>13,548,981</u></u>
Contract liabilities	\$ <u><u>1,053,924</u></u>	<u><u>898,765</u></u>	<u><u>305,931</u></u>

For the details on accounts receivable and loss allowance, please refer to note (6)(d).

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the periods were \$402,390 and \$274,679, respectively.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(t) Remuneration to employees and directors

The Company's Articles of Incorporation require that earning shall first be offset against any deficit, then, 6% to 10% of profit before tax (before deducting remuneration to employees and directors) will be distributed as employee remuneration and a maximum of 2.5% will be allocated as directors' remuneration. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements. Actual distribution should be determined in the Board of Directors' meeting, with no less than two-thirds of directors present, and approved by more than half of the directors attending the meeting, then shall be report to the meeting of shareholders.

For the years ended December 31, 2023 and 2022, the accrued remuneration of the Company's employees were \$91,731 and \$189,923, as well as directors were \$22,933 and \$47,481, respectively. These amounts were calculated by using the Company's profit before tax for the period before deducting the amount of remuneration to employees and directors, multiplied by the distribution ratio of remuneration to employees and directors under the Company's articles of Incorporation, and expensed under operating expenses. If the Board of Directors resolved to distribute employees' remuneration in the form of shares, the numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of the Board of Directors.

The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2023 and 2022. Related information would be available at the Market Observation Post System website.

(so) Financial Instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Because the Group caters to a wide variety of customers and has a diverse market distribution, the Group does not concentrate in any single individual customer. Therefore, there is no significant credit risk of concentration in trade receivable. In order to reduce credit risk, the Group monitors the financial conditions of its customers regularly. However, the Group does not require its customers to provide any collateral.

3) Receivables

For credit risk exposure of notes and accounts receivable, please refer to note (6)(d).

The amount of other financial assets at amortized cost includes other receivables which had been impaired.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>Over 1 year</u>
December 31, 2023				
Non-derivative financial liabilities				
Unsecured loans	\$ 13,673,644	(13,855,890)	(13,855,890)	-
Short-term bills payable	1,028,429	(1,030,000)	(1,030,000)	-
Lease liabilities	297,171	(303,814)	(144,805)	(159,009)
Accounts payable	9,592,848	(9,592,848)	(9,592,848)	-
Other payables	846,652	(846,652)	(846,652)	-
Bonds payable	1,768,116	(1,861,000)	-	(1,861,000)
Derivative financial liabilities				
Convertible bonds payable – embedded derivatives	14,144	-	-	-
	<u>S 27,221,004</u>	<u>(27,490,204)</u>	<u>(25,470,195)</u>	<u>(2,020,009)</u>
December 31, 2022				
Non-derivative financial liabilities				
Unsecured loans	\$ 13,889,812	(14,012,044)	(14,012,044)	-
Short-term bills payable	758,086	(760,000)	(760,000)	-
Lease liabilities	293,421	(306,607)	(128,063)	(178,544)
Accounts payable	3,560,734	(3,560,734)	(3,560,734)	-
Other payables	1,046,936	(1,046,936)	(1,046,936)	-
Bonds payable	1,870,309	(1,998,300)	-	(1,998,300)
Derivative financial liabilities				
Convertible bonds payable – embedded derivatives	31,173	-	-	-
Forward exchange contracts:	784			
Outflow	-	(31,251)	(31,251)	-
Inflow	-	30,467	30,467	-
	<u>S 21,451,255</u>	<u>(21,685,405)</u>	<u>(19,508,561)</u>	<u>(2,176,844)</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amount.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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(iii) Market risk

1) Currency risk

The Group's significant financial assets and liabilities exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	\$	283,479 USD/TWD	8,704,223	254,627 USD/TWD		7,891,595
		30.705			30.71	
USD		5,903 USD/CNY	181,252	6,286 USD/CNY		193,043
		7.1752			7.0363	
Financial liabilities						
Monetary items						
USD		234,303 USD/TWD	7,194,274	176,601 USD/TWD		5,423,417
		30.705			30.71	
USD		5,428 USD/CNY	166,667	16,494 USD/CNY		506,531
		7.1752			7.0363	

2) Currency risk sensitivity analysis

The Group's monetary items exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A change of 5% in the exchange rate of TWD or CNY against foreign currency for the years ended December 31, 2023 and 2022 would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

	For the years ended December 31,	
	2023	2022
USD (against the TWD)		
Appreciating 5%	\$ 75,497	123,409
Depreciating 5%	(75,497)	(123,409)
USD (against the CNY)		
Appreciating 5%	729	(15,674)
Depreciating 5%	(729)	15,674

3) Exchange gains and losses of monetary items

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2023 and 2022, the foreign exchange gain, including both realized and unrealized, amounted to \$66,794 and \$14,526, respectively.

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4) Equity market price risk

If the price of the fair value of equity instruments (including the stocks listed on domestic market at stock exchange (over-the-counter) market share, domestic emerging market stocks and domestic and foreign unlisted stocks) changed at the report date. (with the same analysis performed for both periods, assuming all other variable factors remain constant), it would have resulted in the change in the comprehensive income as illustrated below.

	2023		2022	
	Other comprehensive income before tax	Net income before tax	Other comprehensive income before tax	Net income before tax
Securities prices at reporting date				
Increasing 5%	\$ 3,411	43	3,297	32
Decreasing 5%	\$ (3,411)	(43)	(3,297)	(32)

(iv) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	Carrying amount	
	December 31, 2023	December 31, 2022
Variable rate instruments:		
Financial assets	\$ 1,949,757	1,843,615
Financial liabilities	(13,673,644)	(13,889,812)

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is based on the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25% when reporting to management internally, which also represents the Group's management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, the Group's net profit before tax would have decreased or increased by \$29,310 and \$30,115 for the years ended December 31, 2023 and 2022, respectively, which would be mainly resulting from demand deposits, and unsecured loans with variable interest rates.

(v) Fair value

1) Categories and the fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
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liabilities, including the information on fair value hierarchy were as follows, however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

		December 31, 2023			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
Stocks listed on domestic markets	\$ 850	850	-	-	850
Financial assets at fair value through other comprehensive income					
Notes and accounts receivable, net	2,485,651	-	-	-	-
Emerging market stocks	237	237	-	-	237
Domestic and overseas unlisted stocks	67,992	-	-	67,992	67,992
Overseas unlisted convertible promissory note	9,056	-	-	9,056	9,056
Subtotal	<u>2,562,936</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	2,410,732	-	-	-	-
Notes and accounts receivable, net	11,101,315	-	-	-	-
Other receivables	352,853	-	-	-	-
Guarantee deposits	118,767	-	-	-	-
Subtotal	<u>13,983,667</u>				
	<u>\$ 16,547,453</u>				
Financial liabilities at fair value through profit or loss					
Convertible bonds – embedded derivatives	\$ 14,144	-	14,144	-	14,144
Financial liabilities measured at amortized cost					
Short term borrowings	14,702,073	-	-	-	-
Lease liabilities	297,171	-	-	-	-
Accounts payable	9,592,848	-	-	-	-
Other payables	846,652	-	-	-	-
Bonds payable	<u>1,768,116</u>	-	-	-	-
Subtotal	<u>27,206,860</u>				
	<u>\$ 27,221,004</u>				

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		December 31, 2022			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
Stocks listed on domestic markets	\$ 644	644	-	-	644
Financial assets at fair value through other comprehensive income					
Notes and accounts receivable, net	2,167,677	-	-	-	-
Emerging market stocks	347	347	-	-	347
Domestic and overseas unlisted stocks	80,742	-	-	80,742	80,742
Subtotal	<u>2,248,766</u>				
Financial assets measured at amortized cost					
Cash and cash equivalents	2,839,507	-	-	-	-
Notes and accounts receivable, net	10,676,750	-	-	-	-
Other receivables	326,377	-	-	-	-
Guarantee deposits	77,885	-	-	-	-
Subtotal	<u>13,920,519</u>				
	<u>\$ 16,169,929</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 784	-	784	-	784
Convertible bonds – embedded derivatives	31,173	-	31,173	-	31,173
Subtotal	<u>31,957</u>				
Financial liabilities measured at amortized cost					
Short term borrowings	14,647,898	-	-	-	-
Lease liabilities	293,421	-	-	-	-
Accounts payable	3,560,734	-	-	-	-
Other payables	1,046,936	-	-	-	-
Bonds payable	1,870,309	-	-	-	-
Subtotal	<u>21,419,298</u>				
	<u>\$ 21,451,255</u>				

There were no transfers of financial instruments between any levels for the years ended December 31, 2023 and 2022.

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2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

H) Financial assets measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation technique of financial instruments measured at fair value

H) Non-derivative financial instruments

If the financial instrument has a public quoted price in an active market, the public quoted price will be determined as the fair value. The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its counterparts. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the consolidated balance sheet date.

The Group holds the unquoted equity investments and debt instruments that do not have an active market. The fair value of unquoted equity instruments and debt instruments is estimated using the guideline public company method. The main assumptions of the method are based on the guideline public company's price to sales ratio, price to net worth ratio, and the discount for lack of market liquidity. The estimation has been adjusted by the effect resulting from the discount of the lack of market liquidity of the equity securities and debt investments.

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

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4) Reconciliations of Level 3 fair values

	Fair value through other comprehensive income		
	Unquoted equity instruments	Unquoted debt investments	Total
Opening balance, January 1, 2023	is 65,592	15,150	80,742
Total gains and losses recognized:			
In other comprehensive income	4,800	(15,150)	(10,350)
Purchased	-	9,056	9,056
Capital refunded	(2,400)	-	(2,400)
Ending balance, December 31, 2023	<u>\$ 67,992</u>	<u>9,056</u>	<u>77,048</u>
Opening balance, January 1, 2022	\$ 24,399	15,150	39,549
Purchased	42,000	-	42,000
Capital refunded	(807)	-	(807)
Ending balance, December 31, 2022	<u>S 65,592</u>	<u>15,150</u>	<u>80,742</u>

5) Quantified information of significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value are classified as financial assets at fair value through other comprehensive income (including investments in equity securities and debt instruments).

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income	Guideline Public Company method	- Price-book ratio as of December 31, 2023 and 2022 were 0.95-2.57 and 0.82-2.22, respectively. - Market liquidity discount rate as of December 31, 2023 and 2022 were 15.70% and 15.80%, respectively.	- The higher the price-book ratio, and the enterprise value to sale ratio, the higher the fair value - The higher the market liquidity discount rate, the lower the fair value

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income	Net Asset Value Method	· Net asset value	· Not applicable

(0) Financial risk management

(i) Briefings

The Group is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Group's finance department provides business services for the overall internal departments. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Group minimizes the risk exposure through derivative financial instruments. The board of directors regulated the use of derivative and non-derivative financial instruments in accordance with the Group's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Group continue with the review of the amount of the risk exposure in accordance with the Group's policies and the risk management policies and procedures. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Accounts receivable and other receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, and these limits are reviewed periodically. The customers evaluated as low credit rating by the Group only have prepayment transactions with the Group.

Trade and other receivables mainly relate to a wide range of customers from different industries and geographic regions. The Group continued to assess the financial condition and credit risk of its customers, by grouping trade and other receivables based on their characteristics and will purchase credit guarantee insurance contracts if necessary.

Because the Group caters to a wide variety of customers and has a diverse market distribution, the Group does not concentrate in any single individual customer. Therefore, there is no significant credit risk of concentration in trade receivable. In order to reduce the credit risk, the Group monitors the financial conditions of its customers regularly. However, the Group does not require its customers to provide any collateral.

2) Investments

The credit risks exposure in the bank deposits, investments with fixed income and other financial instruments are measured and monitored by the Group's finance department. Since the Group's transaction counterparties and the contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits, there are no compliance issues, and therefore, no significant credit risk. The finance department evaluates the counterparty's credit condition when investing in bond investment without an active market, and do not expect to have any significant credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

Borrowings from the banks and accounts receivable factoring are important sources of liquidity for the Group. For detailed information on short-term borrowings and accounts receivable factoring on December 31, 2023 and 2022, please refer to note (6)(d) and note (6)(h)-

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the Group, primarily the USD, CNY and HKD.

When short-term assets and liabilities denominated in a foreign currency are unbalanced, the Group uses current exchange rate to buy or sell about foreign currency to ensure that the net risk is maintained at an acceptable level.

2) Interest rate risk

As the Group's borrowings position are based on USD and TWD, the Group's capital cost will result in an decrease (increase) when Federal Reserve ("Fed") and Central Bank of the Republic of China (Taiwan) decrease (increase) the interest rate of USD and TWD. The Group adjusts the proportion of the USD and TWD borrowings to minimize the cost of capital, in order to reduce interest rate risk to an acceptable level.

3) Other price risk

The Group exposes to the risk of listed stock investments and open-end mutual funds due to the fluctuation of market price.

(u) Capital management

The policy of the board of directors is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, and retained earnings.

The Group monitors the capital structure by way of periodical review on the liability ratio. As of December 31, 2023 and 2022 the liability ratios were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	35 29,880,080	24,061,235
Total assets	38,646,300	33,240,853
Liability ratio	77 %	72 %

As of December 31, 2023, there were no changes in the Group's approach to capital management.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (v) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2023 and 2022, were as follows:

- (i) For the acquisition of right-of-use assets from leases, please refer to note (6)(g).

The reconciliations of liabilities arising from financing activities were as follows:

	<u>Non-cash changes</u>					
	<u>January 1, 2023</u>	<u>Cash flows</u>	<u>Acquisition</u>	<u>Reduction</u>	<u>Foreign exchange movement</u>	<u>December 31, 2023</u>
Short-term borrowings	\$ 14,647,898	54,175	-	-	-	14,702,073
Lease liabilities	293,421	(154,902)	161,510	(246)	(2,612)	297,171
Bonds payable	<u>1,870,309</u>	<u>-</u>	<u>-</u>	<u>(102,193)</u>	<u>-</u>	<u>1,768,116</u>
Total liabilities from financing activities	<u>\$ 16,811,628</u>	<u>(100,727)</u>	<u>161,510</u>	<u>(102,439)</u>	<u>(2,612)</u>	<u>16,767,360</u>

	<u>Non-cash changes</u>					
	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Acquisition</u>	<u>Reduction</u>	<u>Foreign exchange movement</u>	<u>December 31, 2022</u>
Short-term borrowings	\$ 10,996,048	3,651,850	-	-	-	14,647,898
Lease liabilities	323,726	(153,882)	112,371	(2,078)	13,284	293,421
Bonds payable	<u>126,336</u>	<u>1,998,362</u>	<u>-</u>	<u>(254,389)</u>	<u>-</u>	<u>1,870,309</u>
Total liabilities from financing activities	<u>\$ 11,446,110</u>	<u>5,496,330</u>	<u>112,371</u>	<u>(256,467)</u>	<u>13,284</u>	<u>16,811,628</u>

(7) Related-party transactions

- (a) Name of related parties and their relationships with related parties

The following are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements :

<u>Related-party</u>	<u>Relationship</u>
Weiji Investment Co., Ltd.	The same chairman
Genlog Industrial Co., Ltd.	Substantial related-party

- (b) Significant transactions with related parties

- (i) Processing fee and consultancy fees from related Parties

Other related parties were commissioned to provide processing services and consulting services to the Group. The amounts were as follows:

	<u>2023</u>	<u>2022</u>
Other related parties	\$ <u>1,164</u>	<u>5,304</u>

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Lease

The Group leased a portion of its building to its subsidiaries and related parties for office use purpose. The rentals collected monthly. The details were as follows:

	2023	2022
Other related parties	\$ <u><u>427</u></u>	<u><u>914</u></u>

(iii) Payable to related parties

<u>Account</u>	<u>Related party categories</u>	December 31, 2023	December 31, 2022
Other payables	Other related parties	\$ <u><u>-</u></u>	<u><u>245</u></u>

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	\$ 166,360	276,444
Post-employment benefits	<u>686</u>	<u>847</u>
	\$ <u><u>167,046</u></u>	<u><u>277,291</u></u>

(8) Assets Pledged as security: None.

(9) Significant commitments and contingencies:

The balances of L/Cs for deferred payment of import value added tax and the purchase of merchandise were as follows:

December 31, 2023	December 31, 2022
\$ <u><u>367,755</u></u>	<u><u>367,810</u></u>

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other:

(a) A summary of employee benefits, depreciation and amortization by function, is as follows:

By item	By function	For the years ended December 31,	
		2023	2022
		Operating expenses	Operating expenses
Employee benefits			
Salary		1,427,101	1,577,619
Labor and health insurance		126,298	121,279
Pension		109,552	104,409
Remuneration of directors		22,961	80,672
Others		73,529	53,428
Depreciation		170,901	165,728
Amortization		10,749	27,987

(13) Other disclosures items:

(a) Information on significant transaction:

The following were the information on significant transactions required by the " Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2023:

(i) Lending to other parties: None.

(ii) Guarantees and endorsements for other parties:

(In thousands of new Taiwan dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement	Relationship with the Company	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary (note 2)	Subsidiary endorsements/ guarantees to third parties on behalf of parent company (note 2)	Endorsements/ guarantees to third parties on behalf of companies in Mainland China (note 2)
0	The Company	WKI	100% owned subsidiary	13,149,330	9,889,689	9,734,547	7,251,447		11.105 %	26,298,660	Y	N	N
1	"	WTP	100% owned subsidiary	13,149,330	1,202,932	1,182,142	659,107		13.49 %	26,298,660	Y	N	N
1	"	WKS	100% owned subsidiary	13,149,330	2,363,082	1,803,858	1,122,164		20.58 %	26,298,660	Y	N	Y

Note 1 : The total amount of the guarantee provided by the Company shall not exceed three hundred percent (300%) of the higher amount between the Company's capital amount and net worth. However, for any individual entity whose voting shares are 50% or more owned, directly or indirectly, by the Company shall not exceed fifty percent (50%) of the maximum amount for guarantee on recent audited or reviewed financial statements.

Note 2 : For those entities as the guarantor to the subsidiary, subsidiary as the guarantor to the company, or the guarantor that located in China, were filled in "Y".

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(Shares/units (thousands))										
Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest balance during the year		Note
				Shares/Units (thousands)	Carrying amount	Percentage of ownership (%)	Fair value	Shares/Units (thousands)	Percentage of ownership (%)	
The Company	EBM Technologies Inc.		Current financial assets mandatorily measured at fair value through profit or loss	34	850	%	850	34	%	
"	Clientron Corp.		Non-current financial assets at fair value through other comprehensive income	15	237	0.02 %	237	15	0.02 %	
"	Paradigm I Venture Capital Company (Paradigm I)		"	750	7,458	6.79 %	7,458	750	6.79 %	
"	Paradigm Venture Capital Corporation (PVC Corp.)		"	230	2,301	10.49 %	2,301	230	10.49 %	
"	InnoBridge Venture Fund I, L.P. (InnoBridge)		"			9.90 %			9.90 %	
"	Shin Kong Global Venture Capital Corp. (SKGVC)		"	720	7,200	12.00 %	7,200	960	12.00 %	
"	Vision Wide Technology Co., Ltd. (VTEC)		"	800	9,033	16.1 %	9,033	800	16.1 %	
"	Winsheng Material Technology Co., Ltd. (Winsheng Material)		"	1,400	42,000	4.31 %	42,000	1,400	4.31 %	
"	SiTune Corporation Convertible Promissory Note (SiTune)		"		9,056	%	9,056		%	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In thousands)

Name of company	Related	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable		Note
			Purchases/(Sales)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	WKI	100% owned subsidiary	(Sales)	(246,719) (USD(7,795))	(0.74)%	OA30	No significant difference with other customers	No significant difference with other customers	161,446 (USD5,258)	2.23 %	
"	"	"	Purchases	200,544 (USD6,491)	0.61 %	"	No significant difference with other suppliers	No significant difference with other suppliers	(USD-)	0.61 %	
"	WTP	"	(Sales)	(109,693) (USD(3,511))	(0.33)%	"	No significant difference with other customers	No significant difference with other customers	8,894 (USD290)	0.12 %	
WKI	The Company	Parent company	Purchases	246,719 (USD17,795)	0.72 %	"	No significant difference with other suppliers	No significant difference with other suppliers	(161,446) (USD(5,258))	(3.70) %	
"	"	"	(Sales)	(200,544) (USD(6,491))	(0.61)%	"	No significant difference with other customers	No significant difference with other customers	(USD-)	0.61 %	
"	WKS	Subsidiary	(Sales)	(4,846,739) (USD(155,547))	(14.66)%	OA60	"	"	166,659 (USD5,428)	3.48 %	
WKS	WKI	Parent company	Purchases	4,846,739 (USD(155,547))	66.77 %	"	No significant difference with other suppliers	No significant difference with other suppliers	(166,659) (USD(5,428))	(21.77) %	
WTP	The Company	"	Purchases	109,693 (USD3,511)	4.98 %	OA30	"	"	(8,894) (USD(290))	(5.53) %	

Note: The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.

(viii) Receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In thousands)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Notc)	Allowance for bad debts	Note
					Amount	Action taken			
The Company	WKI	100% owned subsidiary	Account receivable 161,446 (USD5,258)	2.09			USD414		The amounts of the transaction and the ending balance had been offset in the consolidated financial statements.
"	"	"	Other receivable 162,649 (USD5,297)				USD2,521		
WKI	WKS	Subsidiary	Account receivable 166,659 (USD5,428)	15.03			USD5,216		
WKS	WKT	Parent Company	Account receivable 175,634 (USD5,720)	1.97			USD4,298		

Note: Information as of March 4, 2024.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ix) Trading in derivative instruments:None.

(x) Business relationships and significant intercompany transactions:

(In Thousands)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	WKI	1	Sales Revenue	246,719	The price is marked up based on operating cost, and the receivables depend on OA30 after offsetting the accounts payable.	0.3500
"	"	"	"	Accounts Receivable	161,446	"	0.42%
"	"	"	"	Management and Credit Service Revenue	337,510	The price is set by percentage of the contract and the receivable is received quarterly.	0.48%
"	"	"	"	Other Receivables	162,649	"	0.42%
"	"	WTP	"	Sales Revenue	109,693	The price is marked up based on operating cost, and the receivables depend on OA30 after offsetting the accounts payable,	0.15%
1	WKI	The Company	2	Sales Revenue	200,544	"	0.28%
"	"	WKS	3	Sales Revenue	4,846,739	The price is marked up based on operating cost, and the receivables depend on funding demand and OA60.	6.84%
"	"	"	"	Accounts Receivable	166,659	"	0.43%
2	WKS	WKI	"	Service Revenue	340,950	The price is set by percentage of the contract, OA30.	0.48%
"	"	"	"	Accounts Receivable	175,634	"	0.45%

Note 1: The numbers filled in as follows:

1. 0 represents the Company.

2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: Relationship with the transactions labeled as follows:

1 represents the transactions from the parent company to its subsidiaries.

2 represents the transactions from the subsidiaries to the parent company.

3 represents the transactions between subsidiaries.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investments:

The following are the information on investees for the year ended December 31, 2023 (excluding information on investments in Mainland China):

(In thousands)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Highest			The highest holdings in the period		Net income (losses) of investee	Investment income (losses) of investor	Note
				December 31, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership	Carrying amount	Shares (In Thousands)	Percentage of Ownership			
The Company	WKI	Hong Kong	Electronic components, computer peripherals, products distribution and technical support	\$ 1,620,445	1,620,445	552,450	100%	\$ 6,811,500	552,450	100%	(73,094)	\$ (73,094)	Subsidiary
"	WKZ	Taiwan	Electronic components and technical support	12,083	12,983	1,589	100%	26,788	1,589	100%	938	938	"
"	WTP	Singapore	"	293,327	293,327	12,413	100%	500,196	12,413	100%	1,383	1,383	"
	Total			\$ 1,926,755	1,926,755			\$ 7,338,484				\$ (70,773)	
WKI	Weitech	Hong Kong	Import and export trade electronic components	0.41 (HKD0.1)	0.41 (HKD0.1)		100%	7,821 (USD92)		100%	289 (USD9)	289 (USD9)	"

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In thousands)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from January 1, 2023	Investment flows		Accumulated outflow of investment from December 31, 2023	Net income (losses) of the investee (Note 2)	Percentage of ownership	Highest balance during the year		Investment income (losses) of investor (Note 2)	Book value (Note 3)	Accumulated remittance of earnings in current period
					Outflow (Note 3)	Inflow				Shares/Units	Highest Percentage of ownership			
WKS	Electronic components, computer peripherals, products distribution and technical support	786,647 (USD25,000)	Note 1, 4	304,594 (USD9,800)			304,594 (USD9,800)	(67,302) (USD2,163)	100%	1,107	100%	(67,892) (USD2,163)	627,050 (USD20,424)	
SiU	Electronic technology development and technical advisory (Note 1)	5,067 (CNY1,000)	Note 1, 5					589 (USD19)	100%		100%	589 (USD19)	6,852 (USD223)	

Note 1: Weikeng Electronic Technology (Shanghai) Co., Ltd. was renamed to SiUltra Electronic Technology (Shanghai) Co., Ltd. on July 27, 2023.

(Continued)

WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA (note 3)	Upper Limit on Investment
304,594 (USD9,800)	767,625 (USD25,000)	5,259,732

Note 1: Investment in Mainland China was through a company in the third area.

Note 2: The investment gains and losses of the current period are recognized according to the financial statements, which have been reviewed by the Company's independent auditors, and were translated into New Taiwan Dollars at the average exchange rates.

Note 3: The currency was translated into New Taiwan Dollars at the exchange rate of USD 1 to TWD 30.705 at the end of reporting period.

Note 4: The difference was due to Weikeng International Co. Ltd.'s investment of USD15,200 thousand on Weikeng International (Shanghai) Co. Ltd. using its own funds.

Note 5: The difference was due to Weikeng International (Shanghai) Co. Ltd.'s investment of CNY1,000 thousand on SiUltra Electronic Technology (Shanghai) Co., Ltd. using its own funds.

(iii) Significant transactions:

Please refer to Information on significant transactions for the information on significant direct or indirect transactions, which were eliminated in the preparation of consolidated financial statements, between the Group and the investee companies in Mainland China in 2023.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Weiji Investment Co., Ltd.		30,426,876	7.11 %

Note (i): The information of major shareholders is based on the last business day of the end of each quarter set by Taiwan Depository & Clearing Corporation, wherein the shareholders hold more than 5% of the Company's ordinary shares, which have been completely registered non-physically (including treasury shares). There may be differences between the share capital recorded in the Company's financial statements and the actual number of the delivered shares, which have been completely registered non-physically due to the different methods used in their calculation.

Note (ii): In the case of the above information, if the shareholder delivers the shares to the trust, the shares will be disclosed as a personal account under the trust account of the principal opened by the trustee. As for the shareholders' declaration of more than 10% of the insider's shareholdings under the Securities and Exchange Act, the shareholders' stocks should be include in their own shareholdings, plus, the shares delivered to the trust, wherein the shareholders have the right of decision on using the trust property. For information on insider's equity declaration, please refer to market observation post system.

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WEIKENG INDUSTRIAL CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

- (21) The Group has only one operating segment, which is the electronic components segment, of which, the major activities are the purchase and sales of electronic components and computer peripherals, technical service, as well as the import/export trade business. The Group's information of operating segment are consistent with the consolidated financial statements. Please refer to the consolidated statements of comprehensive income and the consolidated balance sheet for the segment profit and assets, respectively.

(b) Product and service information

The Group operates in a single industry, the main industry for the trading of electronic components and computer peripheral products. Please refer to note (6)(q).

(c) Geographic information

Please *refer* to note (6)(q) for the geographic information on the Group's sales presented by destination of customer and the stated below is the geographic information on the Group's non-current assets presented by location.

Non-current Assets:

Area	2023	2022
Taiwan	S 280,415	193,245
China	219,114	289,186
Singapore	<u>15,949</u>	<u>20,463</u>
	S <u>515,478</u>	<u>502,894</u>

Non-current assets include property, plant and equipment, intangible assets, right-of-use assets and other assets, not including deferred tax assets and pension fund assets.

(d) Information about major customers

There were no individual customers who accounted for over 10% of consolidated net sales in 2023 and 2022.

WEIKENG INDUSTRIAL CO., LTD.**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

Address: 11F., No.308, Sec.1, Neihu Rd., Neihu Dist., Taipei City
Telephone: (02)2659-0202

The independent auditors' report and the accompanying Parent Company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and Parent Company only financial statements, the Chinese version shall prevail,

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Independent Auditors' Report

To the Board of Directors of Weikeng Industrial Co., Ltd.:

Opinion

We have audited the financial statements of Weikeng Industrial Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in the auditors' report as follows:

1. Recognition of Operating Revenue

Please refer to note (4)(m) "Revenue recognition" for accounting policies with respect to recognizing revenue, and to note (6)(r) "Revenue from contracts with customers" for explanatory notes about revenue.

Description of key audit matters:

Weikeng Industrial Co., Ltd. is a listed company. The Company is a distributor for the sale of electronic components and computer peripheral equipment. Operating revenue is one of the significant items in the financial statements, and the amounts and changes of operating revenue may affect the users' understanding of the entire financial statements. Therefore, the testing over revenue recognition is considered a key matter in our audits.

How the matter was addressed in our audits:

Our main audit procedures for the aforementioned key audit matters include testing the Company's controls surrounding revenue recognition in the order-to-cash transaction cycle, including reconciliations between the general ledger and sales system, performing the detailed test of relevant vouchers, as well as assessing whether the Company's timing on revenue recognition and the amounts recognized are in accordance with related standards.

2. Valuation of Inventories

Please refer to note (4)(g) "Inventories" for accounting policies with respect to valuating inventories, to note (5) "Valuation of inventories" for accounting estimates and uncertainties of affairs for inventory valuation, and to note (6)(e) "Inventories" for explanatory notes about inventories and related expenses.

Description of key audit matters:

The Company is a distributor for the sale of electronic components and computer peripheral equipment. Due to the horizontal competition in the industry and constant advancement of related technologies, the price of end electronic products are volatile, and thus, affects the price of electronic components and computer peripheral equipment. Therefore, the testing over the valuation of inventories is considered a key matter in our audits.

How the matter was addressed in our audits:

Our main audit procedures for the aforementioned key audit matters include testing the related controls over the cost operating cycle, evaluating whether the policies for setting aside allowance for inventory valuation and obsolescence losses are in accordance with the Company's policies and related standards, as well as implementing sampling procedures to check the correctness of the aging of the inventories. In addition, we also examined the inventory aging reports, understood the subsequent sales status of slow moving inventories, and evaluated the adopted basis of the net realizable value to assess the reasonableness of the management's estimates of the allowance for inventory valuation.

3. The share of profit (loss) of subsidiaries and investments accounted for using equity method

Please refer to note (4)(h) "Investments of subsidiaries" for the accounting policies, note (6)(f) "Investments accounted for using equity method" for explanatory notes about the investments under equity method.

Description of key audit matters:

The subsidiaries, which are recognized under equity method, are distributors for the sale of electronic components and computer peripheral equipment with holding material assets, such as accounts receivable and inventories. Therefore, the share of profit (loss) of subsidiaries and investments accounted for using equity method which is one of the material items in the financial statements is considered a key matter in our audits.

How the matter was addressed in our audits:

Our main audit procedures for the aforementioned key audit matters include understanding the related controls over investments accounted for using equity method; testing the changes of the investment under equity method within the year, including the recognition of investments gains (losses) and the share of comprehensive income, as well as assessing whether the Company's recognition of investments are in accordance with the related standards.

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

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investments in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Au, Yiu-Kwan and Kuo, Kuan-Ying .

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2024

Notes to Readers

The accompanying Parent Company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such Parent Company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying Parent Company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and Parent Company only financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese.)
WEIKENG INDUSTRIAL CO., LTD.

Balance Sheets

December 31, 2023 and 2022

(expressed in thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Assets				
Current assets:				
1100 Cash and cash equivalents (note (6)(u))	1,587,936	8	1,390,080	7
1110 Short-term financial investments at fair value through profit or loss (note (6)(b))	860	-	677	-
1170 Prepaid expenses and other current assets (note (6)(d) and (7))	1,259,119	6	6,637,716	31
1200 Inventories, net (note (6)(s))	7,105,911	37	7,666,661	38
1300 Other receivables, net (note (6)(t))	6,187,102	32	4,614,053	22
1470 Other non-current assets	54,191	-	12,043	-
	15,194,209	73	24,314,571	117
Non-current assets:				
1510 Long-term investments at fair value through profit or loss (note (6)(i))	1,738,491	8	1,717,171	8
1550 Property, plant and equipment, net (note (6)(k))	1,061,128	5	1,631	0
1755 Intangible assets (note (6)(l) and (7))	157,572	0	171,733	0
1780 Goodwill (note (6)(o))	620	-	113	-
1840 Other non-current assets	136,419	0	1,171	0
1900 Other non-current liabilities	1,000,118	5	93,031	0
	4,694,841	23	3,633,217	17
	19,889,050	96	27,947,788	134
Liabilities and Equity				
Current liabilities:				
2100 Short-term borrowings (note (6)(j))	710	-	710	-
2120 Current financial liabilities at fair value through profit or loss (note (6)(b))	212	-	212	-
2130 Current contract liabilities (note (6)(r))	1,210	0	1,210	0
2170 Accounts payable (note (7))	3,700	0	3,700	0
2200 Other payables (notes (6)(u) and (7))	7,731	0	7,731	0
2220 Current tax liabilities	7,730	0	7,730	0
2230 Other current liabilities	220	-	220	-
	13,383	0	13,383	0
Non-current liabilities:				
2500 Non-current financial liabilities at fair value through profit or loss (note (6)(b))	2,500	0	2,500	0
2520 Bonds payable (note (6)(k))	2,500	0	2,500	0
2530 Deferred tax liabilities (note (6)(o))	2,500	0	2,500	0
2540 Non-current lease liabilities (notes (6)(l) and (7))	2,500	0	2,500	0
2550 Non-current net defined benefit liabilities (note (6)(n))	2,500	0	2,500	0
2560 Other non-current liabilities	2,500	0	2,500	0
	10,000	0	10,000	0
Total liabilities				
Equity (note (6)(p)):				
3100 Common Stock	3,100	0	3,100	0
3200 Capital surplus	3,200	0	3,200	0
Retained earnings:				
3310 Legal reserve	3,310	0	3,310	0
3320 Special reserve	3,320	0	3,320	0
3350 Unappropriated earnings	3,350	0	3,350	0
	13,080	0	13,080	0
Other equity interest:				
4000 Exchange differences on translation of foreign financial statements	4,000	0	4,000	0
4010 Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	4,010	0	4,010	0
	8,090	0	8,090	0
Total equity				
Total liabilities and equity				
	27,947,788	100	27,947,788	100

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese.)
WEIKENG INDUSTRIAL CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(expressed in thousands of New Taiwan Dollars, except for earnings per share)

		2023		2022	
		Amount	%	Amount	%
4100	Net sales revenue (notes (6)(r) and (7))	S 33,150,275	100	28,811,601	100
5000	Cost of sales (notes (6)(e) and (7))	<u>31,194,854</u>	<u>94</u>	<u>26,748,962</u>	<u>93</u>
	Gross profit	<u>1,955,421</u>	<u>6</u>	<u>2,062,639</u>	<u>7</u>
	Operating expenses (notes (6)(l), (6)(n), (7) and (12)):				
6100	Selling expenses	770,531	2	844,851	3
6200	Administrative expenses	270,116	1	350,782	1
6450	Expected credit losses (reversal gains) (note (6)(d))	<u>(632)</u>	<u>-</u>	<u>1,561</u>	<u>-</u>
		<u>1,040,015</u>	<u>3</u>	<u>1,197,194</u>	<u>4</u>
	Net operating income	<u>915,406</u>	<u>3</u>	<u>865,445</u>	<u>3</u>
	Non-operating income and expenses:				
7100	Interest income	19,960	-	3,473	-
7010	Other income (notes (6)(m) and (7))	372,319	1	387,179	1
7230	Foreign currency exchange gains, net (note (6)(t))	137,925	-	174,752	1
7235	Gains (losses) on financial assets (liabilities) at fair value through profit or loss, not (note (6)(k))	15,868	-	(6,783)	-
7375	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method (note (6)(f))	(70,773)	-	920,098	3
7050	Financial costs (notes (6)(k) and (6)(l))	(358,535)	(1)	(206,824)	(1)
7590	Miscellaneous disbursements	<u>(193)</u>	<u>-</u>	<u>(702)</u>	<u>-</u>
		<u>116,571</u>	<u>-</u>	<u>1,271,193</u>	<u>4</u>
7900	Profit before tax	1,031,977	3	2,136,638	7
7950	Less: Income tax expenses (note (6)(o))	<u>245,210</u>	<u>1</u>	<u>437,504</u>	<u>1</u>
8200	Profit	<u>786,767</u>	<u>2</u>	<u>1,699,134</u>	<u>6</u>
	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss				
8311	Changes on remeasurements of defined benefit plans (note (6)(n))	3,110	-	30,954	-
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(10,460)	-	(169)	-
8349	Less: Income tax related to items that will not be reclassified to profit or loss (note (6)(o))	<u>622</u>	<u>-</u>	<u>6,191</u>	<u>-</u>
		<u>(7,972)</u>	<u>-</u>	<u>24,594</u>	<u>-</u>
8360	Items that may be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(12,460)	-	578,532	2
8399	Less: Income tax related to items that will be reclassified to profit or loss (note (6)(o))	<u>(2,493)</u>	<u>-</u>	<u>115,707</u>	<u>-</u>
		<u>(9,967)</u>	<u>-</u>	<u>462,825</u>	<u>2</u>
	Other comprehensive income	<u>(17,939)</u>	<u>-</u>	<u>487,419</u>	<u>2</u>
8500	Comprehensive income	<u>\$ 768,828</u>	<u>2</u>	<u>2,186,553</u>	<u>8</u>
	Earnings per ordinary share (expressed in New Taiwan dollars): (note (6)(Q))				
9750	Basic earnings per share	S <u>1.85</u>		<u>4.03</u>	
9850	Diluted earnings per share	\$ <u>1.61</u>		<u>3.67</u>	

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese.)

WEIKENG INDUSTRIAL CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(expressed in thousands of New Taiwan Dollars)

	Common stock	Capital surplus	Legal reserve	Retained earnings		Unappropriated earnings	Exchange differences on translation of foreign financial statements	Other equity interest		Total
				Special reserve				Unrealized gains (losses) from financial assets	measured at fair value through other comprehensive income	
Balance at January 1, 2022	1,150,140	1,775,077	960,700	365,705		1,715,388	(373,405)	(81,178)		8,702,788
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	171,859	-	(171,859)		-	-	-	-
Special reserve appropriated	-	-	-	88,278	(88,278)		-	-	-	-
Cash dividends	-	-	-	-	(1,170,252)		-	-	-	(1,170,252)
Profit for the year ended December 31, 2022	-	-	171,520	88,878	(1,530,679)		-	-	-	(1,270,331)
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	1,699,134		-	-	-	1,699,134
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	1,699,134		-	-	-	1,699,134
Issuance of convertible bonds	-	-	-	-	-		-	-	-	-
Conversion of convertible bonds	-	-	-	-	-		-	-	-	-
Others	-	-	-	-	-		-	-	-	-
Balance at December 31, 2022	1,150,140	1,775,077	1,132,559	454,583	(1,431,825)	1,715,388	462,825	(81,178)		8,702,788
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	171,859	-	(171,859)		-	-	-	-
Cash dividends	-	-	-	-	(1,170,252)		-	-	-	(1,170,252)
Reversal of special reserve	-	-	-	-	-		-	-	-	-
Profit for the year ended December 31, 2023	-	-	-	-	-		-	-	-	-
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	-		-	-	-	-
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	-		-	-	-	-
Conversion of convertible bonds	-	-	-	-	-		-	-	-	-
Balance at December 31, 2023	1,150,140	1,775,077	1,304,418	454,583	(1,431,825)	1,715,388	462,825	(81,178)		8,702,788

Balance at January 1, 2022

Appropriation and distribution of retained earnings:

Legal reserve appropriated

Special reserve appropriated

Cash dividends

Profit for the year ended December 31, 2022

Other comprehensive income for the year ended December 31, 2022

Total comprehensive income for the year ended December 31, 2022

Issuance of convertible bonds

Conversion of convertible bonds

Others

Balance at December 31, 2022

Appropriation and distribution of retained earnings:

Legal reserve appropriated

Cash dividends

Reversal of special reserve

Profit for the year ended December 31, 2023

Other comprehensive income for the year ended December 31, 2023

Total comprehensive income for the year ended December 31, 2023

Conversion of convertible bonds

Balance at December 31, 2023

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese.)

WEIKENG INDUSTRIAL CO., LTD.**Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(expressed in thousands of New Taiwan Dollars)**

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,031,977	2,136,638
Adjustments'		
Adjustments to reconcile profit (loss):		
Depreciation expenses	65,123	64,132
Amortization expenses	7,054	8,765
Expected (reversal gains) credit losses	(632)	1,561
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	(15,868)	6,783
Interest expenses	358,535	206,824
Interest income	(19,960)	(3,473)
Dividend income	(231)	-
Share of (loss) profit of subsidiaries, associates and joint ventures accounted for using equity method	70,773	(920,098)
Others	(546)	(36)
	<u>464,248</u>	<u>(635,542)</u>
Changes in operating assets and liabilities:		
(Increase) decrease in notes and accounts receivable	(675,402)	19,879
Increase in other receivable	(16,889)	(22,001)
Increase in inventories	(1,675,583)	(1,477,337)
Decrease in prepaid expenses and other current assets	6,015	89,662
	<u>(2,361,859)</u>	<u>(1,389,797)</u>
Decrease in financial liabilities at fair value profit or loss	(915)	-
Increase (decrease) in accounts payable	3,303,561	(1,383,216)
Decrease in other payable	(142,454)	(64)
Increase in contract liabilities and other current liabilities	52,600	84,113
Decrease in net defined benefit liabilities	(6,979)	(11,312)
	<u>3,205,813</u>	<u>(1,310,479)</u>
Total changes in operating assets and liabilities	<u>843,954</u>	<u>(2,700,276)</u>
Total adjustments	<u>1,308,202</u>	<u>(3,335,818)</u>
Cash flow from (used in) operations	2,340,179	(1,199,180)
Interest received	19,416	3,473
Dividends received	231	-
Interest paid	(355,798)	(142,689)
Income taxes paid	(327,548)	(153,745)
Net cash flows from (used in) operating activities	<u>1,676,480</u>	<u>(1,492,141)</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(9,056)	(42,000)
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	2,400	807
Acquisition of investment accounted for using equity method	-	(298,150)
Acquisition of property, plant and equipment	(18,055)	(1,751)
Disposal of property, plant and equipment	571	-
Increase in refundable deposits	(42,466)	(109)
Acquisition of intangible assets	(3,303)	(4,124)
Increase in other prepayments	(464)	(115)
Net cash flows used in investing activities	<u>(70,373)</u>	<u>(345,442)</u>
Cash flows from (used in) financing activities:		
Decrease (increase) in short-term borrowings	(233,301)	1,003,675
Proceeds from issuing bonds	-	2,000,000
Repurchase of bonds	-	(1,638)
Increase in guarantee deposits received	12	-
Payment of lease liabilities	(61,974)	(57,520)
Cash dividends paid	(1,312,988)	(1,270,232)
Net cash flows (used in) from financing activities	<u>(1,608,251)</u>	<u>1,674,285</u>
Net decrease in cash and cash equivalents	<u>(2,144)</u>	<u>(163,298)</u>
Cash and cash equivalents at beginning of period	<u>1,390,080</u>	<u>1,553,378</u>
Cash and cash equivalents at end of period	<u>\$ 1,387,936</u>	<u>1,390,080</u>

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese.)

WEIKENG INDUSTRIAL CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(expressed in thousands of New Taiwan Dollars, unless otherwise specified)

(1) Company history

Weikeng Industrial Co., Ltd. (the Company) was incorporated in Taiwan as a company limited by shares in January 1977 and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 1IF, No.308 Sec. 1, Neihu Rd., Neihu Dist., Taipei City. The major activities of the Company are the purchase and sale of electronic components and computer peripherals, technical service, and the import-export trade business. The Company's common shares were listed on the Taiwan Stock Exchange (TSE).

(2) Approval date and procedures of the financial statements:

The accompanying parent company only financial statements were authorized for issue by the Board of Directors on March 11, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform Pillar Two Model Rules"

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(Continued)

WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Amendments to IAS 38 "Intangible Assets" "Lack of Exchangeability"

(4) Summary of material accounting policies

The material accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

- (a) Statement of compliance

These annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations).

- (b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on the historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value (including derivative financial instruments),
- 2) Financial assets at fair value through other comprehensive income are measured at fair value,
- 3) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation limited as explained in to note 4(n).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operate. The financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entity at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income,
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective, or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the functional currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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WEIKENG INDUSTRIAL CO., LTD.
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(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle,
- (ii) It is held primarily for the purpose of trading,
- (iii) It is expected to be realized within twelve months after the reporting period, or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle,
- (ii) It is held primarily for the purpose of trading,
- (iii) It is due to be settled within twelve months after the reporting period, or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, 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 which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reclassified as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost, Fair value through other comprehensive income (FVOCI) – debt investment, FVOCI – equity investment, or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company, therefore, those receivables are measured at FVOCI. However, they are included in the "accounts receivables" line item.

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On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, notes and accounts receivable, other receivable and guarantee deposit paid), accounts receivable measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date, and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full,

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer,
- a breach of contract such as a default or being more than 90 days past due,
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider,

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- it is probable that the borrower will enter bankruptcy or other financial reorganization, or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets, the Company recognizes the amount of expected credit losses (or reversal) in profit or loss.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

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The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss.

On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign *exchange* gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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Notes to the Financial Statements

(iii) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average-cost principle and includes expenditure incurred in acquiring the inventories, production or transition costs, and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for using equity method in the parent-company-only financial statements. Under equity method, the net income, other comprehensive income and equity in the parent-company-only financial statements are the same as those attributable to the owners of parent in the consolidated financial statements.

Changes in the Company's ownership of subsidiaries which have not resulted in the loss of control are treated as equity transactions with the owner.

(in) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

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WEIKENG INDUSTRIAL CO., LTD.
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(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- 1) Buildings: 59 years
- 2) Transportation equipment: 5~6 years
- 3) Machinery equipment: 1~6 years
- 4) Office and other equipment: 1~7 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

U) **Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leases

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is assessed periodically and is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payment,
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,

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WEIKENG INDUSTRIAL CO., LTD.
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The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate, or
- 2) there is a change of its assessment on whether it will exercise an extension or termination option, or
- 3) there is any lease modifications in lease subject, scope of the lease or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, including part of offices and transportation equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

(k) Intangible assets

(i) Other intangible assets

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

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WEIKENG INDUSTRIAL CO., LTD.
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(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. Computer software costs are amortized, on the average, by 5 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(1) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

(m) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company sells electronic components and computer peripherals to customers. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

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The Company often offers commercial discounts and volume discounts to its customers. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A Refund liability is recognized for expected discounts payable to customers in relation to sales made at the end of the reporting period.

For certain contracts that permit a customer to return products, revenue would not be recognized for the products expected to be returned. In addition, the Company recognized a refund liability for these contracts and an asset (and corresponding adjustment to cost of sales) for its right to recover products from customers on settling the refund liability.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(H) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value. The fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of the present value of the economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. In order to calculate the present value of the economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on the settlement of the plan liabilities.

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When the benefits of a plan are improved, the expense of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company can reclassify the amounts recognized in other comprehensive income to retained earnings or other equity. If the amounts recognized in other comprehensive income are transferred to other equity, they shall not be reclassified to profit or loss or recognized in retained earnings in a subsequent period.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets and the change in the present value of the defined benefit obligation.

(iii) Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(iv) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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(0) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized as personnel expenses in profit or loss.

(p) Income Taxes

Income *taxes* comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences,
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future, and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized, such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, (if any).

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity, or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The surtax on unappropriated earnings is recoded as current tax expense in the following year after the resolution to appropriate retained earnings is approved in a stockholders' meeting.

(q) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds and employee compensation.

(F) Operating segments

The operating segment information is disclosed within the consolidated financial statements but not disclosed in the parent company only financial statement.

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WEIKENG INDUSTRIAL CO., LTD.

Notes to the Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing the company financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments in applying accounting policies that have significant effect on amounts recognized in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of economic uncertainty is as follows:

(a) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for normal consumption, obsolescence on unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note (6)(e) for further description of the valuation of inventories.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31,2023	December 31, 2022
Cash on hand	\$ 134	134
Checking accounts and demand deposits	1,357,097	1,389,946
Time deposits	30,705	-
	<u>\$ 1,387,936</u>	<u>1,390,080</u>

Please refer to note (6)(t) for the exchange risk, interest rate risk and the sensitivity analysis of the financial assets of the Company.

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

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

- (i) The details of the financial assets and liabilities at fair value through profit or loss were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current financial assets at fair value through profit or loss:		
Non-derivative financial assets		
Stock listed on domestic markets	\$ <u>850</u>	<u>644</u>
Current financial liabilities at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ <u>-</u>	<u>784</u>
Non-current financial liabilities at fair value through profit or loss:		
Convertible bonds – embedded derivatives	\$ <u>14,144</u>	<u>31,173</u>

As of December 31, 2023 and 2022, the Company did not provide any financial assets at fair value through profit or loss as collateral for its loans.

Please refer to note (6)(t) for credit risk and currency risk of financial assets of the Company.

- (ii) Non hedging derivative financial instruments

The Company holds derivative financial instruments to hedge certain foreign exchange risk exposures arising from its operating and financing activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss financial assets:

Forward exchange contracts:

	<u>December 31, 2022</u>		
	<u>Amount (in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward exchange purchased	USD 1,000	USD to TWD	2023.03.27

(c) Non-current financial assets at fair value through other comprehensive income

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Debt investments at fair value through other comprehensive income:		
Overseas unlisted convertible promissory note	\$ 9,056	-
Limited Partnership Company-InnoBridge Venture Fund I, L.P.	<u>-</u>	<u>15,150</u>
	<u>9,056</u>	<u>15,150</u>

(Continued)

WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

	<u>December 31,2023</u>	<u>December 31,2022</u>
Equity investments at fair value through other comprehensive income:		
Domestic emerging market stocks	237	347
Domestic unlisted stocks	60,534	58,134
Overseas unlisted stocks	<u>7,458</u>	<u>7,458</u>
	<u>S 77,285</u>	<u>81,089</u>

(i) Debt investments at fair value through other comprehensive income

The Company has made an assessment that the debt investment were held within a business model whose objective was achieved by both collecting contractual cash flows and selling financial assets. Therefore, they have been classified as financial assets at fair value through other comprehensive income.

(ii) Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes.

There were no disposals of strategic investments, nor were there any transfers of any cumulative gain or loss within equity relating to these investments in the years ended December 31, 2023 and 2022.

(iii) The investee company, Vision Wide Technology Co., Ltd. (VTEC), recognized as non-current financial assets at fair value through other comprehensive income, distributed the cash dividends of \$807 from its capital surplus based on the resolution approved during the shareholders' meeting held in 2022. The amount has been fully received as of the reporting date and recognized as the account deduction.

(iv) The investee company, Shin Kong Global Venture Capital Corp. (SKGVC), which was recognized as non current financial assets at fair value through other comprehensive income, reduced its capital to refund \$2,400 in 2023, leading to a reduction of the Company's shareholding in SKGVC from 960 thousand shares to 720 thousand shares.

(v) The Company invested in InnoBridge Venture Fund I, L.P. , a limited partnership company, in October 2006. The investment had been designated as a financial asset at fair value through other comprehensive income upon the adoption of IFRS 9. As of December 31, 2023, the book value was 190. In accordance with the IFRS Q&A released by the Accounting Research and Development Foundation on June 15, 2023, wherein the financial asset cannot be designated as at fair value through other comprehensive income, the classification need not be applied retroactively to the investments in limited partnership companies that were made prior to June 30, 2023, according to the Q&A for the classification of financial assets released by the FSC. Therefore, the Company continues to measure its investment in InnoBridge Venture Fund I, L.P. as a financial asset at fair value through other comprehensive income.

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(vi) For credit risk and market risk, please refer to note (6)(t).

(vii) As of December 31, 2023 and 2022, the Company did not provide any financial assets at fair value through other comprehensive income as collateral for its loans.

(d) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 13,256	11,705
Accounts receivable-measured as amortized cost	4,906,853	4,615,831
Accounts receivable-fair value through other comprehensive income	<u>2,374,058</u>	<u>1,991,229</u>
	7,294,167	6,618,765
Less: Loss allowance	<u>(54,388)</u>	<u>(55,020)</u>
	<u>S 7,239,779</u>	<u>6,563,745</u>

The Company has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by selling financial assets, therefore, such accounts receivable was measured at fair value through other comprehensive income.

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics of the customer's ability to pay all due amounts in accordance with contract terms, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The Company's loss allowance of notes and accounts receivable were determined as follows:

December 31, 2023				
<u>Credit rating</u>	<u>Carrying amount</u>	<u>Expected credit loss rate</u>	<u>Loss allowance provision</u>	<u>Credit impaired</u>
Listed company (assessed by group)				
Level A	S 4,484,835	0.55%	24,483	No
Level B	1,216,338	1.26%	15,305	No
Unlisted company	1,422,654	1.03%	14,600	No
Related-party – subsidiaries	<u>170,340</u>	-%	<u>-</u>	No
	<u>S 7,294,167</u>		<u>54,388</u>	

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

<u>Credit rating</u>	<u>December 31, 2022</u>			
	<u>Carrying amount</u>	<u>Expected credit loss rate</u>	<u>Loss allowance provision</u>	<u>Credit impaired</u>
Listed company (assessed by group)				
Level A	\$ 3,308,146	0.53%	17,592	No
Level B	1,890,769	1.30%	24,658	No
Unlisted company	1,330,528	0.96%	12,770	No
Related-party – subsidiaries	<u>89,322</u>	-%	<u>-</u>	No
	<u>S 6,618,765</u>		<u>55,020</u>	

The aging analysis of the Company's notes and accounts receivable were determined as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$ 7,153,091	6,525,327
Overdue 90 days or less	<u>141,076</u>	<u>93,438</u>
	<u>\$ 7,294,167</u>	<u>6,618,765</u>

For the years ended December 31, 2023 and 2022, the movements in the allowance for notes and accounts receivable of the Company were as follows:

	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 55,020	53,680
Impairment losses (reversed) recognized	(632)	1,561
Reclassifications	<u>-</u>	<u>(221)</u>
Balance at December 31	<u>\$ 54,388</u>	<u>55,020</u>

The Company has entered into accounts receivable factoring agreements with banks. According to the factoring agreement, the Company does not bear the loss if the account debtor does not have the ability to make payments upon the transfer of the accounts receivable factoring. The Company has not provided other guarantee except for the promissory notes, which have the same amount with the factoring used as the guarantee for the sales return and discount. The Company received the proceeds from the discounted accounts receivable determined by agreement on the selling date. Interest is calculated and paid based on the duration and interest rate of the agreement, and the remaining amounts are received when the accounts receivable are paid by the customers. In addition, the Company has to pay a service charge based on a certain rate.

The Company derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The amounts receivable from the financial institutions were recognized as "other receivables" upon the derecognition of those trade receivables.

As of December 31, 2023 and 2022, the information of accounts receivable sold without recourse was as follows:

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

December 31, 2023						
Purchaser	Amount Derecognized	Amount Paid	Advanced Unpaid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial institutions	\$ 2,585,594	2,327,394	-	258,200	6.43%-6.69%	None

December 31, 2022						
Purchaser	Amount Derecognized	Amount Paid	Advanced Unpaid	Amount Recognized in Other Receivables	Range of Interest Rate	Significant Transferring Terms
Financial institutions	\$ 2,626,852	2,365,885	-	260,967	3.50%-6.35%	None

As of December 31, 2023 and 2022, the Company did not provide any receivables as collaterals for its loans.

Please refer to note (6)(t) for further credit risk information,

(6) Inventories

	December 31, 2023	December 31, 2022
Merchandise inventories	\$ 5,322,790	4,039,658
Goods in transit	864,232	471,781
	<u>\$ 6,187,022</u>	<u>4,511,439</u>

The details of inventory-related losses and expenses were as follows:

	2023	2022
Inventory that has been sold	\$ 31,194,854	26,753,062
Reversal of write-downs	(1,527)	(8,559)
Loss on disposal of inventory	1,527	4,459
	<u>\$ 31,194,854</u>	<u>26,748,962</u>

The aforementioned gain from price recovery is due to the fact that part of the inventories previously recognized as loss on valuation have been sold or scrapped, resulting in the disappearance of the reason that the net realized value of the inventory is lower than the cost, the net realizable value recovery was recognized as the deduction of operating costs.

As of December 31, 2023 and 2022, the Company did not provide any inventories as collaterals for its loans.

(f) Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Subsidiaries	<u>\$ 7,338,484</u>	<u>7,421,717</u>

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

- (i) For the financial statements of the subsidiaries, please refer to the consolidated financial statements.
- (ii) For the years ended December 31, 2023 and 2022, the share of losses and profits of the subsidiaries and associates recognized by the Company were loss of \$70,773 and gain of \$920,098, respectively.
- (iii) To optimize the subsidiary's working capital and improve its financial structure, the Company participated in the cash capital increase of its fully owned subsidiary, Weikeng International Company Limited (WKI), with the amount of \$298,150, as of December 31, 2022.
- (iv) The relevant information on major foreign currency equity investments of the reporting date was as follows:

Unit: thousands

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
USD	US\$ 238,127	30.705	7,311,696	240,829	30.71	7,395,867

- (v) As of December 31, 2023 and 2022, the Company did not provide any investments accounted for using equity method as collaterals for its loan.
- (g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022 were as follows:

	Land	Buildings and construction	Transportation equipment	Machinery equipment	Office and other facilities equipment	Total
Cost:						
Balance on January 1, 2023	\$ 60,526	48,540	8,584	16,766	72,350	206,766
Additions	-	-	1,960	14,498	1,597	18,055
Disposals	-	-	(2,680)	(1,068)	(588)	(4,336)
Balance on December 31, 2023	<u>\$ 60,526</u>	<u>48,540</u>	<u>7,864</u>	<u>30,196</u>	<u>73,359</u>	<u>220,485</u>
Balance on January 1, 2022	\$ 60,526	48,540	8,516	16,766	71,021	205,369
Additions	-	-	68	-	1,683	1,751
Disposals	-	-	-	-	(354)	(354)
Balance on December 31, 2022	<u>\$ 60,526</u>	<u>48,540</u>	<u>8,584</u>	<u>16,766</u>	<u>72,350</u>	<u>206,766</u>
Depreciation and impairment loss:						
Balance on January 1, 2023	\$ -	21,929	8,163	14,908	69,935	114,935
Depreciation for the year	-	809	306	1,237	1,381	3,733
Disposals	-	-	(2,680)	(1,052)	(579)	(4,311)
Balance on December 31, 2023	<u>\$ -</u>	<u>22,738</u>	<u>5,789</u>	<u>15,093</u>	<u>70,737</u>	<u>114,357</u>
Balance on January 1, 2022	\$ -	21,120	7,856	13,666	68,682	111,324
Depreciation for the year	-	809	307	1,242	1,607	3,965
Disposals	-	-	-	-	(354)	(354)
Balance on December 31, 2022	<u>\$ -</u>	<u>21,929</u>	<u>8,163</u>	<u>14,908</u>	<u>69,935</u>	<u>114,935</u>

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

	<u>Land</u>	<u>Buildings and construction</u>	<u>Transportation equipment</u>	<u>Machinery equipment</u>	<u>Office and other facilities equipment</u>	<u>Total</u>
Book value:						
Balance on December 31, 2023	\$ 60,526	25,802	2,075	15,103	2,622	106,128
Balance on December 31, 2022	\$ 60,526	26,611	421	1,858	2,415	91,831
Balance on January 1, 2022	\$ 60,526	27,420	660	3,100	2,339	94,045

For management purpose, the Company has leased its own office building and rented other office building for operation. The purpose of this leasing was not for earning rental income or capital appreciation, so it is classified as property, plant, and equipment.

As of December 31, 2023 and 2022, the Company did not provide any property, plant, and equipment as collaterals for its loans.

(h) Right-of-use assets

The cost and depreciation on leases for buildings and transportation equipment, which the Company as a lessee, were as follows:

	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:			
Balance on January 1, 2023	\$ 212,493	6,090	218,583
Additions	138,848	-	138,848
Reductions	(135,731)	-	(135,731)
Balance on December 31, 2023	\$ 215,610	6,090	221,700
Balance on January 1, 2022	\$ 206,826	3,895	210,721
Additions	15,170	6,090	21,260
Reductions	(9,503)	(3,895)	(13,398)
Balance on December 31, 2022	\$ 212,493	6,090	218,583
Accumulated depreciation:			
Balance on January 1, 2023	\$ 162,458	711	163,169
Depreciation	60,172	1,218	61,390
Reductions	(135,731)	-	(135,731)
Balance on December 31, 2023	\$ 86,899	1,929	88,828
Balance on January 1, 2022	\$ 112,075	3,552	115,627
Depreciation	59,113	1,054	60,167
Reductions	(8,730)	(3,895)	(12,625)
Balance on December 31, 2022	\$ 162,458	711	163,169
Can-ying amount:			
Balance on December 31, 2023	\$ 128,711	4,161	132,872
Balance on December 31, 2022	\$ 50,035	5,379	55,414
Balance on January 1, 2022	\$ 94,751	343	95,094

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(i) Short-term borrowings

The details of Company's short-term borrowings were as follows:

	December 31, 2023	December 31, 2022
Unsecured loans	\$ 4,653,291	5,156,935
Short-term notes and bills payable, net	<u>1,028,429</u>	<u>758,086</u>
	\$ <u>5,681,720</u>	<u>5,915,021</u>
Unused short-term credit lines	\$ <u>3,826,239</u>	<u>3,355,795</u>
Range of interest rates	<u>1.72%~6.82%</u>	<u>1.53%~6.09%</u>

(i) Issuance and repayment of borrowings

The Company's incremental amounts in loans for the years ended December 31, 2023 and 2022 were \$16,658,179 and \$20,592,977, respectively, with maturities from January to November, 2024 and from January to November, 2023, respectively, and the repayments were \$16,891,480 and \$19,589,302, respectively.

(ii) For information on the Company's interest risk, foreign currency risk and liquidity risk, please refer to note (6)(t) .

G) Other payables

	December 31, 2023	December 31, 2022
Accrued expenses	\$ 125,809	105,349
Bonus payable	120,941	161,115
Remuneration to employees and directors	114,664	237,404
Interest payable	<u>28,671</u>	<u>53,388</u>
	\$ <u>390,085</u>	<u>557,256</u>

The accrued expenses include import and export fees, processing expense, professional services fees, pension, insurance, and payable for unused vacation time etc.

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(k) Convertible bonds payable

(i) Non-guaranteed convertible bonds:

	December 31,2023	December 31,2022
The sixth aggregate principal amount	\$ 2,000,000	2,000,000
Bond discount	(92,884)	(127,991)
Cumulative repurchased amount	(1,700)	(1,700)
Cumulative converted amount	<u>(137,300)</u>	<u>-</u>
Bonds payable at end of period	\$ <u>1,768,116</u>	<u>1,870,309</u>
Embedded derivative – put and call options		
Included in non-current financial liabilities at fair value through profit or loss	\$ <u>14,144</u>	<u>31,173</u>
Equity component – conversion options (included in capital surplus – conversion options)	\$ <u>106,369</u>	<u>114,216</u>

- (ii) The effective interest rate of the fifth convertible bonds was 1.53%. The interest expenses on convertible bonds for the year ended December 31, 2022, was \$554. The above fifth convertible bonds had been transferred into the ordinary shares in September 2022.
- (iii) The effective interest rate of the sixth convertible bonds was 1.51%. The interest expenses on convertible bonds for the years ended December 31, 2023 and 2022 were \$27,333 and \$16,347, respectively.
- (iv) The net gain or loss on the recognition of financial assets and liabilities for the years ended December 31, 2023 and 2022 amounted to a gain of \$15,794 and a loss of \$6,037, respectively.
- (v) There were no issuances, repurchases and repayments of bonds payable for the year ended December 31, 2023.
- (vi) The Company issued the sixth domestic unsecured convertible bonds, with a face value of \$2,000,000 on June 1, 2022. The Company separated the convertible option from the liability and recognized it as equity and liability, respectively. The relevant information was as follows:

	<u>The Sixth</u>
The compound interest present values of the convertible bonds' face value at issuance	\$ 1,860,200
The embedded derivative financial liabilities at issuance – put options	25,200
The equity components at issuance	<u>114,600</u>
The total amounts of the convertible bonds at issuance	\$ <u>2,000,000</u>

(Continued)

WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

The equity components were recorded in capital surplus-conversion options. In accordance with IFRSs, the issue cost of the sixth domestic unsecured convertible bonds were allocated at \$287 to the capital surplus-conversion options.

(vii) The main terms of issuance of the sixth convertible bonds were as follows:

- 1) Duration: five years (June 1, 2022 to June 1, 2027).
- 2) Interest rate: 0%
- 3) Redemption clause: The Company may redeem the bonds under the following circumstances:
 - 21) Within the period between three months after the issuance date and 40 days before the end of duration, the Company may redeem the bonds at their principal amount if the closing prices of the Company's common stock on the Taiwan Stock Exchange for a period of 30 consecutive trading days has been 30% more than the conversion price in effect on each such trading day.
 - b) If at least 90% of the principal amount of the bonds has been converted, redeemed, or purchased and cancelled, the Company may redeem the bonds at their principal amount within the period between three months after the issuance date and 40 days before the end of duration.
- 4) Redemption at the option of the bondholders :

The bondholders have the right to request the Company to repurchase the bonds at a price equal to the face value, plus, an accrued premium three and four years after the issuance date. The annual interest rates for the redemption are 0.5% both three and four years after the issuance date.
- 5) Conversion clause:
 - a) Bondholders may request to have the bonds converted into the common stock of the Company in accordance with conversion clause from September 2, 2022 to June 1, 2027.
 - b) Conversion price: NT\$34.27 per share. Starting from July 31, 2022 and August 8, 2023, the adjusted conversion price due to the distribution of 2021 and 2022 retained earnings for NT\$30.32 and NT\$27.80, respectively.

(viii) The Company paid the amount of \$1,638 to repurchase the convertible bonds, with a face value of \$1,700, for the year ended December 31, 2022, resulting in a gain of \$31 and a decrease in capital surplus of \$52.

(Continued)

WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(1) **Lease liabilities**

The details of Company's lease liabilities were as follows:

	December 31, 2023	December 31,2022
Current	\$ <u>53,811</u>	<u>31,520</u>
Non-current	\$ <u>81,756</u>	<u>27,052</u>

For the maturity analysis, please refer to note (6)(t) of financial instruments.

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expenses on lease liabilities	\$ <u>2,526</u>	<u>822</u>
Expenses relating to short-term leases	\$ <u>2,321</u>	<u>2,628</u>

The amounts recognized in the statements of cash flows for the Company were as follows:

	2023	2022
Total cash outflow for leases	\$ <u>66,821</u>	<u>60,970</u>

(i) **Real estate leases**

The Company leases buildings for its office space and warehouses. The leases of office space typically run for a period of 2 to 6 years, and warehouses for 3 to 4 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases of office buildings contain extension or cancellation options exercisable by the Company before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) **Other leases**

The Company leases transportation equipment typically run for 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The Company leases transportation equipment and parking space with lease terms of one year. These leases are short-term. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(m) **Operating lease Asa lessor**

As of December 31, 2023 and 2022, the future minimum lease receivables under non-cancellable leases are as follows:

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

	December 31, 2023	December 31, 2022
Less than one year	\$ 4,615	4,499
Between one and five years	5,170	8,229
	<u>\$ 9,785</u>	<u>12,728</u>

For the years ended December 31, 2023 and 2022, the rental revenue under operating leases were \$4,720 and \$5,263, respectively.

The department office leases as combined leases of land and buildings. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

(n) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and fair value of plan assets of the Company were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 210,730	217,353
Fair value of plan assets	(140,863)	(137,397)
Net defined benefit liabilities	<u>\$ 69,867</u>	<u>79,956</u>

The Company makes defined benefit plan contributions to the pension fund account at the Bank of Taiwan that provides pensions for employees upon retirement. The plans entitle a retired employee to receive an payment based on years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$140,863 at the end of the reporting period. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

(Continued)

WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit obligation at January 1	\$ 217,353	242,018
Current service costs and interest	4,009	1,834
Remeasurement in net defined benefit liability (assets)	(2,540)	(21,823)
Benefits paid	(8,092)	(4,676)
Defined benefit obligation at December 31	<u>\$ 210,730</u>	<u>217,353</u>

3) Movements of defined benefit plan assets

The movements in defined benefit plan assets for the Company were as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets at January 1	\$ 137,397	119,796
Contributions made	8,678	12,426
Expected return on plan assets	2,310	720
Remeasurement of the net defined benefit liability (assets)	570	9,131
Benefits paid	(8,092)	(4,676)
Fair value of plan assets at December 31	<u>\$ 140,863</u>	<u>137,397</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	<u>2023</u>	<u>2022</u>
Service cost	\$ 376	376
Net interest on net defined benefit liability	3,633	1,458
Expected return on plan assets	(2,310)	(720)
	<u>\$ 1,699</u>	<u>1,114</u>
Selling expenses	\$ 1,250	813
Administrative expenses	449	301
	<u>\$ 1,699</u>	<u>1,114</u>

(Continued)

WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

5) Actuarial assumptions

The following are the Company's principal actuarial assumptions:

	December 31, 2023	December 31, 2022
Discount rate	1.625 %	1.750 %
Future salary increases	3.000 %	3.000 %

The expected allocation payment made by the Company to the defined benefit plans for the one year period after the reporting date was \$8,925.

The weighted-average duration of the defined benefit obligation is 11.51 years.

6) Sensitivity analysis

As of December 31, 2023 and 2022, if the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on the defined benefit obligation	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2023		
Discount Rate	\$ (3,643)	3,765
Future salary increases	3,626	(3,528)
December 31, 2022		
Discount Rate	(4,124)	4,250
Future salary increases	4,100	(3,996)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company recognized the pension costs under the defined contribution method amounting to \$25,133 and \$24,446 for the years ended December 31, 2023 and 2022, respectively. Payment was made to the Bureau of Labor Insurance.

(Continued)

WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(0) Income taxes

(i) Income tax expenses

- 1) The components of income tax in the years 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Current tax expense		
Current period	\$ 255,369	324,292
Adjustment for prior periods	(1,228)	(7,102)
	<u>254,141</u>	<u>317,190</u>
Deferred tax expense		
Origination and reversal of temporary differences	(8,931)	120,314
Income tax expense	<u>\$ 245,210</u>	<u>437,504</u>

- 2) The amounts of income tax recognized in other comprehensive income for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ <u>622</u>	<u>6,191</u>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ <u>(2,493)</u>	<u>115,707</u>

- 3) The reconciliations of income tax and profit before tax for 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Profit before tax	\$ <u>1,031,977</u>	<u>2,136,638</u>
Income tax using the Company's legal tax rate	206,395	427,328
Net investment income and tax-exempt income	(234)	(34)
Additional tax on undistributed earnings	34,655	9,237
Under (over) provision in prior periods and others	<u>4,394</u>	<u>973</u>
Income tax expense	<u>\$ 245,210</u>	<u>437,504</u>

(Continued)

WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

The Company's deferred tax assets have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	\$ <u>19,814</u>	<u>19,814</u>

The Company assessed that the income tax deductible items which can be offsetted with the taxable income are not probable to be utilized. Hence, such temporary differences are not recognized under deferred tax assets.

2) Recognized deferred tax assets and liabilities

The changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Defined Benefit Plans	Exchange differences on translation	Bad debt expense over the tax limitation	Loss on valuation of inventory	Allowance for sales discount	Others	Total
Deferred tax assets:							
Balance at January 1, 2023	\$ -	-	2,169	23,131	75,433	44,097	144,830
Recognized in profit or loss	-	-	(1,477)	(305)	10,604	(14,233)	(5,411)
Balance at December 31, 2023	\$ -	-	692	22,826	86,037	29,864	139,419
Balance at January 1, 2022	\$ 4,512	93,352	1,817	24,842	60,426	25,333	210,282
Recognized in profit or loss	-	-	352	(1,711)	15,007	18,764	32,412
Recognized in other comprehensive income	(4,512)	(93,352)	-	-	-	-	(97,864)
Balance at December 31, 2022	\$ -	-	2,169	23,131	75,433	44,097	144,830
		Temporary difference from subsidiary investment	Defined benefit plans	Exchange differences on translation	Others		Total
Deferred tax liabilities:							
Balance at January 1, 2023	\$ 849,470		1,679	22,355	-		873,504
Recognized in profit or loss		(14,342)	-	-	-		(14,342)
Recognized in other comprehensive income		-	622	(2,493)	-		(1,871)
Balance at December 31, 2023	\$ 835,128		2,301	19,862	-		857,291

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

	Temporary difference from subsidiary investment	Defined benefit plans	Exchange differences on translation	Others	Total
Balance at January 1, 2022	665,434	-	-	31,310	696,744
Recognized in profit or loss	184,036	-	-	(31,310)	152,726
Recognized in other comprehensive income	-	1,679	22,355	-	24,034
Balance at December 31, 2022	\$ 849,470	1,679	22,355	-	873,504

(iii) The Company's income tax returns have been examined and approved by the ROC's tax authorities until year 2021.

(p) Capital and other equities

A resolution was passed at the shareholders' meeting held on June 16, 2022, to increase the Company's registered capital to \$6,000,000. The registration procedure has been completed.

As of December 31, 2023 and 2022, the total number of authorized ordinary shares were 600,000 thousand shares, with par value of TWD 10 per share. The total value of authorized ordinary shares amounted to \$6,000,000. As of that date, 428,072 thousand shares and 423,543 thousand shares of ordinary shares were issued, respectively. All issued shares were paid up upon issuance.

(i) Common stock

The Company issued 4,528 thousand and 7,609 thousand new ordinary shares, with a par value of NT\$10 per share, amounting to \$45,283 and \$76,090, due to the conversion of convertible bonds for the years ended December 31, 2023 and 2022, respectively. The relevant statutory registration procedures have been completed.

(ii) Capital surplus

Balances on capital surplus of the Company were as follows:

	December 31, 2023	December 31, 2022
Additional paid in capital	\$ 1,381,129	1,287,803
Treasury share transactions	37,662	37,662
Donation from shareholders	712	712
Convertible bonds conversion options	106,369	114,216
Others	253	253
	\$ 1,526,125	1,440,646

For the years ended December 31, 2023 and 2022, the capital surplus deriving from those convertible bonds, which were converted to common stock, amounted to \$85,479 and \$50,458, respectively (including the capital surplus-conversion options transferred to the capital surplus-additional paid-in capital of \$7,847 and \$7,634, respectively).

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WEIKENG INDUSTRIAL CO., LTD.
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In accordance with the Company Act, realized capital surplus can be utilized for issuing new shares or being distributed as cash dividends only after offsetting losses. The aforementioned capital surplus include share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to be utilized for issuing new shares shall not exceed 10 percent of paid-in capital every year. Capital surplus increased by transferring from paid-in capital in excess of par value shall not be capitalized until the next fiscal year *after* the competent authority for company registrations approves registration of the capital increase.

(iii) Retained earnings

The Company's Article of Incorporation stipulates that Company's earnings should first be used to estimate and retain to pay for taxes, then offset the prior years' deficits, thereafter, the remaining balance shall be set aside as legal reserve, and then set aside or reverse special reserve. The remainder, if any, together with any undistributed retained earnings at the beginning, shall be distributed according to the distribution plan proposed by the board to be submitted by the Board of Directors. Before the distribution of dividends, the Board of Directors shall first take into consideration its profitability, plan of capital expenditure, business expansion and capital, requirements for cash flow, regulations, and degree of dilution of earnings per share to determine the proportion of stock and cash dividends to be paid. After the above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the Board of Directors, and a meeting of shareholders will be held to adopt this resolution. The total distribution shall not be less than 50% of the current distributable earnings, and the cash dividends shall not be less than 20% of the total dividends.

The Company authorize dividends, bonus and the legal reserve and capital surplus in whole or in part be paid in cash based on the resolution of the Board of Directors with over two-thirds directors present and approved by a majority vote of the present directors, then shall be reported to shareholders meeting.

1) Legal reverse

When a company incurs no loss, it may, pursuant to a resolution by the shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of the legal reserve which exceeds 25% of capital may be distributed.

2) Special reverse

Upon distribution of earnings, the Company is required by law to set aside a legal reserve for the net decrease in other equity items (such as exchange differences on the translation of financial statements of foreign operations and unrealized gain or loss on valuation of financial assets at fair value through other comprehensive income). If the net decrease amount of other equity items is subsequently reduced, the corresponding amount may be reversed from the special reserve to undistributed earnings.

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

3) Earnings distribution

The amounts for cash dividends of the Company's earnings distribution for 2022 and 2021 were decided by the board meetings held on April 28, 2023 and March 25, 2022.

	2022		2021	
	<u>Amount per share (in dollars)</u>	<u>Total amount</u>	<u>Amount per share (in dollars)</u>	<u>Total amount</u>
Dividends distributed to ordinary shareholders :				
Cash dividends	\$ 3.06721661	<u>1,312,988</u>	3.00725918	<u>1,270,232</u>

The amount of cash dividends of the Company's 2023 earnings distribution has yet to be decided. The related information can be accessed through the Market Observation Post System website after the related meeting.

(q) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2023 and 2022 was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding as follows:

1) Profit attributable to ordinary shareholders of the Company

	<u>2023</u>	<u>2022</u>
Profit attributable to ordinary shareholders of the Company	\$ <u>786,767</u>	<u>1,699,134</u>

2) Weighted-average number of ordinary shares (thousands)

	<u>2023</u>	<u>2022</u>
Weighted-average number of ordinary shares	<u>425,695</u>	<u>421,319</u>

3) Basic earnings per share (TWD)

<u>2023</u>	<u>2022</u>
\$ <u>1.85</u>	<u>4.03</u>

(ii) Diluted earnings per share

The calculation of diluted earnings per share on December 31, 2023 and 2022 was based on profit attributable to ordinary shareholders of the Company, and the weighted *average* number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares calculated as follows:

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

1) Profit attributable to ordinary shareholders of the Company (diluted)

	<u>2023</u>	<u>2022</u>
Profit attributable to ordinary shareholders of the Company (basic)	\$ 786,767	1,699,134
Convertible bonds payable	<u>11,362</u>	<u>22,826</u>
Profit attributable to ordinary shareholders of the Company (diluted)	\$ <u>798,129</u>	<u>1,721,960</u>

2) Weighted-average number of ordinary shares (thousand, diluted)

	<u>2023</u>	<u>2022</u>
Weighted-average number of ordinary shares (basic)	425,695	421,319
Effect of convertible bonds	65,981	39,562
Effect of employee stock remuneration	<u>4,484</u>	<u>8,494</u>
Weighted-average number of ordinary shares (diluted) on December 31	<u>496,160</u>	<u>469,375</u>

	<u>2023</u>	<u>2022</u>
3) Diluted earnings per share (TWD)	\$ <u>1.61</u>	<u>3.67</u>

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2023</u>	<u>2022</u>
Primary geographical markets:		
Taiwan	\$ 8,748,730	7,286,878
China	22,174,039	18,922,300
Others	<u>2,227,506</u>	<u>2,602,423</u>
	\$ <u>33,150,275</u>	<u>28,811,601</u>
Major products/services lines		
Chipset/memory components	\$ 20,134,151	12,952,174
Mixed and other components	13,012,488	15,853,925
Others	<u>3,636</u>	<u>5,502</u>
	\$ <u>33,150,275</u>	<u>28,811,601</u>

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(ii) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (included related parties)	S 7,294,167	6,618,765	6,638,865
Less: loss allowance	<u>(54,388)</u>	<u>(55,020)</u>	<u>(53,680)</u>
	<u>S 7,239,779</u>	<u>6,563,745</u>	<u>6,585,185</u>
Contract liabilities	<u>S 22,230</u>	<u>16,410</u>	<u>34,902</u>

For the details on accounts receivable and loss allowance, please refer to note (6)(d) .

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the periods were \$13,798 and \$29,140, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(s) Remuneration to employees and directors

The Company's Articles of Incorporation require that earning shall first be offset against any deficit, then, 6% to 10% of profit before tax (before deducting remuneration to employees and directors) will be distributed as employee remuneration and a maximum of 2.5% will be allocated as directors' remuneration. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the subsidiaries of the Company who meet certain specific requirements. Actual distribution should be determined in the Board of Directors' meeting, with no less than two-thirds of directors present, and approved by more than half of the directors attending the meeting, then shall be report to the meeting of shareholders.

For the years ended December 31, 2023 and 2022, the accrued remuneration of the Company's employees were \$91,731 and \$189,923, as well as directors were \$22,933 and \$47,481, respectively. These amounts were calculated by using the Company's profit before tax for the period before deducting the amount of remuneration to employees and directors, multiplied by the distribution ratio of remuneration to employees and directors under the Company's articles of Incorporation, and expensed under operating expenses. If the Board of Directors resolved to distribute employees' remuneration in the form of shares, the numbers of shares to be distributed were calculated based on the closing price of the Company's ordinary shares one day before the date of the meeting of the Board of Directors.

The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2023 and 2022. Related information would be available at the Market Observation Post System website.

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(t) Financial Instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Because the Company caters to a wide variety of customers and has a diverse market distribution, the Company does not concentrate in any single individual customer. Therefore, there is no significant credit risk of concentration in trade receivable. In order to reduce credit risk, the Company monitors the financial conditions of its customers regularly. However, the Company does not require its customers to provide any collateral.

3) Receivables

For credit risk exposure of notes and trade receivables, please refer to note (6)(d).

The amount of other financial assets at amortized cost includes other receivables which had been impaired.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>Over 1 year</u>
December 31, 2023				
Non-derivative financial liabilities				
Unsecured loans	\$ 4,653,291	(4,716,389)	(4,716,389)	-
Short-term bills payable	1,028,429	(1,030,000)	(1,030,000)	-
Lease liabilities	135,567	(138,798)	(55,545)	(83,253)
Accounts payables	4,820,600	(4,820,600)	(4,820,600)	-
Other payables	390,085	(390,085)	(390,085)	-
Bonds payable	1,768,116	(1,861,000)	-	(1,861,000)
Derivative financial liabilities				
Convertible bonds payable – embedded derivatives	14,144	-	-	-
	<u>\$ 12,810,232</u>	<u>(12,956,872)</u>	<u>(11,012,619)</u>	<u>(1,944,253)</u>

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

		<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>Over 1 year</u>
December 31, 2022					
Non-derivative financial liabilities					
Unsecured loans	DB	5,156,935	(5,201,798)	(5,201,798)	-
Short-term bills payable		758,086	(760,000)	(760,000)	-
Lease liabilities		58,572	(59,640)	(32,156)	(27,484)
Accounts payables		1,517,039	(1,517,039)	(1,517,039)	-
Other payables		557,256	(557,256)	(557,256)	-
Bonds payable		1,870,309	(1,998,300)	-	(1,998,300)
Derivative financial liabilities					
Convertible bonds payable embedded derivatives		31,173	-	-	-
Forward exchange contracts:		784			
Outflow		-	(31,251)	(31,251)	-
Inflow		-	30,467	30,467	-
		<u>S 9,950,154</u>	<u>(10,094,817)</u>	<u>(8,069,033)</u>	<u>(2,025,784)</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amount.

(iii) Market risk

1) Currency risk

The Company's significant financial assets and liabilities exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
Financial assets						
Monetary items						
USD	S 283,447	30.705	8,703,240	254,600	30.71	7,818,766
Financial liabilities						
Monetary items						
USD	234,303	30.705	7,194,274	176,601	30.71	5,423,417

2) Currency risk sensitivity analysis

The Company's monetary items exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans and borrowings, accounts payable and other payables that are denominated in foreign currency. A change of 5% in the exchange rate of TWD or USD against foreign currency for the years ended December 31, 2023 and 2022 would have increased (decreased) the net profit before tax as follows. The analysis is performed on the same basis for both periods.

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

	<u>December 31,2023</u>	<u>December 31,2022</u>
USD (against the TWD)		
Appreciating 5%	\$ 75,448	119,767
Depreciating 5%	(75,448)	(119,767)

3) Exchange gains and losses of monetary items

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2023 and 2022, the foreign exchange gain, including both realized and unrealized, amounted to \$137,925 and \$74,752, respectively.

4) Equity market price risk

If the price of the fair value of equity instruments (including the stocks listed on domestic market at stock exchange (over-the-counter) market share, domestic emerging market stocks and domestic and foreign unlisted stocks) changed at the report date. (with the same analysis performed for both periods, assuming all other variable factors remain constant), it would have resulted in the change in the comprehensive income as illustrated below.

	<u>2023</u>		<u>2022</u>	
<u>Securities prices at reporting date</u>	<u>Other comprehensive income before tax</u>	<u>Net income before tax</u>	<u>Other comprehensive income before tax</u>	<u>Net income before tax</u>
Increasing 5%	\$ <u>3,411</u>	<u>43</u>	<u>3,297</u>	<u>32</u>
Decreasing 5%	\$ <u>(3,411)</u>	<u>(43)</u>	<u>(3,297)</u>	<u>(32)</u>

(iv) Interest rate analysis

The details of financial assets and liabilities exposed to interest rate risk were as follows:

	<u>Carrying amount</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Variable rate instruments:		
Financial assets	\$ 1,215,717	1,000,141
Financial liabilities	(4,653,291)	(5,156,935)

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WEIKENG INDUSTRIAL CO., LTD.

Notes to the Financial Statements

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding the assets and liabilities with variable interest rates, the analysis is based on the assumption that the amount of assets and liabilities outstanding at the reporting date were outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 0.25% when reporting to management internally, which also represents the Group's management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, the Company's net profit before tax would have decreased or increased by \$8,594 and \$10,392 for the years ended December 31, 2023 and 2022, respectively, which would be mainly resulting from demand deposits, and unsecured loans with variable interest rates.

(v) Fair value

1) Categories and the fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows, however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

		December 31, 2023			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair value through profit or loss					
Stocks listed on domestic markets	\$ 850	850	-	-	850
Financial assets at fair value through other comprehensive income					
Notes and accounts receivable, net	2,374,058	-	-	-	-
Emerging market stocks	237	237	-	-	237
Domestic and overseas unlisted stocks	67,992	-	-	67,992	67,992
Overseas unlisted convertible promissory note	9,056	-	-	9,056	9,056
Subtotal	2,451,343				

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

December 31, 2023					
	<u>Carrying amount</u>	<u>Fair Value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	1,387,936	-	-	-	-
Notes and accounts receivable, net	4,865,721	-	-	-	-
Other receivables	439,094	-	-	-	-
Guarantee deposits	<u>65,124</u>	-	-	-	-
Subtotal	<u>6,757,875</u>				
	\$ 9,210,068				
Financial liabilities at fair value through profit or loss					
Convertible bonds-embedded derivatives	\$ 14,144	-	14,144	-	14,144
Financial liabilities measured at amortized cost					
Short term borrowings	5,681,720	-	-	-	-
Lease liabilities	135,567	-	-	-	-
Accounts payable	4,820,600	-	-	-	-
Other payables	390,085	-	-	-	-
Bonds payable	<u>1,768,116</u>	-	-	-	-
Subtotal	<u>12,796,088</u>				
	\$ 12,810,232				
December 31, 2022					
	<u>Carrying amount</u>	<u>Fair Value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets mandatorily measured at fair value through profit or loss					
Stocks listed on domestic markets	\$ 644	644	-	-	644
Financial assets at fair value through other comprehensive income					
Notes and accounts receivable, net	1,991,229	-	-	-	-
Emerging market stocks	347	347	-	-	347
Domestic and overseas unlisted stocks	<u>80,742</u>	-	-	80,742	80,742
Subtotal	<u>2,072,318</u>				

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

		December 31, 2022			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	1,390,080	-	-	-	-
Notes and accounts receivable, net	4,572,516	-	-	-	-
Other receivables	416,613	-	-	-	-
Guarantee deposits	<u>22,658</u>	-	-	-	-
Subtotal	<u>6,401,867</u>				
	<u>\$ 8,474,829</u>				
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 784	-	784	-	784
Convertible bonds-embedded derivatives	<u>31,173</u>	-	31,173	-	31,173
Subtotal	<u>31,957</u>				
Financial liabilities measured at amortized cost					
Short term borrowings	5,915,021	-	-	-	-
Lease liabilities	58,572	-	-	-	-
Accounts payable	1,517,039	-	-	-	-
Other payables	557,256	-	-	-	-
Bonds payable	<u>1,870,309</u>	-	-	-	-
Subtotal	<u>9,918,197</u>				
	<u>S 9,950,154</u>				

There were no transfers of financial instruments between any levels for the years ended December 31, 2023 and 2022.

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(Continued)

WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

3) Valuation technique of financial instruments measured at fair value

a) Non-derivative financial instruments

If the financial instrument has a public quoted price in an active market, the public quoted price will be determined as the fair value. The measurements on fair value of the financial instruments without an active market are determined using the valuation technique or the quoted market price of its counterparty. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the balance sheet date.

The Company holds the unquoted equity investments and debt instruments that do not have an active market. The fair value of unquoted equity instruments and debt instruments is estimated using the guideline public company method. The main assumptions of the method are based on the guideline public company's price to sales ratio, price to net worth ratio, and the discount for lack of market liquidity. The estimation has been adjusted by the effect resulting from the discount of the lack of market liquidity of the equity securities and debt investments.

b) Derivative financial instruments

Measurement of fair value of derivative instruments is based on the valuation techniques that are generally accepted by the market participants. For instance, discount method or option pricing models. Fair value of forward currency exchange is usually determined by using the forward currency rate.

4) Reconciliations of Level 3 fair values

	Fair value through other comprehensive income		
	Unquoted equity instruments	Unquoted debt investments	Total
Opening balance, January 1, 2023	\$ 65,592	15,150	80,742
Total gains and losses recognized:			
In other comprehensive income	4,800	(15,150)	(10,350)
Purchases	-	9,056	9,056
Capital refunded	(2,400)	-	(2,400)
Ending Balance, December 31, 2023	\$ 67,992	9,056	77,048
Opening balance, January 1, 2022	\$ 24,399	15,150	39,549
Purchases	42,000	-	42,000
Capital refunded	(807)	-	(807)
Ending Balance, December 31, 2022	\$ 65,592	15,150	80,742

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value are classified as financial assets at fair value through other comprehensive income (including investments in equity securities and debt instruments).

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income	Guideline Public Company method	- Price-book ratio as of December 31, 2023 and 2022 were 0.95~2.57 and 0.82~2.22, respectively. - Market liquidity discount rate as of December 31, 2023 and 2022 were 15.70% and 15.80%, respectively.	- The higher the price book ratio, and the enterprise value to sale ratio, the higher the fair value - The higher the market liquidity discount rate, the lower the fair values
Financial assets at fair value through other comprehensive income	Net Asset Value Method	Net asset value	Not applicable

(u) Financial risk management

(i) Briefings

The Company is exposed to the following risks arising from financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

In this note expressed the information on risk exposure and objectives, policies and procedures of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Company's finance department provides business services for the overall internal departments. It sets the objectives, policies and processes for managing the risk and the methods used to measure the risk arising from both the domestic and international financial market operations. The Company minimizes the risk exposure through derivative financial instruments. The Board of Directors regulated the use of derivative and non-derivative financial instruments in accordance with the Company's policy about risks arising from financial instruments such as currency risk, interest rate risk, credit risk, the use of derivative

(Continued)

WEIKENG INDUSTRIAL CO., LTD.
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and non-derivative financial instruments and the investments of excess liquidity. The internal auditors of the Company continue with the review of the amount of the risk exposure in accordance with the Company's policies and the risk management policies and procedures. The Company has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, and these limits are reviewed periodically. The customers evaluated as low credit rating by the Company only have prepayment transactions with the Company.

Trade and other receivables mainly relate to a wide range of customers from different industries and geographic regions. The Company continued to assess the financial condition and credit risk of its customers, by grouping trade and other receivables based on their characteristics and will purchase credit guarantee insurance contracts if necessary.

Because the Company caters to a wide variety of customers and has a diverse market distribution, the Company does not concentrate in any single individual customer. Therefore, there is no significant credit risk of concentration in trade receivable. In order to reduce the credit risk, the Company monitors the financial conditions of its customers regularly. However, the Company does not require its customers to provide any collateral.

2) Investments

The credit risks exposure in the bank deposits, investments with fixed income and other financial instruments are measured and monitored by the Company's finance department. Since the Company's transaction counterparties and the contractually obligated counterparties are banks, financial institutes and corporate organizations with good credits, there are no compliance issues, and therefore, no significant credit risk. The finance department evaluates the counterparty's credit condition when investing in bond investment without an active market, and do not expect to have any significant credit risk.

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

Borrowings from the banks and accounts receivable factoring are important sources of liquidity for the Company. For detailed information on short-term borrowings and accounts receivable factoring on December 31, 2023 and 2022, please refer to note (6)(d) and note (6)(i)-

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the Company, primarily the USD, CNY and HKD.

When short-term assets and liabilities denominated in a foreign currency are unbalanced, the Company uses exchange rate to buy or sell about foreign currency to ensure that the net risk is maintained at an acceptable level.

2) Interest rate risk

As the Company's borrowings position are based on USD and TWD, the Company's capital cost will result in an decrease (increase) when Federal Reserve ("Fed") and Central Bank of the Republic of China (Taiwan) decrease (increase) the interest rate of USD and TWD. The Company adjusts the proportion of the USD and TWD borrowings to minimize the cost of capital, in order to reduce interest rate risk to an acceptable level.

3) Other price risk

The Company exposes to the risk of listed stock investments and open-end mutual funds due to the fluctuation of market price.

(v) Capital management

The policy of the Board of Directors is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, and retained earnings.

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

The Company monitors the capital structure by way of periodical review on the liability ratio. As of December 31, 2023 and 2022 the liability ratios were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 14,396,200	11,583,219
Total assets	23,162,420	20,762,837
Liability ratio	62 %	56 %

As of December 31, 2023, there were no changes in the Company's approach to capital management.

(w) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2023 and 2022, were as follows:

- (i) For the acquisition of right-of-use assets from leases, please refer to note (6)(h).
- (ii) For conversion of convertible bonds to ordinary shares, please refer to note (6)(k).

The reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes			
	January 1, 2023	Cash flows	Acquisition	Reduction	Foreign exchange movement	December 31, 2023
Short-term borrowings	\$ 5,915,021	(233,301)	-	-	-	5,681,720
Lease liabilities	58,572	(61,974)	138,848	-	121	135,567
Bonds payable	1,870,309	-	-	(102,193)	-	1,768,116
Total liabilities from financing activities	\$ 7,843,902	(295,275)	138,848	(102,193)	121	7,585,403

			Non-cash changes			
	January 1, 2022	Cash flows	Acquisition	Reduction	Foreign exchange movement	December 31, 2022
Short-term borrowings	515 4,911,346	1,003,675	-	-	-	5,915,021
Lease liabilities	95,620	(57,520)	21,260	(778)	(10)	58,572
Bonds payable	126,336	1,998,362	-	(254,389)	-	1,870,309
Total liabilities from financing activities	\$ 5,133,302	2,944,517	21,260	(255,167)	(10)	7,843,902

(Continued)

WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(7) Related-party transactions

(a) Name and relationship with related parties

The following are entities that have had transactions with the Company and its Subsidiaries during the period covered in the financial report were as follows:

<u>Related-party</u>	<u>Relationship</u>
Weikeng International Co., Ltd. (WKI)	Subsidiary
Weikeng Technology Co., Ltd. (WKZ)	Subsidiary
Weikeng Technology Pte. Ltd. (WTP)	Subsidiary
Weikeng International (Shanghai) Co., Ltd. (WKS)	Subsidiary
Weitech International Co., Ltd. (Weitech)	Subsidiary
SiUltra Electronic Technology (Shanghai) Co., Ltd. (SiU) (Note 1)	Subsidiary
Weiji Investment Co., Ltd.	The same chairman
Genlog Industrial Co., Ltd.	Substantial related-party

Note 1: Weikeng Electronic Technology (Shanghai) Co., Ltd. was renamed to SiUltra Electronic Technology (Shanghai) Co., Ltd. on July 27, 2023.

(b) Significant transactions with related parties

(i) Sale of goods to related parties

The amounts of significant sales transactions between the Company and related parties were as follows:

	<u>2023</u>	<u>2022</u>
Subsidiaries	\$ <u>356,484</u>	<u>361,021</u>

There was no significant difference in the pricing on sales to related parties and general customers, except for the sales to the subsidiaries, whose prices are based on the price, plus, cost. The collection period for certain subsidiaries is based on their accounts receivable which depend on OA30 days after offsetting the accounts payable generated from their purchase and sales, and the collection period for other related parties ranges from 30 to 60 days after delivery.

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(ii) Purchase of goods from related parties

The amounts of significant purchase transactions between the Company and related parties were as follows:

	2023	2022
Subsidiaries	\$ <u>204,669</u>	<u>231,033</u>

There was no significant difference in pricing on purchase from related parties and general suppliers, except for the purchase from subsidiaries, whose prices are based on the purchase, plus, cost. The payment period for certain subsidiaries is based on their accounts payable which depend on OA30 days after offsetting the accounts receivable generated from their purchase and sales, and the payment period for other related parties ranges from 30 to 60 days after the arrival date.

(iii) Processing fee and consultancy fees from related Parties

Other related parties were commissioned to provide processing services and consulting services to the Company, as well as the payment for the commission to subsidiaries. For the years ended December 31, 2023 and 2022, the amounts were as follows:

	2023	2022
Other related parties	\$ <u>1,164</u>	<u>5,304</u>

(iv) Lease

The Company leased a portion of its building to its subsidiaries and related parties for office use purpose. The rentals is collected monthly. The details were as follows:

	2023	2022
Subsidiaries	113 23	23
Other related parties	<u>427</u>	<u>914</u>
	\$ <u>450</u>	<u>937</u>

The Company signed a 2-3year lease contract with its subsidiaries to lease the office and warehouse, at a total value of the \$40,309 for the years ended December 31, 2023 and 2022, and the interest expenses of \$145 and \$267, respectively. As of December 31, 2023 and 2022, the balance of lease liability amounted to \$12,302 and \$26,955, respectively.

(v) Management and credit service income

As of December 31, 2023 and 2022, the management and credit service income incurred by the Company from its subsidiaries amounted to \$361,687 and \$380,418, respectively, from its subsidiaries, recognized in non-operating income – other, with the uncollected amounts of \$164,990 and \$146,710, respectively, recognized in other receivables-related parties, for the years then ended.

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WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(vi) Receivables from related parties

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes and accounts receivable	Subsidiaries	\$ 170,340	89,322
Other receivables	Subsidiaries	<u>164,990</u>	<u>146,710</u>
		<u>\$ 335,330</u>	<u>236,032</u>

(vii) Payable to related parties

<u>Account</u>	<u>Related party categories</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable	Subsidiaries	\$ -	27,738
Other payables	Subsidiaries	7	51
Other payables	Other related parties	<u>-</u>	<u>245</u>
		<u>\$ 7</u>	<u>28,034</u>

(viii) Guarantee

About information of the Company's guarantees and endorsements, please refer to note (13).

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	is 106,250	203,000
Post-employment benefits	<u>686</u>	<u>847</u>
	<u>\$ 106,936</u>	<u>203,847</u>

(8) Assets pledged as security : None.

(9) Significant commitments and contingencies:

The balance of L/Cs for deferred payment of import value added tax and the purchase of merchandise were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	\$ 367,755	<u>367,810</u>

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WEIKENG INDUSTRIAL CO., LTD.
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(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other:

(a) A summary of employee benefits, depreciation and amortization by function, is as follows:

By item	By function	2023	2022
		Operating expense	Operating expense
Employee benefits			
Salary		631,509	778,666
Labor and health insurance		51,764	50,272
Pension		26,832	25,560
Remuneration of directors		22,933	47,481
Others		37,661	30,223
Depreciation		65,123	64,132
Amortization		7,054	8,765

For the years ended December 31, 2023 and 2022, the information on the number of employees and employee benefit expense of the Company is as follows:

	2023	2022
Number of employees	<u>502</u>	<u>507</u>
Number of directors who were not employees	<u>5</u>	<u>5</u>
The average employee benefit	S <u>1,505</u>	<u>1,762</u>
The average salaries and wages	S <u>1,271</u>	<u>1,551</u>
The adjustment of the average salaries and wages adjustment	<u>(18.05)%/o</u>	
Remuneration for supervisors	S <u>-</u>	<u>-</u>

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

- (i) The remunerations to employees and managers are divided into two parts: *fixed* salaries and variable salaries. Fixed salaries (including principal salary, job allowance and food expenses) are based on factors such as education, experience, skills, and the degree of responsibility for decision-making of business risks, the degree of contribution to the Company, the payment level in the same industry, etc. and have been assessed accordingly. Variable salaries include performance bonuses, year-end bonuses and employee compensation. Among them, performance bonuses are mainly paid to business and technical application personnel, and bonuses are based on product operating performance and personal performance. The assessment and payment of year-end bonus is based on the achievement of the budget profit target, and considers the annual bonus, and the performance, education, skills of employees and managers, the degree of responsibility for decision making of business risks, the contribution to the company, and the level of payment in the same industry. Employee

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WEIKENG INDUSTRIAL CO., LTD.
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remuneration is the total amount of remuneration expenses conform to the stipulated percentage in accordance with the Company's articles of association, and after the approval by shareholders' meeting, factors such the performance, education, experience, skills of employees and managers, the degree of responsibility for decision-making of business risks, the contribution to the Company, and the level of payment in the same industry shall be considered for the assessment and payment. Then the payment will be paid in cash or stocks.

- (ii) The remuneration paid by the Company to the directors include both remuneration and business execution expenses (only the fees for attending the meeting) in accordance with Article 22 of the Company's Article of Incorporation. The Company comply with the "Rules for Remuneration Management of Directors and Executive Managers" and "Rules for Board of Directors Performance Assessment" to approve and pay the remunerations and salaries to the directors.
- (iii) The Company's cautiously evaluates the payments of salary and remuneration. The remuneration and salary of managers and directors shall be approved by the Salary and Remuneration Committee and the Board of Directors.

(13) Other disclosures:

- (21) Information on significant transaction:

The following were the information on significant transactions required by the " Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2023:

- (i) Lending to other parties: None.
- (ii) Guarantees and endorsements for other parties:

(In thousands of new Taiwan dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary (note 2)	Subsidiary endorsements/ guarantees to third parties on behalf of parent company (note 2)	Endorsements/ guarantees to third parties on behalf of companies in Mainland China (note 2)
		Name	Relationship with the Company										
0	The Company	WKI	100% owned subsidiary	13,149,330	9,889,689	9,734,547	7,251,447		11.105%	26,298,660	Y	N	N
II	"	WTP	100% owned subsidiary	13,149,330	1,202,932	1,182,142	659,107		13.49%	26,298,660	Y	N	N
II	"	WKS	100% owned subsidiary	13,149,330	2,363,082	1,803,858	1,122,164		20.58%	26,298,660	Y	N	Y

Note 1 : The total amount of the guarantee provided by the Company shall not exceed three hundred percent (300%) of the higher amount between the Company's capital amount and net worth. However, for any individual entity whose voting shares are 50% or more owned, directly or indirectly, by the Company shall not exceed fifty percent (50%) of the maximum amount for guarantee on recent audited or reviewed financial statements.

Note 2 : For those entities as the guarantor to the subsidiary, subsidiary as the guarantor to the company, or the guarantor that located in China, please fill in "Y".

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WEIKENG INDUSTRIAL CO., LTD.
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- (iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(Shares/units (thousands))

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying amount	Percentage of ownership (0/1)	Fair value	
The Company	EBM Technologies Inc.		Current financial assets mandatorily measured at fair value through profit or loss	34	850	0.00%	850	
"	Clientron Corp.		Non-current financial assets at fair value through other comprehensive income	15	237	0.02%	237	
"	Paradigm I Venture Capital Company (Paradigm I)		"	750	7,458	6.79%	7,458	
"	Paradigm Venture Capital Corporation (PVC Corp.)		"	230	2,301	10.49%	2,301	
"	InnoBridge Venture Fund ILP. (InnoBridge)		"			9.90%		
"	Shin Kong Global Venture Capital Corp. (SKGVC)		"	720	7,200	12.00%	7,200	
"	Vision Wide Technology Co., Ltd. (VTEC)		"	800	9,033	1.61%	9,033	
"	Winsheng Material Technology Co., Ltd. (Winsheng Material)		"	1,400	42,000	4.31%	42,000	
"	SiTune Corporation Convertible Promissory Note (SiTune)		"		9,056	0.00%	9,056	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In thousands)

Name of company	Related	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable		Note
			Purchases/ (Sales)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	WKI	100% owned subsidiary	(Sales)	(246,719) (USD(7,795))	(0.74)%	OA30	No significant difference with other customers	No significant difference with other customers	161,446 (USD5,258)	2.23 %	
"	"	"	Purchases	200,544 (USD6,491)	0.61 %	"	No significant difference with other suppliers	No significant difference with other suppliers	(USD-)	%	
"	WTP	"	(Sales)	009,693 (USD(3,516))	(0.33)%	"	No significant difference with other customers	No significant difference with other customers	8,894 (USD290)	0.12 %	

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WEIKENG INDUSTRIAL CO., LTD.
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Name of company	Related	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases/ (Sales)	Amount	Percentage of total purchases/ (sales)	Payment terms	Unit	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
WKI	The Company	Parent company	Purchases	246,719 (USD7,795)	0.72 %	"	No significant difference with other suppliers	No significant difference with other suppliers	1161,446 (usD(5,258))	(3.70) %	
"	"	"	(Sales)	(200544) (USD(6,491))	(0.61)%	"	No significant difference with other customers	No significant difference with other customers	(USD-)	0.00 %	
"	WKS	Subsidiary	(Sales)	(4,846,739) (USD(155,547))	(14.66)%	OA60	"	"	166,659 (USD5,428)	3.48 %	
WKS	WKI	Parent company	Purchases	4,846,739 (USD155,547)	66.77 %	"	No significant difference with other suppliers	No significant difference with other suppliers	(166,659) (USD(5,428))	(21.77) %	
WTP	The Company	"	Purchases	109,693 (USD3,516)	4.98 %	OA30	"	"	(8,894) (USD(290))	(5.53) %	

(viii) Receivables from related parties with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

(In thousands)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note)	Allowance for bad debts	Note
					Amount	Action taken			
The Company	WKI	100% owned subsidiary	Account receivable 161,446 (USD5,258)	2.09			USD414		
"	"	"	Other receivable 162,649 (USD5,297)				USD2,521		
WKI	WKS	Subsidiary	Account receivable 166,659 (USD5,428)	15.03			USD5,216		
WKS	WKI	Parent Company	Account receivable 175,634 (USD5,720)	1.97			USD4,298		

Note: Information as of March 4, 2024.

(ix) Trading in derivative instruments: None.

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Notes to the Financial Statements

(b) Information on investments:

The following are the information on investees for the year ended December 31, 2023 (excluding information on investments in Mainland China):

(in thousands)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Shares (in Thousands)	Highest Percentage of Ownership	Carrying amount	Net income (losses) of investee	Investment income (losses) of investor	Note
				December 31, 2023	December 31, 2022						
The Company	WKI	Hong Kong	Electronic components computer peripherals products distribution and technical support	1,620,145	1,620,415	552,450	100%	\$ 6,811,500	(73,094)	(73,094)	Subsidiary
	WKZ	Taiwan	Electronic components and technical support	12,983	12,083	1,589	100%	26,788	938	938	"
	Wip	Singapore	"	293,327	293,327	12,413	100%	500,196	1,383	1,383	"
	Toml	"	"	\$ 1,926,755	1,926,755			7,338,484		(70,773)	"
WK1	Wuluuh	Hong Kong	Import and export trade of electronic components	0.41 (HKD0.1)	0.41 (HKD0.1)		100%	2,821 (US\$21)	28*	289 (US\$2)	"

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(in thousands)

Name of investee	Main businesses and products	Total amount of investment	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee (Note 2)	Percentage of ownership	Investment income (losses) of investor (Note 2)	Book value (Note 3)	Accumulated remittance of earnings in current
					Outflow (Note 3)	Inflow						
WKS	Electronic components computer peripherals products distribution and technical support	786,647 (USD25,100)	Note 1,4	304,594 (USD9,800)	-	-	304,594 (USD9,800)	(67,392) (USD2,163)	100%	(67,392) (USD2,163)	627,050 (USD20,422)	
SiU	Electronic technology development and technical advisory (Note 1)	5,067 (CNY1,000)	Note 1,5					589 (USD19,000)	100%	589 (USD19,000)	6,852 (USD233,000)	

Note 1: Weikeng Electronic Technology (Shanghai) Co., Ltd. was renamed to SiUltra Electronic Technology (Shanghai) Co., Ltd. on July 7, 2023.

(ii) Upper limit on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA (note 3)	Upper Limit on Investment
304,594 (USD9,800)	767,625 (USD25,000)	5,259,732

Note 1: Investment in Mainland China was through a company in the third area.

Note 2: The investment gains and losses of the current period are recognized according to the financial statements, which have been reviewed by the Company's independent auditors, and were translated into New Taiwan Dollars at the average exchange rates.

Note 3: The currency was translated into New Taiwan Dollars at the exchange rate of USD 1 to TWD 30.705 at the end of reporting period.

Note 4: The difference was due to Weikeng International Co. Ltd.'s investment of USD15,200 thousand on Weikeng International (Shanghai) Co. Ltd. using its own funds.

Note 5: The difference was due to Weikeng International (Shanghai) Co. Ltd.'s investment of CNY1,000 thousand on SiUltra Electronic Technology (Shanghai) Co., Ltd. using its own funds.

(Continued)

WEIKENG INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(iii) Significant transactions:

Please refer to Information on significant transactions for the information on significant direct or indirect transactions, which were eliminated in the preparation of consolidated financial statements, between the Group and the investee companies in Mainland China in 2023.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Weiji Investment Co., Ltd.		30,426,876	7.11 00

Note (i): The information of major shareholders is based on the last business day of the end of each quarter set by Taiwan Depository & Clearing Corporation, wherein the shareholders hold more than 5% of the Company's ordinary shares, which have been completely registered non-physically (including treasury shares). There may be differences between the share capital recorded in the Company's financial statements and the actual number of the delivered shares, which have been completely registered non-physically due to the different methods used in their calculation.

Note (ii): In the case of the above information, if the shareholder delivers the shares to the trust, the shares will be disclosed as a personal account under the trust account of the principal opened by the trustee. As for the shareholders' declaration of more than 10% of the insider's shareholdings under the Securities and Exchange Act, the shareholders' stocks should be included in their own shareholdings, plus, the shares delivered to the trust, wherein the shareholders have the right of decision on using the trust property. For information on insider's equity declaration, please refer to market observation post system.

(14) Segment information:

Please refer the consolidated financial statements.

WEIKENG INDUSTRIAL CO., LTD.**Statement of cash and cash equivalents****December 31, 2023****(Expressed in thousands of New Taiwan Dollars)**

Item	Description	Amount
Cash on hand		\$ 134
Checking accounts and demand deposits		217,996
Foreign currency in banks	Foreign currency(USD36,934 thousands 、 HKD932 thousands and CNY317 thousands)	1,139,101
Time deposits	Foreign currency(USD1,000 thousands)	30,705
		<u>\$ 1,387,936</u>

Note : Exchange rate: USD/TWD 30.705, HKD/TWD3.929, cny/TwD4.327.

Statement of notes and accounts receivable

Customer names	Description	Amount
Notes receivable	Revenue from non-related parties	\$ 13,256
Accounts receivable		
Related Parties :		
Others (Note)	Revenue from related parties	170,340
Non-related parties :		
TC117	Revenue from non-related parties	699,176
TC158	//	659,062
TC159	//	397,799
Others (Note I		<u>5,354,534</u>
		7,280,911
Less: Loss allowance		<u>54,388</u>
		<u>7,226,523</u>
Notes and accounts receivable, net.		<u>\$ 7,239,779</u>

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

WEIKENG INDUSTRIAL CO., LTD.**Statement of inventories****December 31, 2023****(Expressed in thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net realizable value
Merchandise inventories	S 5,322,790	6,592,600
Goods in transit	864,232	918,406
	<u>S 6,187,022</u>	<u>7,511,006</u>

Note 1 The market price of inventories was determined by the net realizable value.

WEIKENG INDUSTRIAL CO., LTD.

Statement of changes in investments accounted for using the equity method

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Company name	Opening balance		Increase		Decrease		Recognized income	Ending balance		2023.12.31 Market price	Provided guarantee or pledge
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Percentage of ownership		
WKI	552,450	15,777,249	-	-	-	(73,094)	552,450	100 %	6,707,186	6,811,500	None
WKZ	1,589	25,850	-	-	-	938	1,589	100 %	5658\$	26,188	"
WTP	12,413	506,842	-	-	-	1,383	12,413	100 %	\$08,22\$	\$00,196	"
Exchange differences on translation of foreign financial statements		111,776		-		-			0\$ 746	-	
		\$ 7,421,717		13,260		(10,113)			7,051,851	7,051,851	

WEIKENG INDUSTRIAL CO., LTD.

Statement of non-current financial assets measured at fair value through other comprehensive income

December 31, 2023

(in thousands of Renminbi Yuan)

Name of investee	Beginning balance		Increase		Decrease		Fair value adjustment of financial assets	Ending balance		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount	
Share:										
Pavadiam I	150 Sh	1,288	-	-	-	-	-	750	1,288	None
PVC Corp.	230	2,301	-	-	-	-	-	230	2,301	id
Clientron Corp.	19	317	-	-	-	-	(110)	15	217	id
SKGVC	960	11,800	-	-	217	(2,110)	1,890	720	1,200	id
VTEC	800	9,033	-	-	-	-	-	800	9,033	id
Winsheng Material	1,400	12,000	-	-	-	-	-	1,400	12,000	id
Limited partnership:										
InnoBridge	-	1,550	-	-	-	-	(1,510)	-	-	id
Convertible promissory										
SiTune	-	-	-	1,000	-	-	-	-	1,000	id
		<u>81,089</u>		<u>1,000</u>		<u>(2,110)</u>	<u>(1,010)</u>		<u>77,223</u>	

Note 1: The investee companies reduced its capital.

WEIKENG INDUSTRIAL CO., LTD.

Statement of short-term borrowings

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

<u>Type</u>	<u>Description</u>	<u>Contract period</u>	<u>Interest rate</u>	<u>Loan facilities</u>	<u>Ending balance</u>	<u>Collateral</u>
Financial	Unsecured	2023.08.30-2024.08.30	1.95%	1,200,000	\$ 525,000	None
institution loans	loans					
//	//	2023.08.30-2024.08.30	1.72%~1.78%	600,000	525,000	//
//	//	2023.11.14~2024.06.18	1.93%~6.45%	775,000	514,935	//
//	//	2023.12.21~2024.06.18	6.53%	350,000	307,050	//
//	//	2023.08.29-2024.11.22	1.90%	300,000	300,000	//
//	//	2023.11.27-2024.01.12	1.93%	300,000	300,000	//
Others (Note)					<u>3,209,735</u>	//
					<u>\$ 5,681,720</u>	

Note: The amount of each institution included in others does not exceed 5% of the account balance.

WEIKENG INDUSTRIAL CO., LTD.**Statement of accounts payable****December 31, 2023****(Expressed in thousands of New Taiwan Dollars)**

<u>Account</u>	<u>Description</u>	<u>Amount</u>
Accounts payable:		
TV002	Operating expense for non related party	S 2,760,031
TV008	//	847,403
TV007	//	284,991
Others (Note)	//	<u>928,175</u>
		<u>S 4,820,600</u>

Note: The amount of individual supplier included in others does not exceed 5% of the account balance.

Statement of other non-current liabilities

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Refund liabilities	Allowance for sales refund	\$ 439,846
Others (Note)	Collect labor insurance and advance rent etc.	<u>4,634</u>
		<u>S 444,480</u>

Note: The amount of each item included in others does not exceed 5% of the account balance.

WEIKENG INDUSTRIAL CO., LTD.**Statement of lease liabilities****December 31, 2023****(Expressed in thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Rental period</u>	<u>Discount rate</u>	<u>Current</u>	<u>Non-current</u>
Buildings	2-6 years	0.8-4%-3.84%	\$ 52,598	78,776
Transportation equipment	5 years	0.96%	1,213	2,980
			<u>\$ 53,811</u>	<u>81,756</u>

Note: For right-of-use-asset, please refer note 6(h).

Statement of operating revenue**For the year ended December 31, 2023**

<u>Item</u>	<u>Amount (thousand)</u>	<u>Amount</u>
Sale revenue:		
Chipset/memory components	391,616	S 20,134,151
Mixed and other components	2,529,463	13,012,488
Others		<u>3,636</u>
Net operating revenue		<u>S 33,150,275</u>

WEIKENG INDUSTRIAL CO., LTD.**Statement of operating costs****For the year ended December 31, 2023****(Expressed in thousands of New Taiwan Dollars)**

Item	Amount
Inventory, January, 1	\$ 4,627,092
Add: Purchase (included goods in transit)	32,847,884
Outsourcing processing expense	22,553
Less: Inventory, December, 31	(6,301,148)
Inventory scrapping	<u>(1,527)</u>
Cost of goods sold	31,194,854
Add: Inventory scrapping loss	1,527
Less: Allowance for inventory valuation and obsolescence losses (reversal gains)	<u>(1,527)</u>
Operating costs	<u><u>S 31,194,854</u></u>

Statement of selling and administrative expenses

Item	Selling expense	Administrative expense
Salary expense	\$ 470,707	160,802
Depreciation expense	57,273	7,850
Export expense	43,396	-
Insurance expense	56,267	15,919
Remuneration of directors	-	22,933
Others (Note)	<u>142,888</u>	<u>62,612</u>
Total	<u><u>S 770,531</u></u>	<u><u>270,116</u></u>

Note: The amount of each item in others does not exceed 5% of the account balance.