

WELL SHIN TECHNOLOGY CO., LTD.

2022 Annual Report

Published on April 30, 2023

Annual Report Inquiry Website: [http : //mops.twse.com.tw](http://mops.twse.com.tw)

Company Website: [http : //www.wellshin.com](http://www.wellshin.com)

1. Name, title, telephone number, and e-mail address of the spokesman or acting spokesman:

Spokesman: Yu, Chia-Te

Title: Accounting Associate Manager

Acting spokesman: Wu, Rui-Lian

Title: Special Assistant to the General Manager's Office

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2. Address and telephone number of the company's headquarters and factories

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Telephone number: 02-2791-1119

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3. Agency handling shares transfer

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Address: 6 F., No.6, Chung Hsiao West Rd., Sec. 1, Zhongzheng Dist., Taipei City

Telephone number: 02-2371-1658

Website: www.gfortune.com.tw

4. Names of the certified public accountants who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of the accounting firm

Name: Zhou Xiao-Zi, Liang Yi-Zhang

Accounting firm: PwC Taiwan

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

Telephone number: (02)2729-6666

Website: www.pwc.com.tw

5. Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities

As of the date of publication, the Company has no offshore securities listed for trading.

6. Company Website: www.wellshin.com.tw

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I. Report to Shareholders

Dear shareholders:

In 2022, the global economy is still under the threat of the Covid-19 epidemic, mainland China's massive closing down of cities to block supply chains, the outbreak of the Russian-Ukrainian war, rising inflation, and rapid interest rate hikes of the Federal Reserve of United States. The international environment was affected by a series of unfavorable factors. Thus, the overall economic situation is dominated by the shadow of recession, and presents a turbulent situation. The Company's 2022 consolidated net operating income was NT\$6,159,487 thousand, up 10.34% from 5,582,213 thousand in 2021 and the net profit after tax was NT\$759,540 thousand, a significant increase of 119.96% from NT\$345,312 thousand registered in 2021. The after-tax earnings per share (EPS) was NT\$6.42. I would like to express my special thanks to all our shareholders for their support and all our employees for their hard work.

Although the global economy is turbulent and unstable in 2022, the Company actively strived for orders, and its revenue grew somewhat compared to 2021. The gross profit margin also maintained the selling price benchmark, and due to efforts to reduce costs and favorable exchange rates, it was higher than in 2021. Although the revenue has grown, the Company has kept developing new customers. In addition to the original customers in the fields of home appliances, electromechanical, 3C computers, etc., it is currently developing industries that can increase the growth momentum of revenue in the future, including new energy power, customer product design and promotion, power cords and related products around power supplies. In terms of cost, the Company timely reflects the prices of various raw materials, integrates transportation costs, and saves related expenses to increase gross profit. In terms of production, the Company continues to purchase new automation equipment, improve the specifications of production equipment, reduce manpower, improve the working environment, increase production capacity, and reduce production costs.

Looking ahead to the new year, inflation will cause the economy to continue to slow down, customer inventory will take time to clear, the impact of the Russia-Ukraine war will continue, the Federal Reserve's high interest rates may continue for a period of time, and the overall product demand will not be as strong as last year. In addition, with the multi-level competition of powerful countries, geopolitical factors also have a considerable impact on demand and production costs. Various unfavorable factors add many operating risks. How to maintain the growth momentum of revenue, reduce costs and increase profit margins will be the main challenge subject, and is waiting for us to overcome it. In terms of business, the Company will contact and consolidate existing customers, cooperate with customers in new product development and cooperate in other related businesses, and increase the sales amount of both parties. On the other hand, it will develop new customers and focus on industries with product momentum and room for future growth. In terms of production, the Company continues to integrate production resources and accelerate the purchase and construction of automated production equipment in each factory. Among them, the expansion of the Changhua factory in Taiwan is gradually progressing. The scale of each production base is increased, the manufacturing cost is reduced, and the impact of various cost increases is reduced. I would like to thank all shareholders, customers, and third parties for their support, and also thank all colleagues for their efforts. Our management team will uphold the spirit of unremitting efforts and prudence to create better value for all shareholders. I would also like to ask all shareholders to continue to give the company support and encouragement.

Finally, I would like to wish all shareholders good health and all the best.

1. Operating results for 2022:

(1) Implementation results of the business plan:

Unit: NT\$ thousand

Item	2022	2021	Growth Rate
Net sales	6,159,487	5,582,213	10.34%
Gross profit	1,408,624	1,068,612	31.82%
Operating expenses	674,554	624,991	7.93%
Operating income	734,070	443,621	65.47%
Non-operating income (expenses)	264,212	55,702	374.33%
Net profit before tax	998,282	499,323	99.93%
Net profit after tax	759,540	345,312	119.96%

(2) Status of budget implementation:

The Company has not compiled the financial forecast for 2022, so it is not applicable.

(3) Status of financial revenue and expenditure:

Unit: NT\$ thousand

Item	2022	2021	Amount of change
Net cash flows from operating activities (outflow)	701,666	(416,107)	1,117,773
Net cash flow from investment activities (outflow)	(199,521)	203,784	(403,305)
Net cash inflows from financing activities (outflows)	(438,599)	(32,649)	(405,950)
Exchange rate impact	98,701	(26,438)	125,139

(4) Analysis of profitability:

) Analysis of profitability:

Year		2022	2021
Return on assets (%)		8.99%	4.33%
Return on shareholders' equity (%)		12.11%	5.81%
Ratio of paid-in capital (%)	Operating Margin	62.07%	45.89%
	Net profit before tax	84.42%	47.63%
Net profit margin (%)		12.33%	6.19%
Current earning per share (NT\$)(Note)		6.42	2.92

Note: Its earnings per share are calculated based on the number of shares after retrospective adjustment.

(5) Research and development status:

1. The Company continues to develop power cord connectors and power transmission line products, and applies safety regulations to many countries to expand sales channels, increase business scale, and maintain competitive advantages.
2. At the same time, the Company researches and develops new sockets and switches, and applies for patents in various regions, including a variety of intelligent control switches to improve electricity safety and energy-saving functions.
3. In response to the application development of the Internet of Things (IoT), the Company also develops smart home/security products through remote networks and voice control.
4. In line with the trend of energy saving, carbon reduction and environmental protection, the Company develops electric vehicle wiring harnesses and AC/DC charging connector power cord sets.
5. In terms of low-orbit satellites, network cables for receiving equipment will be developed.

2.Outline of business plan for 2023:

(1) Operating policy:

- A.Business concept: customer satisfaction, harmony between labor and management, benefit sharing, The Company must abide by laws and regulations, fulfill social responsibilities, and make profits for shareholders.
- B.Corporate culture: To establish a business with integrity, treat people with integrity, gain with labor, get rich with frugality, perfect ourselves and benefit the public.
- C. Quality policy: To seek innovation and change, creative innovation, pursuit of perfection, and achieve perfection.
- D. To continue the rapid development of new products and its production efficiency, strive for international medium and large-scale customers, provide differentiated service values, and create competitive advantages. In addition, use existing resources to span a wider range of related industries, strive for high-margin, high-tech product marketing, and improve operational performance.
- E. To make good use of the overall resources of the group and integrate the capabilities of development, marketing, and manufacturing to meet customer needs and create maximum benefits.

(2) Expected sales volume and basis:

The Company's products are mainly power connectors and Switching Power Adaptors for information, electromechanical, home appliances, communications and consumer electronics. With continuous efforts to expand business and develop new products, it is expected that the sales volume of each product will reach a stable trend.

(3) Important production and marketing strategies:

A.Marketing strategy:

- (a)Diversify the development of product lines, through the continuous establishment of One-stop shopping (rich product lines) and Total solution (from low-end to high-end) services to increase sales, and further cultivate existing and potential customers to meet their needs, and continue to develop new products and expand product lines.
- (b)Improve the visibility of the Company's own brands - Smartbear and PLUGO, strengthen their product functions, enhance customer interaction experience, and increase the scale of sales.

B.Production strategy:

- (a)Continue to strengthen the ability of engineering research and development, quickly develop the products required by customers; master the key core technology, establish the ability of vertical integration of products, and increase the added value of products.
- (b) Replace old equipment, buy new machines and tools to improve production efficiency and quality, and develop automated production equipment to reduce manpower requirements, improve production efficiency, strengthen process management, and stabilize product quality.
- (c) Concentrate on various product development resources and build specialized production plants to reduce production costs.

3.Future development strategy:

1. To strive to establish long-term and stable cooperative relations with large international customers and expand customer penetration.
2. Guided by the mainstream consumer products in the market, related power supply products will be developed.
3. To use excellent production technology to develop high-profit and competitive products to diversify different markets.
4. To deploy automation equipment to reduce labor costs, improve production quality, and reduce costs.
5. In response to the development trend of the IoT (Internet of Things), smart home products with voice control as the control platform will be developed.

4.Impacts of the external competitive environment, regulatory environment and overall business environment:

1. The impact of geopolitics will increase the uncertainty of operating and production costs.
2. Due to the price fluctuations of main raw materials, the profit margin of the product is easily compressed under the market mechanism that cannot fully reflect the cost of materials.
3. Due to the gradual increase in the fluctuation range of international exchange rates, the difficulty of financial operations and the increase in financial costs will easily affect the stability of profits.
4. The main factory is in mainland China. The salary increase and occasional absence of workers have caused labor costs to rise and the difficulty of production management to increase.

Chairman: Wu, Jui-Hsiung

General Manager: Wu, Jui-Hsiung

Accounting in charge: Yu, Chia-Te

II. Company Profile

1. Date of establishment: September 3, 2002

2. Company History:

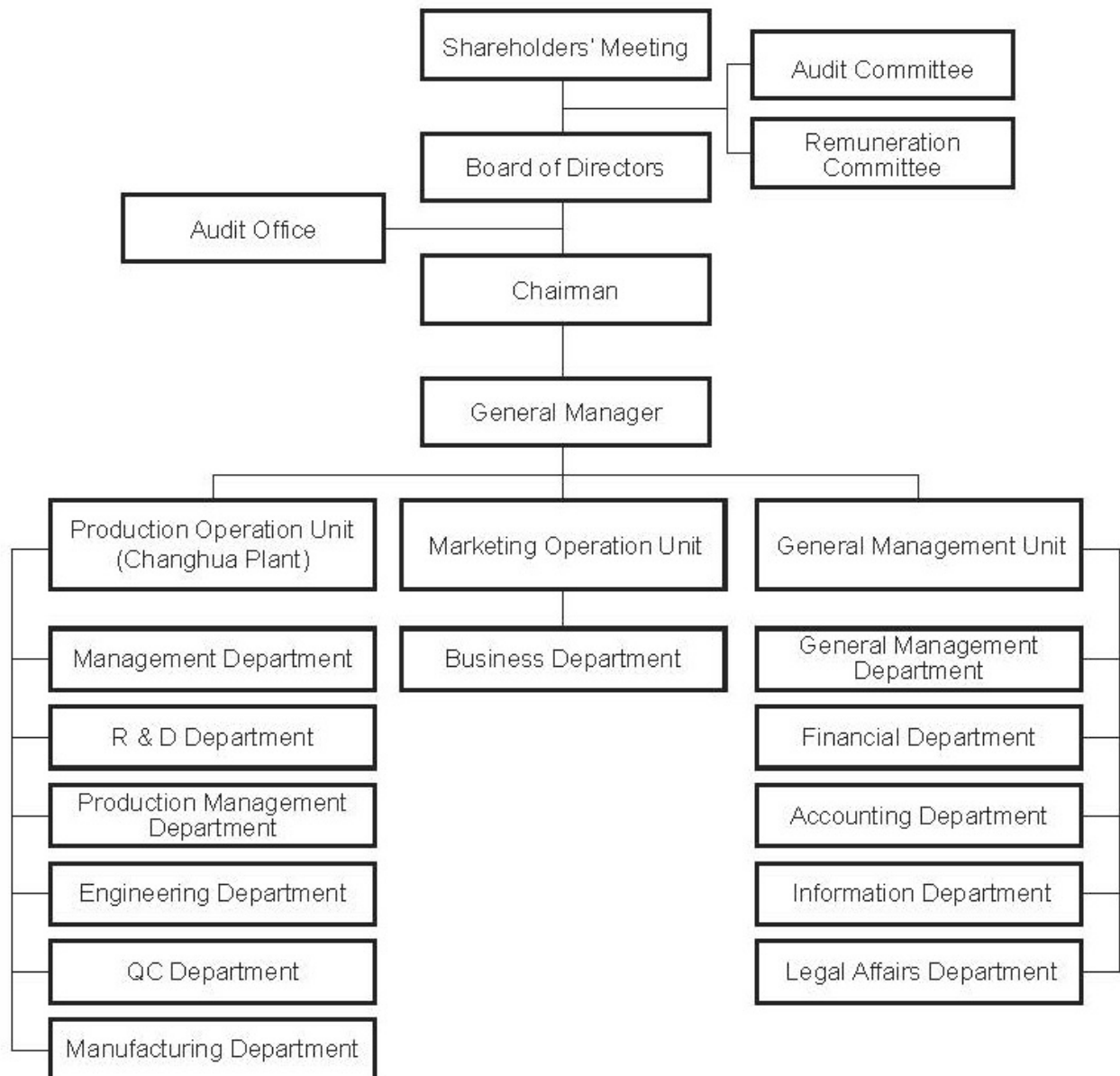
September 2002	Well Shin Technology Co., Ltd. has a registered capital of NT\$1,000,000 and a paid-in capital of NT\$1,000,000. It is mainly a professional manufacturer of information, electrical and electrical power cord sets, sockets, adapters, and combination products.
November 2002	The Company handled the cash capital increase by NT\$300,000,000 and the capital was changed to NT\$301,000,000.
January 2003	In order to reduce costs and enhance market competitiveness, the Company reinvested and established Dongguan Well Shin Electronic Products Co., Ltd.
November 2003	In order to reduce costs and enhance market competitiveness, the Company reinvested and established Well Shin Electric (Kunshan) Co., Ltd.
December 2003	- Changhua factory passed the international quality ISO9001 system certification. - Stepped into the assembly industry of white goods wire harness. - Won the patents of "multi-purpose transformer device" in Taiwan, "multi-purpose transformer power supply device" in mainland China, and "transformer that can automatically identify output voltage" in the United States.
April 2004	Dongguan Well Shin factory passed the international quality ISO14001 system certification.
August 2004	- Changhua factory's laboratory passed UL 817&498 certification. - Obtained the qualified manufacturer certification of HP and THOMSON.
December 2004	- To expand the business scale, the Company set up the headquarters building of Well Shin Technology Group in Neihu District, Taipei City. - Obtained "power converter" patents in Taiwan, mainland China, Japan, Australia, the United States, and the United Kingdom.
April 2005	Expanded the domestic market in mainland China and reinvested in the establishment of Well Shin Electric (Kunshan) Co., Ltd.
September 2005	- Handled the Company's public offering. - Began to step into the game machine industry, manufacturing and supplying related components to international major manufacturers such as MICROSOFT and SONY.
November 2005	- Dongguan Well Shin Electronic Products Co., Ltd. obtained the certificate of Green Partner from Sony of Japan. - Obtained the patent of "injection molding machine with detection function" in mainland China.
January 2006	Listed on Taiwan's OTC market.
December 2006	- Obtained two patents in Taiwan: "Charger with Multi-Adapter" and "Rotary Plug". - Obtained the patent of "multi-interface power socket device" in Taiwan and Japan.
July 2007	Taiwan Stock Exchange (TWSE) approved listing.
August 2007	Approved cash capital increase of NT\$102,500,000.
September 2007	Officially listed on TWSE.
October 2008	Dongguan Well Shin Electronic Products Co., Ltd. obtained the certificate of Safety Critical Parts Partner Program from Sony of Japan.
November 2008	Well Shin Electric (Kunshan) Co., Ltd. obtained the Green Partner certificate from Sony.
December 2008	Obtained 15 multi-national patents including "power adapter with convertible plug".
July 2009	Started the electric vehicle system module industry and technology development.

October 2009	Well Shin Electric (Kunshan) Co., Ltd. was awarded the Safety Critical Parts Partner Program certificate from Sony.
December 2009	Obtained 17 multi-national patents including "anti-shock socket".
December 2010	The Company's general manager won the Guoguang Awarding Medal for International Outstanding Inventors.
December 2010	Obtained 25 multinational patents including "Socket with Switching Function".
March 2011	In order to expand the mainland market, reinvested and established Dongguan Jiajia Electric Appliance Co., Ltd.
February 2012	Received the GE Outstanding Supplier Award.
December 2013	Developed a variety of smart products with Bluetooth or WIFI as the control platform.
June 2015	In order to enhance the visibility of brand products, in addition to the original PLUGO brand series, two new brand series, Smartbears and JDB, were added.
November 2016	Set up a flagship store for smart home products in Neihu District, Taipei City.
March 2018	Chairman Wu, Jui-Hsiung resigned from the position of general manager, and vice general manager Wu, Yan-Ting was appointed by the Board of Directors to be promoted to general manager.
July 2019	General Manager Wu, Yan-Ting resigned, Wu, Jui-Hsiung was appointed as the general manager by the resolution of the Board of Directors.
June 2020	Dongguan Jiajia Electric Appliance Co., Ltd. changed its name to Dongguan Plugo Electric Co., Ltd.

III. Corporate Governance Report

1. Organization system:

(1) Organization structure



(2) Responsible business of each main department

Unit	Main Department	Department Duties and Functions
	Audit Office	Responsible for the inspection and evaluation of the operation of the Company's internal control system and management system, implementation of abnormal projects and suggestions for improvement.
General Management Unit	General Management Department	1. Establishment and revision of the Company's management system and standards. 2. Management and planning of human resources, personnel, performance, education and training, salary benefits, rewards and punishments, etc. 3. Policy planning and implementation of general affairs, labor safety and health, etc. 4. The import and export of materials and finished products of the group, customs declaration and logistics transportation operations, planning and management of hub warehouses. 5. Inquiry of stock affairs information, convening of the Shareholders' Meeting, distribution of dividends and tax declaration of dividend income, etc.
	Financial Department	The Company's overall financial planning, capital utilization and risk management, investment project planning and implementation, business performance evaluation analysis and improvement tracking.
	Accounting Department	The Company's overall tax planning, final account matters and cost review, planning and drafting of accounting systems and operating procedures, budget preparation and review, and handling of accounting affairs.
	Information Department	Establishment, planning and management of the Group's overall information system and network architecture.
	Legal Affairs Department	Handling of relevant legal documents and litigation cases of the Group, development application and maintenance of intellectual property rights, planning and management of legal matters.
Marketing Operation Unit	Business Department	The Group's product market development and marketing, providing customers with comprehensive services, overall marketing strategy planning, and account management for sales customers.
Production Operation Unit (Changhua Plant)	Management Department	1. Establishment and revision of factory management system and standards. 2. Personnel management in the factory area, implementation of general affairs, and policy planning and implementation of labor safety and health policies. 3. Negotiations on the quantity, price and delivery date of materials purchased in the factory area, purchase business and supply management.
	R & D Department	The Company's product design, development and improvement, R&D direction formulation, new product technology transfer. It also assists the production unit in improving quality and related technical support and consultation.
	Production Management Department	1. Formulate the scheduling of the production plan, and manage the material receiving and dispatching 2. Monitor the implementation and development of the production plan. And ensure that the production is carried out according to the plan. 3. Responsible for the coordination, communication and handling of important issues on the production site.
	Engineering Department	1. Assist production units to improve quality and provide relevant technical support and consultation. 2. Responsible for improving and enhancing manufacturing technology and efficiency management.
	QC Department	Formulate plant quality goals, promote and audit quality systems and management plans, product quality and safety-related testing and certification management, and DCC document management.
	Manufacturing Department	1. Manufacture, test, and assemble various products according to the production schedule. 2. Planning of production lines, production capacity and production personnel in the manufacturing plant.

2. Directors, general managers, deputy general managers, assistant managers, directors of various departments and branches

(1) Director Information (1)

April 17, 2023 Unit : thousand shares

Title	Nationality / Place of Incorporation	Name	Gender Age	Date Elected	Term	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			Remark (note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Yen Ting Investment Co., Ltd.		2020/6/24	3 years	2005/6/30	2,842	2.50%	2,842	2.40%	0	0	0	0						None
	R.O.C.	Legal representative:Wu, Jui-Hsiung	Male Age 61~70				3,884	3.28%	3,884	3.28%	3,417	2.89%	0	0	Chairman, WELL SHIN TECHNOLOGY CO., LTD.	(Note 1)	Special Assistant to the General Manager's Office General Manager of Kunshan Factory	Wu, Rui-Lian Wu, Rui-Wang	2 nd degree kinship 2 nd degree kinship	(Note 5)
Director	R.O.C.	Cheng Uei Precision Industry Co., Ltd.		2020/6/24	3 years	2005/6/30	22,282	19.61%	22,282	18.84%	0	0	0	0						None
	R.O.C.	Legal representative:Lin, Kuen-Huang	Male Age 51~60				7	0.01%	7	0.01%	7	0.01%	0	0	Department of Accounting, Fu Jen Catholic University Special Assistant, Cheng Uei Precision Industry Co., Ltd.	(Note 2)	None	None	None	None
Director	R.O.C.	Cheng Uei Precision Industry Co., Ltd.		2020/6/24	3 years	2005/6/30	22,282	19.61%	22,282	18.84%	0	0	0	0						None
	R.O.C.	Legal representative:Liu, Su-Fang	Female Age 51~60				0	0%	0	0%	0	0	0	0	Special assistant to Chairman Office, Cheng Uei Precision Industry Co., Ltd.	(Note 3)	None	None	None	None
Director	R.O.C.	Cheng Uei Precision Industry Co., Ltd.		2020/6/24	3 years	2005/6/30	22,282	19.61%	22,282	18.84%	0	0	0	0						None
	R.O.C.	Legal representative:Lo, Chih-We	Female Age 41~50				1	0	1	0	0	0	0	0	Assistant Manager, Cheng Uei Precision Industry Co., Ltd.	(Note 4)	None	None	None	None
Independent Director	R.O.C.	Li, Hsiao Wen	Male Age 61~70	2020/6/24	3 years	2005/6/30	0	0.00%	0	0.00%	0	0	0	0	Law Department, National Chung Hsing University Lawyer, ECOVIS Taiwan	Lawyer, Minde United Law Firm	None	None	None	None

Title	Nationality / Place of Incorporation	Name	Gender Age	Date Elected	Term	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			Remark (note)
							Share s	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Tseng, Chen-Hsien	Male Age 61~70	2020/6/24	3 years	2020/6/24	0	0.00%	0	0.00%	0	0	0	0	Department of Business, National Open University Senior Assistant Manager (Retired), E.SUN BANK	None	None	None	None	None
Independent Director	R.O.C.	Liao, Fu-Lung	Male Age 61~70	2020/6/24	3 years	2020/6/24	0	0.00%	0	0.00%	0	0	0	0	Graduated from Taipei University of Business Senior Assistant Manager (Retired), E.SUN BANK	None	None	None	None	None

Note 1 : Chairman of Yen Ting Investment Co., Ltd., Director of Yanyi Investment Co., Ltd., Currently Chairmand and General Manager of **Dongguan Well Shin Electronic Products Co., Ltd.**, Chairman of **Well Shin Electric (Kunshan) Co., Ltd.**, Chairman of **Well Shin Electric (Kunshan) Co., Ltd.**, Chairman of Smart Think Technology Co., Ltd., Chairman of Great Hero Technology Co.,Ltd., Chairman of Power Cord Designing Technology Co., Ltd., Chairman of Best Power Cord Designing Technology Co., Ltd. , Chairman of Bright Designing Technology Co.,Ltd., Chairman of Power Root Technology Co.,Ltd., Chairman of Wise Giant Co.,Ltd., Currently Chairmand and General Manager of **Dongguan Plugo Electric Co., Ltd.**

Note 2 : Special Assistant of Cheng Uei Precision Industry Co., Ltd., 、 Director (Acting) of FOXLINK IMAGE TECHNOLOGY CO., LTD., Chairman (Acting) of MICROLINK COMMUNICATIONS INC., Director of DARTS TECHNOLOGIES CORP., Director (Acting) of STUDIO A INC., Director (Acting) of Central Pictures Corporation, Director (Acting) of Central Motion Arts and Creational Co., Ltd., Director of Central Pictures International Co., Ltd., Chairman (Acting) of Central Motion Management Consulting Co., Ltd., Director (Acting) of DEEPWATERS DIGITAL SUPPORT INC., Director (Acting) of Foxwell Energy Corporation Ltd., Director (Acting) of Trinity Investment Corporation, Director (Acting) of Fresh Air Co., Ltd., Director (Acting) of Fushilin International Investment Co., Chairman (Acting) of Foxwell International Investment Co., Ltd., Director of Fulin International Investment Co., Ltd., Chairman (Acting) of Zhengfa International Investment Co., Ltd., Director (Acting) of Taifu International Investment Co., Ltd., Director(Acting) of Fulian International Investment Co., Ltd., Director (Acting) of Zhide International Investment Co., Ltd., Director (Acting) of Foxwell Power Co., Ltd., Director/General Manager of Fugang Electronics (Nanchang) Co., Ltd., Chairman of Dongguan Hanyang Computer Co., Ltd., Director of ENF TECHNOLOGY (Yancheng) CO., LTD., Chairman of Shanghai Fugang Electronics Co., Ltd., Director of CU INTERNATIONAL LTD. , Director of CULINK INTERNATIONAL LTD., Director of NEW START INDUSTRIES LTD. , Director of BENEFIT RIGHT LTD., Director of FOXLINK TECHNOLOGY LIMITED, General Manager of Fushilin Industrial (Tianjing) Co., Ltd., General Manager of Fushiwan Electric Power (Tianjin) Co., Ltd., Vice Chairman of Fugang Electronics (Dongguan) Co., Ltd., Director of Fushineng Electronics (Kunshan) Co., Ltd., Chairman of Fushixiang (Kunshan) Co., Ltd., Chairman of Fuqiang Electronics (Yancheng) Co., Ltd., Chairman of Fuqiang Electronics (Yancheng) Co., Ltd., Chairman of Kunshan Fugang Electronics Co., Ltd., Chairman of Dongguan Fuqiang Electronics Co., Ltd.,Director of GLORY TEK (BVI) CO., LTD. , Director of GLORY OPTICS (BVI) CO., LTD., Director of GLORY TEK (SAMOA) CO.,LTD. , Chairman of Guangyao Photoelectric (Suzhou) Limited Company, Chairman of RHOSON Optoelectronics (Yancheng) CO., LT., Legal representative of Fuqiang Electronics (Ma On Shan) Co., Ltd., Chairman (Acting) of Dachuan Xuanxiu Creative Arts and Mistakes Co., Ltd., Director (Acting) of Taiwan Star Telecom Corporation Limited, Director (Acting) of Shinfox Energy Co., Ltd., Director (Acting) of VA PRODUCT INC., Legal representative of Dongguan Fuwei Electronics Co., Ltd., Legal representative of Dongguan Fuzhang Precision Industry Co., Ltd., Director of POWER CHANNEL LIMITED, Chairman of Kunshan Fugang Electronics Trading Co., Ltd. Chairman (Acting) of Shengji Music Co., Ltd., Director (Acting) of Straight A Inc. Director (Acting) of Jingjing Technology Co., Ltd., Director of STUDIO A Hong Kong INC., Legal representative of Kunshan Fugang Electronics Co., Ltd., Chairman of GLORY Optics (Yancheng) CO., LTD., Chairman of Yangcheng RHOSON CORPORATIO, Legal representative of Kunshan Fugang Investment Co., Ltd., Director of Kunshan Fushijin Electronics Co., Ltd., Diretor of FOXLINK TECHNICAL INDIA PRIVATE LIMITED, Chairman (Acting) of Yong Uei Investment Holding Co., Ltd., Supervisor of CYNC DESIGN CO., LTD., Director (Acting) of Wellgen Medical Co., Ltd., Director of FOXLINK INDIA ELECTRIC PRIVATE LIMITED, Director of SINOBEST BROTHERS LIMITED, Director of FOXLINK MYANMAR COMPANY LIMITED, Director (Acting) of Shinfox Natural Gas Co., Ltd., Director (Acting) of SHIH FONG POWER CO., LTD., Legal representative of Fugang Electronics (Ma On Shan) Co., Ltd., Supervisor of Fugang Electronics (Xuzhou) Co., Ltd.,Director of GLORYTEK SCIENCE INDIA PRIVATE LIMITED, Director of World Circuit Technology (Hong Kong) Ltd., Director of VALUE SUCCESS LTD., Director of CAPITAL GUARDIAN LTD., Director of ACCU IMAGE TECHNOLOGY LIMITED, Director of ASHOP CO., LTD., Director of Sharetronic Data Technology CO., LTD., Supervisor of Chung Chia Power Co. Ltd., Director (Acting) of Changpin wind power Ltd.

Note 3 : Special Assistant to Chairman's Office of Cheng Uei Precision Industry Co., Ltd., Chairman (Acting) of DARTS TECHNOLOGIES CORPORATION, Chairman (Acting) of WORLD CIRCUIT TECHNOLOGY CO., LTD., Director (Acting) of MICROLINK COMMUNICATIONS INC., Director (Acting) of VA PRODUCT INC., Chairman (Acting) of FOXLINK TAIWAN INDUSTRY CO., LTD., Director (Acting) of Zhide International Investment Co., Ltd., Director (Acting) of POWER SUFFICIENT INTERNATIONAL CO., LTD., Director (Acting) of NANOSHIELD TECHNOLOGY CO., LTD., Director (Acting) of Foxwell Power Co., Ltd., Director (Acting) of Zhengfa International Investment Co., Ltd., Director of POWER QUOTIENT INTERNATIONAL CO.,LTD. , Director (Acting) of POWER QUOTIENT TECHNOLOGY (Yancheng) Co., Ltd. 、 Director (Acting) of Fushilin International Investment Co., Ltd., Legal representative of Jiangsu Cheng Uei New Energy Technology Co., Ltd., Supervisor of POWER QUOTIENT Xuzhou New Energy Co., Ltd., Director of Sinocity Industries Limited (Macau), Director of SYSCOM DEVELOPMENT CO.,LTD., Director of PQI JAPAN CO.,LTD. , Director of SINOCITY INDUSTRIES LIMITED, Director of APIX LIMITED, Director of FOXLINK POWERBANK INTERNATIONAL TECHNOLOGY PRIVATE LIMITED DIRECTOR 、 PERENNIAL ACE LIMITED.

Note 4: Associate Manager of Cheng Uei Precision Industry Co., Ltd., Director of Zhide Investment Co., Ltd. (acting), director of Zhengfa Investment Co., Ltd.

Note 5: If the chairman and the general manager or equivalent (top manager) are the same person, spouses or first-degree relatives, it is necessary to explain the reasons, rationality, necessity and countermeasures (such as increasing the number of independent directors, and more than half of the directors should not concurrently serve as employees or managers, etc.) and other information:

The chairman of the company serves as the general manager to improve operating efficiency and decision-making execution ability, but in order to strengthen the independence of the Board of Directors, the company is actively training suitable candidates. In addition, the chairman usually communicates closely with the directors on the company's current operating conditions and plans to implement governance. In the future, it plans to increase the number of independent directors to enhance the board's functions and strengthen its supervisory functions. The following specific measures are currently in place:

1. The current three independent directors are specialized in the fields of financial, accounting and law, and can effectively perform the supervisory function.
2. Every year, all directors are arranged to participate in professional director courses provided by external institutions such as Securities & Futures Institute to enhance the operational efficiency of the Board of Directors.
3. Independent directors can fully discuss and recommend to the Board of Directors in the functional committee to implement corporate governance.
4. More than half of the directors of the Board of Directors do not concurrently serve as employees or managers of the company.

(1) Major shareholders of legal person shareholders:

April 17, 2023

Name of Institutional Shareholders	Major Shareholders
Yen Ting Investment Co., Ltd. Cheng Uei Precision Industry Co., Ltd.	Wu, Yan-Ting (46.21%), Wu, Jui-Hsiung (23.21%), Shi Mingji (23.20%), Xinhong International Investment Co., Ltd. (19.62%)

(2) If the major shareholder is a legal person, the name of the major shareholder

April 17, 2023

Name of Institutional Shareholders	Major Shareholders
Xinhong International Investment Co., Ltd.	British Virgin Islands Merchant-PILOT VIEW LIMITED (84.71%) 、 Guo Taiqiang (10.14%) 、 Luo Yuzhen (3.01%)

Director Information (2)

(1) Information disclosure on the professional qualifications of directors and the independence of independent directors:

Criteria Name	Professional Qualification and Experiences (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman Wu, Jui-Hsiung	Has more than five years of working experience required by the Company's business and is currently serving as the chairman and general manager of Well Shin Technology Co., Ltd. None of the circumstances specified in Article 30 of the Company Act.	(1) Not a director (director), supervisor (supervisor), manager, or shareholder holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the company. (2) Professionals, sole proprietorships, partnerships, business owners, partners, directors (members), supervisors (auditors), managers and their spouses of companies and institutions who have not provided auditing for the Company or affiliates or received remuneration in the last two years for business, legal, financial, accounting and other services. (3) No spouse or relative within the second degree of relationship with other directors. (4) None of the conditions specified in Article 30 of the Company Act. (5) There is no election of the government, legal person or its representative as stipulated in Article 27 of the Company Act.	None
Director Lin, Kuen-Huang	Has more than five years of work experience required by the Company's business, and worked as special assistant at Cheng Uei Precision Industry Co., Ltd. And there is no one of the conditions stipulated in Article 30 of the Company Act.	(1) Non-self and their spouses, minor children, or natural person shareholders who hold more than 1% of the Company's total issued shares in the name of others or hold shares in the top ten. (2) Directors (councilors), supervisors (auditors) or employees of other companies or organizations who are not the same person or spouse as the chairman, general manager or equivalent of the Company. (3) Professionals, sole proprietorships, partnerships, business owners, partners, directors (members), supervisors (auditors), managers and their spouses of companies and institutions who have not provided auditing for the Company or affiliates or received remuneration in the last two years for business, legal, financial, accounting and other services. (4) No spouse or relative within the second degree of relationship with other directors. (5) None of the conditions specified in Article 30 of the Company Act.	None
Director Liu, Su-Fang	Has more than five years of work experience required by the Company's business, and worked as special assistant at the Chairman Office of Cheng Uei Precision Industry Co., Ltd. And there is no one of the conditions stipulated in Article 30 of the Company Act.	(1) Non-self and their spouses, minor children, or natural person shareholders who hold more than 1% of the Company's total issued shares in the name of others or hold shares in the top ten. (2) Not being the same person as the chairman, general manager or equivalent of the company, or a director (member), supervisor (auditor) or employee of another company or institution of the spouse. (3) Professionals, sole proprietorships, partnerships, business owners, partners, directors (members), supervisors (auditors), managers and their spouses of companies and institutions who have not provided auditing for the Company or affiliates or received remuneration in the last two years for business, legal, financial, accounting and other services. (4) No spouse or relative within the second degree of relationship with other directors. (5) None of the conditions specified in Article 30 of the Company Act.	None
Director Lo, Chih-We	Has more than five years of work experience required by the Company's business, and worked as assistant manager at Cheng Uei Precision Industry Co., Ltd. And there is no one of the conditions stipulated in Article 30 of the Company Act.	(1) Non-self and their spouses, minor children, or natural person shareholders who hold more than 1% of the Company's total issued shares in the name of others or hold shares in the top ten. (2) Not being the same person as the chairman, general manager or equivalent of the company, or a director (member), supervisor (auditor) or employee of another company or institution of the spouse. (3) Professionals, sole proprietorships, partnerships, business owners, partners, directors (members), supervisors (auditors), managers and their spouses of companies and institutions who have not provided auditing for the Company or affiliates or received remuneration in the last two years for business, legal, financial, accounting and other services. (4) No spouse or relative within the second degree of relationship with other directors. (5) None of the conditions specified in Article 30 of the Company Act.	None
Independent Director Li, Hsiao Wen	Has more than five years of working experience required by the Company's business. Graduated from the Law Department of National Chung Hsing University, and worked as a lawyer at Minde United Law Firm and did not have one of the conditions stipulated in Article 30 of the Company Act.	(1) Non-employees of the Company or its affiliates. (2) Not a director or supervisor of the Company or its affiliates. (3) Non-self and their spouses, minor children, or natural person shareholders who hold more than 1% of the Company's total issued shares in the name of others or hold shares in the top ten. (4) Not the spouse, relative within the second degree or immediate blood relative within the third degree of the manager listed in (1) or the personnel listed in (2) and (3). (5) Not directors and supervisors of legal person shareholders who directly hold more than 5% of the Company's total issued shares, are among the top five shareholders, nor designate representatives to serve as company directors, supervisors or employees in accordance with Article 27, Item 1 or Item 2 of the Company Act. (6) Not directors, supervisors or employees of other companies controlled by the same person as the directors of the Company or more than half of the shares with voting rights. (7) Not a director (member), supervisor (auditor), or employee of another company or institution that is not the same person or spouse as the chairman, general manager, or equivalent of the Company. (8) Not a director (member), supervisor (auditor), manager, or shareholder holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the Company. (9) Professionals, sole proprietorships, partnerships, business owners, partners, directors (members), supervisors (auditors), managers and their spouses of companies and institutions who have not provided auditing for the Company or affiliates or received remuneration in the last two years for business, legal, financial, accounting and other services. (10) No spouse or relative within the second degree of relationship with other directors. (11) None of the	None
Independent Director Tseng, Chen-Hsien	Has more than five years of working experience required by the Company's business. Graduated from the Department of Commerce of National Open University, and used to work as senior assistant manager of E.Sun Bank. He is now retired, and there is no one of the conditions stipulated in Article 30 of the Company Act.		None

Independent Director Liao, Fu-Lung	Has more than five years of working experience required by the Company's business. Graduated from Taipei University of Business, and once worked as senior assistant manager at E.Sun Bank. He is now retired and has no one of the conditions stipulated in Article 30 of the Company Act.	conditions specified in Article 30 of the Company Act. (12) Not Article 27 of the Company Act stipulates that the government, legal person or its representative shall be elected.	None
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Note: According to the review criteria for listed companies and the establishment of independent directors of public companies and matters to be followed, the Company has obtained independent directors' declarations of independence and confirmed that they all meet the independence qualification requirements stipulated by laws and regulations.

(2) Diversity and independence of the Board of Directors:

A. Diversity of the Board of Directors: Based on the diversification policy and the strengthening of corporate governance and the promotion of sound development of the composition and structure of the Board of Directors, the nomination of director candidates of the Company follows the provisions of its Articles of Association and adopts a candidate nomination system to evaluate the knowledge and experience qualifications of each candidate, measuring their professional background, integrity or relevant professional qualifications, etc. After the resolution of the Board of Directors is passed, it will be submitted to the Shareholders' Meeting for approval. The composition of the Board of Directors shall not exceed one-third of the directors who concurrently serve as the Company's managers, and shall formulate appropriate diversification policies based on its own operations, business model and development needs, including but not limited to the following:

- a. Basic conditions and values: gender, age, nationality and culture.
- b. Professional knowledge and skills: business judgment ability, accounting and financial analysis ability, business management ability, crisis handling ability, industry knowledge, international market outlook, leadership ability and decision-making ability. The current board of directors of the company is composed of seven directors. The specific management objectives and achievement of the diversity policy are as follows:

Management objectives	Achievement
The number of independent directors exceeds one-third of the number of directors.	Achieved
Directors who concurrently serve as company managers should not exceed one-third of the directors' seats.	Achieved
Board members should include at least one female.	Achieved
Sufficient and diversified professional knowledge and skills	Achieved

The implementation of the board diversity policy is as follows:

Diversified core Name		Basic component						Professional background				Professional knowledge and skills						
		Nationality	Gender	Employee status	Age			Accounting	Industry	Finance	Technology	Operational Judgment	Management ability	Leadership decision-making	Crisis handling ability	Industry knowledge	International Market View	Law
					Age 41~50	Age 51~60	Age 61~70											
Director	Yen Ting Investment Co., Ltd. Legal Representative: Wu, Jui-Hsiung	R.O.C.	Male	✓			✓		✓		✓	✓	✓	✓	✓	✓	✓	
	Cheng Uei Precision Industry Co., Ltd. Legal Representative: Lin, Kuen-Huang		Male			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
	Cheng Uei Precision Industry Co., Ltd. Legal Representative: Liu, Su-Fang		Female			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
	Cheng Uei Precision Industry Co., Ltd. Legal Representative: Lo, Chih-We		Female		✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Independent Director	Li, Hsiao Wen		Male				✓		✓		✓	✓	✓	✓	✓	✓	✓	✓
	Tseng, Chen-Hsien		Male				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
	Liao, Fu-Lung		Male				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

B. Independence of the Board of Directors: The Company's Board of Directors has now seven members, including three independent directors and one director with employee status (respectively accounting for 42.86% and 14.29% of all directors). By the end of 2022, all independent directors are in compliance with the regulations of the Securities and Futures Bureau of the Financial Regulatory Commission on independent directors. In addition, there are no incidents in items 3 and 4 of Article 26-3 of the Securities and Exchange Act between directors and independent directors. The Company's Board of Directors is independent (please refer to pages 12-13 of this annual report - professional qualifications of directors and information disclosure on the independence of independent directors), the educational background, gender and work experience of each director (please refer to pages 9~10 of this annual report - Director Information).

(2) Information on the general manager, deputy general manager, associate managers, and supervisors of various departments and branches

April 17, 2023 Unit: thousand shares

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Degree	
General Manager	R.O.C.	Wu, Jui-Hsiung	Male	2002/11/01	3,884	3.28%	3,417	2.89%	0	0	Chairman, Well Shin Technology Co., Ltd.	(Note 1)	Special Assistant to the General Manager's Office General Manager of Kunshan Factory	Wu, Rui-Lian	second degree	(Note 2)
Special Assistant to the General Manager's Office	R.O.C.	Wu, Rui-Lian	Male	2020/7/22	458	0.39%	734	0.62%	0	0	Graduated from National United University Business Director of Sampo Co., Ltd. Associate Manager, Well Shin Technology Co., Ltd.	Chairman, Jilian Investment Co., Ltd.	Chairman of Kunshan Factory	Wu, Jui-Hsiung	second degree	None
General Manager of Kunshan Electronics Factory	R.O.C.	Wu, Rui-Wang	Male	2002/11/01	381	0.32%	185	0.16%	0	0	Graduated from National Taipei University of Technology Manager, Well Shin Technology Co., Ltd.	Director, Weiyin Investment Co., Ltd. Director and General Manager of Well Shin Electric (Kunshan) Co., Ltd. Director and General Manager of Well Shin Electric (Kunshan) Co., Ltd.	Chairman Special Assistant to the General Manager's Office	Wu, Jui-Hsiung	second degree	None
Associate Manager	R.O.C.	Liao, Hui-Ren	Male	2018/01/01	1	0.00%	0	0	0	0	Master of International Business Administration, National Chengchi University Well Shin Technology Co., Ltd.		—	—	—	None
Accounting Associate Manager	R.O.C.	Yu, Chia-Te	Male	2003/01/01	260	0.22%	0	0	0	0	Graduated from Department of Accounting, Tunghai University Assistant Manager, PwC Taiwan Project Manager, Cheng Uei Precision Industry Co., Ltd.		—	—	—	None
Information Associate Manager	R.O.C.	Chen, Shu-Juan	Female	2003/01/01	286	0.24%	0	0.00%	0	0	Graduated from Department of Computer Science, Ming Chuan School of Management Section Chief, HON HAI PRECISION INDUSTRY CO., LTD. Manager, Nucam Corporation	—	—	—	—	None
Financial Associate Manager	R.O.C.	Zhou, Huang-Qing	Male	2005/03/01	338	0.29%	7	0.01%	0	0	Graduated from Department of Accounting, Cultural University Business Assistant Manager, Dah-An Commercial Bank Associate Manager, Nucam Corporation	Chairman, Conntek Integrated Solutions Inc. Chairman, Cisko LLC.	—	—	—	None

Note 1: Chairman of Yanting Investment (Shares) Company, Director of Yanyi Investment (Shares) Company, Chairman and General Manager of Dongguan Well Shin Electronic Products Co., Ltd., Chairman of Well Shin Electric (Kunshan) Co., Ltd., Well Shin Electric (Kunshan) Co., Ltd. Chairman, Smart Think Technology Co., Ltd. Chairman, Great Hero Technology Co., Ltd. Chairman, Power Cord Designing Technology Co., Ltd. Chairman, Best Power Cord Designing Technology Co., Ltd. Chairman, Bright Designing Technology Co., Ltd. Chairman, Power Root Technology Co., Ltd. Chairman, Wise Giant Co., Ltd. Chairman and General Manager, Dongguan Plugo Electric Co., Ltd.

Note 2: If the chairman and the general manager or their equivalent (top manager) are the same person, spouses or first-degree relatives, they must explain the reasons, rationality, necessity and countermeasures (such as increasing the number of independent directors, and there should be more than half of the directors not concurrently serving as employees or managers) and other relevant information:

The chairman of the Company concurrently serves as the general manager to improve operating efficiency and decision-making execution ability, but in order to strengthen the independence of the Board of Directors, the Company also actively trains suitable candidates within the Company. In addition, the chairman also communicates closely with the directors on the current status of the Company's operations and plans to implement corporate governance. In the future, the Company plans to increase the number of independent directors to enhance the functions of the Board of Directors and strengthen the supervision function. At present, the Company has the following specific measures:

1. The current three independent directors are respectively specialized in the fields of financial accounting and law, and can effectively perform their supervisory functions.
2. Arrange for each director to participate in professional director courses provided by external institutions such as SFC every year, so as to enhance the operational efficiency of the Board of Directors.
3. Independent directors can fully discuss in the functional committees and put forward suggestions for the reference of the Board of Directors to implement corporate governance.
4. More than half of the directors of the Board of Directors do not concurrently serve as employees or managers of the Company.

3. Remuneration paid to directors, supervisors, general manager and deputy general manager in the most recent year

(1) 1. Remuneration of directors and independent directors

Unit: NT\$1,000 ; thousand shares

Title	Name	Remuneration								Ratio of the total amount of (A+B+C+D) vs Net profit after tax		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of the total amount of (A+B+C+D+E+F+G) vs Net profit after tax		Remuneration from ventures other than subsidiaries or from the parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G) (Note 3)						
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	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			
Cash	Stock	Cash	Stock																			
Chairman	Wu, Jui-Hsiung (Note 1)	0	0	0	0	0	0	0	0	0	0	4,529	6,021	108 (註 4)	108 (註 4)	2,200	0	2,200	0	6,837 0.90%	8,329 1.10%	None
Director	Lin, Kuen-Huang (Note 2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
Director	Liu, Su-Fang (Note 2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
Director	Lo, Chih-We (Note 2)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
Independent Director	Li, Hsiao Wen	0	0	0	0	263	263	0	0	0.03% 263	0.03% 263	0	0	0	0	0	0	0	0	263; 0.03%	263; 0.03%	None
Independent Director	Tseng, Chen-Hsien	0	0	0	0	263	263	0	0	0.03% 263	0.03% 263	0	0	0	0	0	0	0	0	263; 0.03	263; 0.03%	None
Independent Director	Liao, Fu-Lung	0	0	0	0	263	263	0	0	0.03% 263	0.03% 263	0	0	0	0	0	0	0	0	263; 0.03%	263; 0.03%	None
1.Please state the policies, systems, standards and structure of independent directors’ remuneration, and according to the responsibilities, risks, time invested and other factors, describe the relevance to the remuneration amount：The remuneration of independent directors of the company is based on the evaluation results of the Board of Directors Performance Evaluation Measures and the Remuneration Committee Charter. It considers individual responsibilities and time put in,and also refers to the individual performance achievement rate and contribution rate of independent directors to provide appropriate remuneration；and after the approval of the remuneration committee, it is submitted to the Board of Directors for approval. 2.Except as disclosed in the above table, the remuneration for the services provided for all companies in the financial report by the directors of the Company in the most recent year (such as providing consulting services as a non-employee of parent Company/all consolidated entities/non-consolidated affiliates)：Nil.																						

Note 1: The legal representative of Yanting Investment (Shares) Company.

Note 2: The legal representative of Cheng Uei Precision Industry Co., Ltd.

Note 3: The remuneration distribution in 2022 is a provisional estimate (it is estimated based on the distribution ratio in 2021).

Note 4: The Company has no actual payment amount in 2022, all of which are allocated amount.

2. Remuneration for manager and deputy general manager

Unit: NT\$1,000 ; thousand shares

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D) (Note1)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		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			
General Manager	Wu, Jui-Hsiung	4,024	5,515	108 (Note 2)	108 (Note 2)	506	506	2,200	0	2,200	0	6,837 0.90%	8,329 1.10%	None
Special Assistant to the General Manager's Office	Wu, Rui-Lian	2,688	2,688	108	108	300	300	1,056	0	1,056	0	4,152 0.55%	4,152 0.55%	None
Kunshan Electronics Factory General Manager	Wu, Rui-Wang	2,628	3,546	0 (Note 2)	0 (Note 2)	300	300	1,450	0	1,450	0	4,379 0.58%	5,297 0.70%	None

Note 1: The remuneration distribution in 2022 is a provisional estimate (it is estimated based on the distribution ratio in 2021).

Note 2: The Company has no actual payment amount in 2022, all of which are allocated amount.

3. The remuneration of the top five highest paid executives of listed OTC companies

Unit: NT\$1,000 ; thousand shares

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D) (Note1)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company
		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			
General Manager	Wu, Jui-Hsiung	4,024	5,515	108 (註 2)	108 (註 2)	506	506	2,200	0	2,200	0	6,837 0.90%	8,329 1.10%	None
Special Assistant to the General Manager's Office	Wu, Rui-Lian	2,688	2,688	108	108	300	300	1,056	0	1,056	0	4,152 0.55%	4,152 0.55%	None
Kunshan Electronics Factory General Manager	Wu, Rui-Wang	2,628	3,546	0 (註 2)	0 (註 2)	300	300	1,450	0	1,450	0	4,379 0.58%	5,297 0.70%	None
Accounting Associate Manager	Yu, Chia-Te	1,541	1,541	200	200	201	201	1,050	0	1,050	0	2,991 0.39%	2,991 0.39%	None
Financial Associate Manager	Zhou, Huang-Qing	1,694	1,694	100	100	198	198	1,050	0	1,050	0	3,042 0.4%	3,042 0.4%	None

Note 1: The remuneration distribution in 2022 is a provisional estimate (it is estimated based on the distribution ratio in 2021).

Note 2: The Company has no actual payment amount in 2022, all of which are allocated amount.

4. The name of the manager and the distribution of employee remuneration

December 31, 2022 ; Unit: NT\$ thousand

	Title	Name	Stock Amount	Cash Amount	Total	Proportion of total amount to net profit after tax (%)
Manager	General Manager	Wu, Jui-Hsiung	0	8,836 (Note1)	8,836 (Note 1)	1.16%
	Special Assistant to the General Manager's Office	Wu, Rui-Lian				
	General Manager of Kunshan Electronics Factory	Wu, Rui-Wang				
	Associate Manager	Zhou, Huang-Qing				
	Associate Manager	Yu, Chia-Te				
	Associate Manager	Chen, Shu-Juan				
	Associate Manager	Liao, Hui-Ren				

Note 1: The remuneration distribution in 2022 is a provisional estimate (it is estimated based on the distribution ratio in 2021).

(2) Analysis and comparison explaining the proportion of the total amount of remuneration paid to the Company's directors, general manager and deputy general managers in the last two years by the Company and all companies in its consolidated statements to the after-tax net profit, and explaining the policy, standard, combination, and setting of the remuneration paid procedures for determining remuneration, its relationship with business performance and future risks.

(1) The ratio of the total amount of remuneration paid to the Company's directors, general manager and deputy general managers in the last two years by the Company and all companies in the consolidated statement to the after-tax profit of individual or individual financial reports.

Unit: NT\$ thousand

Year Identity	2021(Note 1)		2022 (Note 1)	
	Total remuneration	Proportion of total amount to net profit after tax (%)	Total remuneration	Total after tax net profit ratio (%)
Directors (The Company and Consolidated Statements)	733	0.21%	790	0.10%
General Manager and Deputy General Manager of the Company	15,625	4.52%	15,368	2.02%
Consolidated statement general manager and deputy general manager	17,923	5.19%	17,778	2.34%

Note 1: 2021 shown in this table refers to the distribution of surplus in 2021, which will be distributed in 2022; the remuneration in 2022 is a provisional figure (estimated based on the estimated distribution ratio in 2021).

Note 2: The company has set up an audit committee to replace the power of the supervisor, so there is no remuneration for the supervisor.

(2) From the above table, it can be seen that the total amount of remuneration paid to directors, general managers and deputy general managers by the Company and its consolidated statements in the last two years accounted for a relatively equal proportion of after-tax net profit in individual or individual financial reports, and there was no obvious fluctuation.

(3) The remuneration payment policy, standard and combination of directors and managers of the Company, and its relevance to business performance and future risks:

The Company's remuneration paid to directors in 2021 and 2022 is clearly stipulated in its articles of association. In 2021 and 2022, it will be resolved by the board meeting and reported at the annual Shareholders' Meeting. The remuneration of the general manager and deputy general manager is determined by the Company's board meeting and in accordance with its salary management regulations.

Since the establishment of the Company's Remuneration Committee in December 2011, the remuneration amount of directors, managers and employees from 2011 are based on their duties, contributions, performance and consideration of the Company's future risks, which must be reviewed by the Remuneration Committee and reported to the Board of Directors for resolution.

4. Situation of corporate governance operation

(1) Operation of the Board of Directors:

The Board of Directors held seven meetings (A) in the most recent year, and the attendance of directors is as follows:

Title	Name	Actual number of attendances (B)	Number of delegated attendance	Actual attendance rate (%) (B/A)	Note
Chairman	Representative of Yen Ting Investment Co., Ltd.: Wu, Jui-Hsiung	7	0	100%	(B/A)
Director	Representative of Cheng Uei Precision Industry Co., Ltd.: Lin, Kuen-Huang	7	0	100%	(B/A)
Director	Representative of Cheng Uei Precision Industry Co., Ltd.: Liu, Su-Fang	7	0	100%	(B/A)
Director	Representative of Cheng Uei Precision Industry Co., Ltd.: Lo, Chih-We	7	0	100%	(B/A)
Independent Director	Li, Hsiao Wen	7	0	100%	(B/A)
Independent Director	Tseng, Chen-Hsien	7	0	100%	(B/A)
Independent Director	Liao, Fu-Lung	7	0	100%	(B/A)
Other matters to be recorded:					
1. If one of the following situations is found in the operation of the Board of Directors, the date, period, content of the proposal, opinions of all independent directors and the Company's handling of the opinions of independent directors shall be stated:					
(1) Items listed in Article 14-3 of the Securities Exchange Act: Please see Explanation 1 .					
(2) Except for the above-mentioned matters, other resolutions of the Board of Directors that have been opposed or reserved by independent directors and have records or written statements: None.					
2. The implementation of the recusal by directors of the proposals related to their interests shall state the name of the directors, the content of the proposals, the reasons for the recusal of the interests of directors, and the status of participation in voting: Please see Explanation 2 .					
3. Listed OTC companies should disclose information such as the evaluation cycle and period, evaluation scope, method, and evaluation content of the Board of Directors' self-evaluation (or among peers), and fill in Attachment (2) implementation status of board evaluation: Please see Explanation 3 .					
4. Evaluation of the objectives of strengthening the functions of the Board of Directors in the current year and the most recent year (such as establishing an audit committee, improving information transparency, etc.) and their implementation: Please see Explanation 4 .					

Explanation 1:

(1) Matters listed in Article 14-3 of the Securities and Exchange Act:

Board of Directors	Proposal content and follow-up processing	Matters listed in Article 14-3 of the Securities and Exchange Act:	Independent directors hold their objections or reservations
2022.03.25 The 1 st Board meeting in 2022	1. Proposal on the method and amount of remuneration for employees, directors and supervisors in 2021.	V	None
	2. Amendments to the "Procedures for Acquisition or Disposal of Assets".	V	None
	Opinions of independent directors: None		
	The Company's handling of opinions of independent directors: None		
2022.5.11 The 2 nd Board meeting in 2022	Resolution result: All directors present agreed to pass the resolution.		
	1. The case of entrusted construction of Changhua factory's own land.	V	None
	2. The case of the Company renewing the lease of its house in Fangyuan Township, Changhua County from a related party.	V	None
	Opinions of independent directors: None		
	The Company's handling of opinions of independent directors: None		
	Resolution result: All directors present agreed to pass the resolution.		

2022.8.11 The 4 th Board meeting in 2022	1. CONNTEK INTEGRATED SOLUTIONS INC., a 100% grandson subsidiary of the Company's investment, intends to apply for financing from the Company.	V	None
	Opinions of independent directors: None		
	The Company's handling of opinions of independent directors: None		
	Resolution result: All directors present agreed to pass the resolution.		
2022.11.10 The 5 th Board meeting in 2022	1. CONNTEK INTEGRATED SOLUTIONS INC., a 100% grandson subsidiary of the Company's investment, intends to apply for financing from the Company.	V	None
	2. CONNTEK INTEGRATED SOLUTIONS INC., a 100% grandson company re-invested by the Company, intends to apply for financing from CISKO LLC, another grandson company of the Company with 100% investment.	V	None
	3. Discussed and amended the Company's "Implementation Rules for Internal Audit".	V	None
	Opinions of independent directors: None		
	The Company's handling of opinions of independent directors: None		
	Resolution result: All directors present agreed to pass the resolution.		
2022.12.15 The 6 th Board meeting in 2022	1. Proposed a remuneration distribution plan for directors and managers in 2021.	V	None
	2. Discussed the year-end bonus payment case for the managers of the Company.	V	None
	Opinions of independent directors: None		
	The Company's handling of opinions of independent directors: None		
	Resolution result: Regarding items 1 and 2, except that Chairman Wu, Jui-Hsiung did not participate in the discussion of this case due to his avoidance of interests. After the acting chairman consulted all the directors remuneration committees present, it was passed without objection.		
2023.03.24 The 1 st Board meeting in 2023	1. Proposal on the method and amount of remuneration for employees, directors and supervisors in 2022.	V	None
	Opinions of independent directors: None		
	The Company's handling of opinions of independent directors: None		
	Resolution result: All directors present agreed to pass the resolution.		

Explanation 2 :

The implementation of the recusal by the directors of the proposals related to their interests shall state the name of the directors, the content of the proposals, the reasons for the recusal of the interests of the directors, and the status of participation in voting:

Board meeting	Proposal content and reasons for avoiding interests	Recused director's name	Name of directors participating in voting	Situation of recusal of directors from proposals related to their interests	Participation in voting
2022.5.11 The 2 nd Board meeting in 2022	Proposal content: 1. The case concerning the renewal of the lease of the company's premises in Hanbao Village, Fangyuan Township, Changhua County from Huang Xiuhao, a related party. Reasons to avoid: Directors Wu, Jui-Hsiung and Huang Xiuhao are both related parties, and should refrain from discussion and voting in accordance with the law because it is a matter involving their own interests.	Wu, Jui-Hsiung	Lin, Kuen-Huang Liu, Su-Fang Lo, Chih-We Li, Hsiao Wen Tseng, Chen-Hsien Liao, Fu-Lung	Wu, Jui-Hsiung did not participate in the discussion of this case due to his avoidance of interests. All the remaining directors attending the meeting passed without objection after being consulted by the acting chairman.	Wu, Jui-Hsiung did not participate in the discussion of this case due to his avoidance of interests. All the remaining directors attending the meeting passed without objection after being consulted by the acting chairman.
2022.12.15 The 6 th	Proposal content: 1. Proposed remuneration	Wu, Jui-Hsiung	Lin, Kuen-Huang	Since Wu, Jui-Hsiung had his	Since Wu, Jui-Hsiung had his

Board meeting in 2022	distribution for directors and managers in 2021. 2. Discussed the year-end bonus payment case for the managers of the company. Reasons to avoid: Director Wu, Jui-Hsiung has the identity of an employee, and the remuneration of directors and supervisors, the distribution of employee remuneration, and the payment of year-end bonuses to managers are matters involving his own interests, so he should avoid discussion and voting according to law.		Liu, Su-Fang Lo, Chih-Wei Li, Hsiao Wen Tseng, Chen-Hsien Liao, Fu-Lung	own interests in these two proposals, he avoided participating in the discussion and voting on these two proposals. After the acting chairman consulted with all the remaining directors present, they passed the proposal without objection.	own interests in these two proposals, he avoided participating in the discussion and voting on these two proposals. After the acting chairman consulted with all the remaining directors present, they passed the proposal without objection.
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Explanation 3 :

Information about the evaluation cycle and period, evaluation scope, method and evaluation content of the Board of Director's self-evaluation (or among peers):

Implementation status of board evaluation:

Item	Explanation
Evaluation cycle	Once a year
Evaluation period	2022/1/1~2022/12/31
Evaluation scope	Performance appraisal of the Board of Directors, board member appraisal, performance appraisal of functional committees
Evaluation method	The performance appraisal of the board of directors is self-evaluated by each director in the form of questionnaires.
Evaluation content	(1) Performance evaluation of the Board of Directors: including the degree of participation in the Company's operations, the quality of the decision-making of the Board of Directors, the composition and structure of the Board of Directors, the selection and appointment of directors and continuing education, and internal control. (2) Performance evaluation of individual directors: including mastery of company goals and tasks, awareness of director responsibilities, participation in company operations, internal relationship management and communication, professional and continuing education for directors, and internal control, etc. (3) Performance evaluation of functional committees: including the degree of participation in the Company's operations, awareness of the responsibilities of functional committees, decision-making quality of functional committees, composition and selection of members of functional committees, and internal control.
Evaluation result	The evaluation has been completed in the first quarter of 2023 and will be announced at the Public Information Observatory in accordance with regulations (1) Performance evaluation results of the Board of Directors: the functions of the Board of Directors have been effectively strengthened and the overall operation is good. (2) Performance evaluation results of individual directors: Most directors agree with the self-evaluation results of various indicators, and they have fully guided and supervised the Company's strategy. (3) Performance evaluation results of functional committees: Remuneration Committee: Appropriate and reasonable recommendations on the remuneration of the management, and its overall operation is good. Audit Committee: Exercising its due supervision and operating well as a whole.

Explanation 4 : Assessment of the goals of the current year and the most recent year to strengthen the functions of the Board of Directors (such as setting up an audit committee, improving information transparency, etc.) and implementation status:

The Company has set up the Remuneration Committee and the Audit Committee to assist the Board of Directors in performing their supervisory duties.

(2) The operation of the audit committee or the participation of supervisors in the operation of the Board of Directors

1. Operation of the Audit Committee:

Operation of the Audit Committee:

In the most recent year, the Audit Committee held a total of five meetings (A), and the attendance of independent directors is as follows:

Title	Name	Actual number of attendances (B)	Number of delegated attendance	Actual attendance rate (%) (B/A) (Note)	Note
Independent Director	Li, Hsiao Wen	5	0	100%	
Independent Director	Tseng, Chen-Hsien	5	0	100%	
Independent Director	Liao, Fu-Lung	5	0	100%	

Other matters to be recorded:

1. If the audit committee has any of the following situations during its operation, it shall state the date and period of the meeting, the content of the proposal, the independent director's objection, reserved opinion or major proposal content, the resolution result, and the Company's handling of the audit committee's opinion .

(1) Items listed in Article 14-5 of the Securities Exchange Act: Please refer to Explanation 1 for details.

(2) Except for the above-mentioned matters, other resolution matters that have not been approved by the audit committee and approved by more than two-thirds of all directors: None

2. The implementation of the recusal by independent directors of the proposals related to their interests shall state the name of the directors, the content of the proposals, the reasons for the recusal of the interests of independent directors, and the status of participation in voting: None.

3. Communication between independent directors and internal audit supervisors and accountants (should include major events, methods and results of the Company's financial and business conditions): Please refer to Explanation 2 for details

4. The focus of the Audit Committee's annual work and its operation: please refer to Explanation 3 for details

Explanation 1 :

(1)Matters listed in Article 14-5 of the Securities and Exchange Act: Reported to the Board of Directors after approval by the Audit Committee.

Audit Committee	Proposal content and follow-up processing	Matters listed in Article 14-5 of the Securities and Exchange Act	Contents of independent directors' objections, reservations, or major proposals	Other resolutions that have not been passed by the Audit Committee and approved by more than two-thirds of all directors:
2022.03.25 The 1 st Audit Committee meeting in 2022	1. The 2021 financial report, business report and profit distribution proposal.	V	None	None
	2. The 2021 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" case.	V	None	None
	3. Evaluation of the detached independence of accountants.	V	None	None
	4. Amendments to the "Procedures for Acquisition or Disposal of	V	None	None

	Assets".			
	Opinion of the Audit Committee: None			
	The Company's handling of the Audit Committee's opinion: None			
	Resolution result: approved by all audit committee members present.			
2022.05.11 The 2 nd Audit Committee meeting in 2022	1. Entrusted construction of Changhua factory's own land.	V	None	None
	2. The case of the Company renewing the lease of its house in Fangyuan Township, Changhua County from a related party.	V	None	None
	Opinion of the Audit Committee: None			
	The Company's handling of the Audit Committee's opinion: None			
	Resolution result: approved by all audit committee members present.			
2022.08.11 The 3 rd Audit Committee meeting in 2022	1. The Company's consolidated financial report for the second quarter of 2022.	V	None	None
	2. CONNTEK INTEGRATED SOLUTIONS INC., a 100% grandson subsidiary of the Company's investment, intends to apply for financing from the Company.	V	None	None
	Opinion of the Audit Committee: None			
	The Company's handling of the Audit Committee's opinion: None			
	Resolution result: approved by all audit committee members present.			
2022.11.10 The 4 th Audit Committee meeting in 2022	1. CONNTEK INTEGRATED SOLUTIONS INC., a 100% grandson subsidiary of the Company's investment, intends to apply for financing from the Company.	V	None	None
	2. CONNTEK INTEGRATED SOLUTIONS INC., a 100% grandson company re-invested by the Company, intends to apply for financing from CISKO LLC, another grandson company of the Company with 100% investment.	V	None	None
	3. Amended the Company's "Implementation Rules for Internal Audit".	V	None	None
	4. 2023 annual audit plan.	V	None	None
	Opinion of the Audit Committee: None			
	The Company's handling of the Audit Committee's opinion: None			
	Resolution result: approved by all audit committee members present.			
2023.03.24 The 1 st Audit Committee meeting in 2023	1. The 2022 financial report, business report and profit distribution proposal.	V	None	None
	2. The 2022 annual "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" proposals.	V	None	None
	3. Evaluation of the detached independence of accountants.	V	None	None
	4. Proposed to pre-approve the case of non-certification services provided by certified accountants, their firms, and firm affiliates to the Company and its subsidiaries.			
	Opinion of the Audit Committee: None			
	The Company's handling of the Audit Committee's opinion: None			
	Resolution result: approved by all audit committee members present.			

Explanation 2 :

1. The Audit Committee meeting held by the Company in 2022 is shown in Explanation 3 below.
The Company's audit supervisor submits a written report to the independent directors for review every month regarding the deficiencies in the previous month's audit and the improvement and

tracking. The independent directors have no objection to the report of the audit execution results. The Company holds a board meeting, and both independent directors and audit supervisors attend the meeting, and the audit supervisor reports on the internal audit work to the Board of Directors.

2. The Company's financial statements that have been reviewed or checked by certified accountants are sent to the Audit Committee for discussion, and after approval, they are submitted to the Board of Directors for a report or resolution. When auditing the financial report every quarter, the certified accountant issues a written communication letter to the independent directors, explaining the content and results of the audit work, and explaining the major accounting estimates and adjusting entries. Audit supervisors, accountants and independent directors can also communicate with each other at any time as needed.

Communication between independent directors and accountants

2022	Communication focus
2022.03.25 Communication letter with management unit	Consolidated financial statements and individual financial statements for 2021.
2022.05.11 Communication letter with management unit	Consolidated financial statements for the first quarter of 2022.
2022.08.11 Communication letter with management unit	Consolidated financial statements for the second quarter of 2022.
2022.11.10 Communication letter with management unit	Consolidated financial statements for the third quarter of 2022.
2023	Communication focus
2023.03.24 Communication letter with management unit	Consolidated financial statements and individual financial statements for 2022.

Explanation 3 :

The annual work focus of the Audit Committee and its operation:

- (1) The audit committee of the Company held four meetings in 2022 and one meeting so far in 2023, and all audit committee members attended each meeting. The main work priorities and powers are as follows:
 1. To formulate or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
 2. Assessment of the effectiveness of the internal control system.
 3. In accordance with the provisions of Article 36-1 of the Securities and Exchange Act, to formulate or amend the procedures for dealing with major financial business activities such as acquiring or disposing of assets, engaging in derivative commodity transactions, lending funds to others, and providing endorsements or guarantees for others .
 4. Matters involving the interests of directors themselves.
 5. Major asset or derivative commodity transactions.
 6. Major capital loans, endorsements or guarantees.
 7. Raising, issuing or private placement of securities with equity nature.
 8. Appointment, dismissal or remuneration of certified accountants.
 9. Appointment and dismissal of financial, accounting or internal audit supervisors.

10. The annual financial report signed or sealed by chairman, manager, and Accounting in charge, and the second quarter financial report that must be audited and signed by an accountant.
11. Other important matters stipulated by the Company or the competent authority.

(2) Operation of the Audit Committee in 2022 and 2023:

Meeting date	Contents of the proposal, resolution status and follow-up processing
2022.3.25	1. Contents of the proposal: (1) To report the implementation of internal audit business. (2) To discuss the 2021 financial report, business report and profit distribution. (3) To discuss the 2021 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement". (4) To discuss the assessment of the detached independence of accountants. (5) To discuss the amendment to the "Procedures for Handling Assets Acquisition or Disposal". 2. Results of the resolution of the Audit Committee: None
2022.5.11	1. Contents of the proposal: (1) The Company's consolidated financial report for the first quarter of 2022. (2) Report on the implementation of internal audit business. (3) Entrusted construction of Changhua factory's own land. (4) The Company renews the lease of its house in Fangyuan Township, Changhua County from related parties. 2. Results of the resolution of the Audit Committee: None
2022.8.11	1. Contents of the proposal: (1) The Company's consolidated financial report for the second quarter of 2022. . (2) Report on the implementation of internal audit business. (3) CONNTEK INTEGRATED SOLUTIONS INC., a 100% grandson subsidiary of the Company's investment, intends to apply for financing from the Company. 2. Results of the resolution of the Audit Committee: None
2022.11.10	1. Contents of the proposal: (1) The Company's consolidated financial report for the third quarter of 2022. (2) Report on the implementation of internal audit business. (3) To discuss the proposal of CONNTEK INTEGRATED SOLUTIONS INC., a 100% grandson subsidiary of the Company's investment, intends to apply for financing from the Company. (4) To discuss the proposal of CONNTEK INTEGRATED SOLUTIONS INC., a 100% grandson company re-invested by the Company, intends to apply for financing from CISKO LLC, another grandson company of the Company with 100% investment. (5) To discuss and amend the "internal major information processing procedures". (6) To discuss and amend the "Administrative Measures for Preventing Insider Trading". (7) To discuss and amend the Company's "Internal Audit Implementation Rules". (8) To discuss the 2023 annual audit plan. 2. Results of the resolution of the audit committee: no opinion
2023.3.24	1. Contents of the proposal: (1) Report the implementation of internal audit business. (2) An explanation of the Company's ability to prepare its own financial reports. (3) Discuss the 2022 financial report, business report and profit distribution proposal. (4) Discuss the 2022 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement". (5) Discuss the assessment of the detached independence of accountants. (6) Proposed to pre-approve the case of non-certification services provided by certified

	accountants, their firms, and firm affiliates to the Company and its subsidiaries. 2. Results of the resolution of the Audit Committee: None
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2. Participation of supervisors in the operation of the board of directors:
(The Company re-elected directors and supervisors at the Shareholders' Meeting on June 24, 2020, and elected three independent directors to set up an Audit Committee to replace the supervisor's authority, so there is no supervisor.)

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

Evaluation Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1.Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has a "Code of Practice on Corporate Governance" which is disclosed on its corporate website.	No major difference.
2. Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4) Does the company establish internal rules against insiders trading with undisclosed information?	V V V V		(1) The Company has set up a stock office to deal with shareholder’s suggestions or disputes. (2) The Company keeps track of the shareholdings of directors, managers and major shareholders holding more than 10% of the shares. (3) The Company has established "Group companies, specific companies and related party transaction procedures" and "Parent-subsidiary transaction processing principles" to control various risk mechanisms, and followed the internal control system to regularly check the relevant business of subsidiary enterprises. (4) The Company has management measures for preventing insider trading and internal major information processing procedures, and conducts irregular publicity.	No major difference. No major difference. No major difference. No major difference.
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	V		(1) The Company clearly regulates the diversity policy of the composition of the Board of Directors in Article 20 of the "Corporate Governance Code of Practice". The composition of the board is based on the practical needs of the Company's business development scale and the shareholding of major shareholders. When considering and screening candidates for directors, it is based on the principle of diversity, evaluating professional background, academic (experience), integrity or relevant professional qualifications, etc. The Company's board of directors and independent directors have a diverse composition of legal, financial, marketing, and industrial experience, and possess the expertise, skills, and accomplishments required to	No major difference.

Evaluation Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons				
	Yes	No	Abstract Illustration					
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? (3)Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection? (4)Does the company regularly evaluate the independence of CPAs?	V	V	perform their duties. There are 7 directors, of which 3 are independent directors, reaching more than one-third of the number of independent directors. Two female directors and the specific management goal of "directors who concurrently act as company managers do not exceed one-third of the directors' seats" and only one seat drive the Company to achieve its business decision-making and supervision functions. Please refer to pages 13-14 for details on the implementation of diversity among members of the Board of Directors.	No major difference.				
			(2) The Company has set up its remuneration committee and audit committee according to law. Other functional management is the responsibility of each department in charge, and no other functional committees are set up, which will be evaluated and established in the future as needed.		No major difference.			
			(3) On December 16, 2019, the Company passed the resolution of the board of directors to formulate the "Performance Evaluation Measures of the Board of Directors", and based on this, it conducts regular performance evaluation every year and submits it to the board as a reference for director remuneration and nomination for renewal.			No major difference.		
			(4) The Company’s Board of Directors reviews the independence and suitability of certified accountants every year. In addition to the evaluation of the aspects in the table below, it refers to the 13 project indicators of the audit quality indicators (AQIs) of accountants beginning in 2023.				No major difference.	
			Evaluation items					Evaluation results
			Financial interest					None
			Business relationship					None
			Firm size					OK
			Non-audit service items					OK
			Certification public fees					OK
Service quality	OK							
The accountant issued a "Declaration of Detached Independence" and submitted it to the Board of Directors for evaluation and								

Evaluation Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			review on March 25, 2022 and March 24, 2023.	
.Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		The Company's General Management Department is responsible for coordinating corporate governance-related affairs, supervising and assigning relevant work to relevant departments to promote corporate governance. The relevant scope of authority is as follows: 1. To provide the information required by the directors to execute their duties. 2. To plan the date and agenda of the board meeting, and notify the directors seven days before the meeting. If the topic should avoid interests, please remind in advance, and send the minutes of the board meeting within 20 days after the meeting. 3. To handle the Shareholders' Meeting according to the law, make the meeting notice, procedure manual, and minutes within the statutory time limit, and handle the change registration after the revision of the Company's Articles of Association and the reelection of directors.	No major difference.
5.Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company's website has a special area for interested parties, and there are dedicated personnel to answer various types of questions from interested parties.	No major difference.
6.Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company appoints a professional stock affairs agency - Grand Fortune Securities Co., Ltd. Stock Affairs Agency Department to handle the Company's stock affairs business.	No major difference.
7.Information Disclosure				
(1)Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1) The Company has set up a website with a special area for investors, where they can inquire about various financial information of the company.	No major difference.
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(2) The Company has a designated person responsible for the collection and disclosure of company information, and implements the spokesperson system in accordance with regulations.	No major difference.
(3) Does the company announce and report annual		V	(3) Although the Company did not announce and submit the	No major difference.

Evaluation Items	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?			annual financial report within two months after the end of the fiscal year, it always submitted the annual financial report before the prescribed deadline, and announced and submitted the financial reports of the first, second and third quarters and operating conditions for each month before the prescribed deadline.	
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		1. The Company has a retirement measure to stabilize the retirement life of employees. 2. The Company has sexual harassment prevention and punishment measures to provide a good working environment for employees. 3. The Company has work rules and actually implements the relevant content to safeguard the rights and interests of employees. 4. The attendance of the Company’s Board of Directors is good. 5. The Company purchases “director liability insurance” for directors. 6. Directors who have their own interests in the matters of the Board of Directors take their own avoidance and do not participate in voting.	No major difference.
9. According to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange Co., Ltd. in the most recent year, please explain the situation that has been improved, and propose priority strengthening matters and measures for those that have not improved. 1. Improved situation: Information disclosure in English. 2. The situation that has not been improved: To strengthen the disclosure of sustainable development and greenhouse gas emissions.				

- (4) If the company has established a remuneration committee, it shall disclose its composition, responsibilities and operation:

1. Composition:

The Company's remuneration committee is composed of three members, including three independent directors of the Company. The chairman of the fourth session of the remuneration committee is Mr. Li, Hsiao Wen, an independent director of the Company. For the constitution of the remuneration committee, please refer to the public information observatory information.

The Company approved the appointment of independent director Li, Hsiao Wen, independent director Tseng, Chen-Hsien, and Mr. Liao, Fu-Lung as members of the 4th Session of Remuneration Committee at the board meeting on July 15, 2020.

(1) Information on the members of the Remuneration Committee

Identity Name \ Condition		Professional qualifications and experience	Independence situation	Simultaneously serve as members of the remuneration committees of other public offering companies
Independent Director	Li, Hsiao Wen	The remuneration committee of the Company is composed of independent directors. Please refer to pages 12-13 for the disclosure of the professional qualifications and experience of independent directors.	(1) Non-employees of the Company or its affiliates. (2) Not a director or supervisor of the Company or its affiliates. (3) Non-self and their spouses, minor children, or natural person shareholders who hold more than 1% of the Company's total issued shares in the name of others or hold shares in the top ten. (4) Not the spouse, relative within the second degree or immediate blood relative within the third degree of the manager listed in (1) or the personnel listed in (2) and (3). (5) Not directors and supervisors of legal person shareholders who directly hold more than 5% of the Company's total issued shares, are among the top five shareholders, nor designate representatives to serve as company directors, supervisors or employees in accordance with Article 27, Item 1 or Item 2 of the Company Act. (6) Not directors, supervisors or employees of other companies controlled by the same person as the directors of the Company or more than half of the shares with voting rights. (7) Not a director (member), supervisor (auditor), or employee of another company or institution that is not the same person or spouse as the chairman, general manager, or equivalent of the Company. (8) Not a director (member), supervisor (auditor), manager, or shareholder holding more than 5% of the shares of a specific company or institution that has financial or business dealings with the Company. (9) Professionals, sole proprietorships, partnerships, business owners, partners, directors (members), supervisors (auditors), managers and their spouses of companies and institutions who have not provided auditing for the Company or affiliates or received remuneration in the last two years for business, legal, financial, accounting and other services. (10) No spouse or relative within the second degree of relationship with other directors.	None
Independent Director	Tseng, Chen-Hsien			None
Independent Director	Liao, Fu-Lung			None

2. Responsibilities:

The Remuneration Committee is responsible for assisting the Board of Directors in implementing and evaluating the Company's remuneration and policies, as well as the remuneration of directors, supervisors and managers.

3. Operating situation:

Mr. Li, Hsiao Wen, chairman of the fourth Remuneration Committee, was appointed by the Board of Directors on July 15, 2020 as the fourth Remuneration Committee member. As of April 30, 2023, three regular meetings were held. The attendance of the Remuneration Committee members is as follows:

Title	Name	Actual attendance	Attendance rate(%)	Concurrent duties	Note
Chairman	Li, Hsiao Wen	3	100%	Lawyer, Minde United Law Firm	Independent Director
Member	Tseng, Chen-Hsien	3	100%	None (Retired from Senior Associate Manager of E.Sun Bank.)	Independent Director
Member	Liao, Fu-Lung	3	100%	None (Retired from Senior Associate Manager of E.Sun Bank.)	Independent Director

(2) Information on the operation of the Remuneration Committee

1. There are three members in the Remuneration Committee of the Company.

2. The term of office of the current committee members: from July 15, 2020 to June 15, 2023. From the most recent year (2022) to April 30, 2023, the Remuneration Committee held a total of three meetings (A). The situation is as follows:

Title	Name	Actual attendance (B)	Number of delegated attendance	Actual attendance rate (%) (B / A) (Note)	Note
Convener	Li, Hsiao Wen	3	0	100%	
Member	Tseng, Chen-Hsien	3	0	100%	
Member	Liao, Fu-Lung	3	0	100%	

Other matters to be recorded:

- When the Board of Directors does not adopt or amends the proposal of the Remuneration Committee, it is necessary to state the date, session, content of the proposal, the result of the resolution of the Board of Directors, and the Company's handling of the opinions of the Remuneration Committee: None
- Resolutions of the Remuneration Committee: If members have objections or reservations and there are records or written statements, it is necessary to state the date, period, content of the proposal, opinions of all members and how to deal with the opinions of members: None
- The meeting proposals and resolution results of the Salary and Compensation Committee in the most recent year and the Company's handling of opinions of members.:

Remuneration Committee	Proposal content	Resolution result	The Company's handling of the opinions of the Remuneration Committee
The 4 th Session 4 th meeting 2022.3.25	1. The method and amount of remuneration for employees and directors in 2021.	After the chairman consulted all the remuneration committees present,	Submitted to the board of directors for approval by all

			it was passed without objection.	directors present.	
	The 4 th Session 5 th meeting 2022.12.15	2. The 2021 annual remuneration distribution plan for directors and managers. 2. Examined the Company's policies, systems, standards and structures related to the performance evaluation and salary of directors and managers. 3. Reviewed the Company's remuneration items in 2023. 4. Discussed the amount of year-end bonuses paid to the managers of the Company. 5. Discussed the work plan of the Company's Remuneration Committee in 2023.	After the chairman consulted all the remuneration committee members present, it was passed without objection.	Submitted to the board of directors for approval by all directors present.	
	The 4 th Session 6 th meeting 2023.3.24	1. The method and amount of remuneration for employees and directors in 2022.	After the chairman consulted all the remuneration committees present, it was passed without objection.	Submitted to the board of directors for approval by all directors present.	

Remarks stating the terms of reference of the Remuneration Committee are as follows:

With the attention of a good manager, it is necessary to faithfully perform the following functions and powers, and submit the proposed proposals to the board of directors for discussion:

1. Formulate and regularly review the policies, systems, standards and structures for performance evaluation and remuneration of directors, supervisors and managers.
2. Regularly assess and determine the remuneration of its directors, supervisors and managers. When performing the functions and powers of the preceding paragraph, the committee must follow the following principles:
 - a. The performance evaluation and remuneration of directors, supervisors and managers shall refer to the usual payment situation of the industry, and consider the rationality of the relationship with individual performance, company operating performance and future risks.
 - b. Directors and managers should not be induced to engage in any behavior that exceeds the company's risk appetite in pursuit of compensation.
 - c. Regarding the proportion of short-term performance bonuses for directors and senior managers and the payment timing of some variable remuneration, it should be determined by considering the characteristics of the industry and the nature of the company's business.

(3) Information and operation of the nomination committee members: Not applicable.

(5) Implementation of sustainable development promotion and difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons:

Implementation of sustainable development promotion and difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation (Note 2)	
1. Does company establish a governance structure to promote sustainable development, set up a full-time (part-time) unit to promote sustainable development, and the board of directors authorize senior management to handle it, and the supervision situation of the board of directors?			The Company has not formally set up a dedicated (part-time) unit to promote sustainable development, but this planning has been completed. In 2023, it will be proposed to the Board of Directors, and then a sustainable development promotion team will be established. Followings are to explain the sustainable development of the plan, and its governance structure: 1. Management policy: The sustainable development promotion team is established with the general manager as the convener and the senior department supervisors as the team leader. It is responsible for setting sustainable development issues, group integration and cross-departmental contact to ensure the implementation of sustainable development at all levels. 2. Strategy and goal formulation: Four groups are planned to be established under the Sustainable Development Promotion Committee; (1)Corporate Governance Team (referring to the implementation of laws and regulations, improving information transparency, strengthening the functions of the Board of Directors, and safeguarding shareholders' rights and interests). (2) Environmental sustainability team (referring to greenhouse gas management, water resources management, energy management, waste management). (3)Employee rights group (referring to education and training, human rights protection, salary bonuses, employee benefits, employee safety). (4) Social participation groups (referring to public welfare activities, community participation). 3. Review measures: The promotion team needs to report its implementation progress, results and future work plan to the Board of Directors every six	In 2023, a proposal will be submitted to the Board of Directors for the establishment of a sustainable development promotion team, with the general manager serving as the convener and the senior department supervisors as the team leader. It is responsible for setting sustainable development issues, group integration and cross-departmental contact to ensure the implementation of sustainable development at all levels. This promotion team plans to set up four groups: 1. Corporate Governance Group 2. Environmental Sustainability Group 3. Social Engagement Group 4. Employee rights group The promotion team needs to report its implementation progress, results and future work plan to the Board of Directors every six months. The board supervises the

			months. The board supervises the progress of each implementation based on the report of the promotion team, examines the effectiveness of the implementation results, and adjusts its implementation direction and goals in a timely manner.	progress of each implementation based on the report of the promotion team, examines the effectiveness of the implementation results, and adjusts its implementation direction and goals in a timely manner.														
2. Does the company conduct risk assessments on environmental, social, and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies? (Note 3)	V		Based on the principle of the materiality of corporate social responsibility, the Company conducts risk assessments on related issues, and formulates its risk management policies or strategies based on the assessment of risks as follows: <table><tr><td>Major issues</td><td>Risk assessment project</td><td>Risk management policy or strategy</td></tr><tr><td>Environment</td><td>Environmental protection</td><td>1. Promote the Sbti carbon reduction target. 2. Promote green factory certification.</td></tr><tr><td rowspan="2">Society</td><td>Safe living and working environment</td><td>1. Provide a healthy living and working environment for employees. 2. Regular health checks for employees. 3. Provide employees with appropriate education and training and safety protection equipment. 4. Identify various hazards and risks and formulate a plan to control and respond.</td></tr><tr><td>Product safety</td><td>1. The Company's products are manufactured in accordance with the safety standards of various countries. 2. The Company purchases product liability insurance of USD 10 million.</td></tr><tr><td>Corporate governance</td><td>Compliance with the law</td><td>Implement the internal system control mechanism and ensure that all operations follow laws and regulations.</td></tr></table>	Major issues	Risk assessment project	Risk management policy or strategy	Environment	Environmental protection	1. Promote the Sbti carbon reduction target. 2. Promote green factory certification.	Society	Safe living and working environment	1. Provide a healthy living and working environment for employees. 2. Regular health checks for employees. 3. Provide employees with appropriate education and training and safety protection equipment. 4. Identify various hazards and risks and formulate a plan to control and respond.	Product safety	1. The Company's products are manufactured in accordance with the safety standards of various countries. 2. The Company purchases product liability insurance of USD 10 million.	Corporate governance	Compliance with the law	Implement the internal system control mechanism and ensure that all operations follow laws and regulations.	No major difference
Major issues	Risk assessment project	Risk management policy or strategy																
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Corporate governance	Compliance with the law	Implement the internal system control mechanism and ensure that all operations follow laws and regulations.																

3. Environmental issues																												
(1) Does the company establish proper environmental management systems based on the characteristics of their industries?			The Company's Kunshan factory has obtained ISO14001 environmental management system certification.	No major difference																								
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?			The Company actively improves the manufacturing process, replaces old machines with new ones and introduces automated production. It also plans to introduce solar power generation to improve energy efficiency, save energy and increase production efficiency. The Company's production and operation aids in the factory, such as cartons, bags, and blister boxes, are mostly recycled and reused, and records are made and implemented. The production design process minimizes waste and waste materials. After production, the waste materials are sorted and entrusted to organizations certified by waste removal permits for recycling and reuse.	No major difference																								
(3) Does the company evaluate potential risks and opportunities brought by climate change, and take response measures to climate-related issues?			<table><tr><td colspan="3">The Company continues to pay attention to global climate change. According to TCFD on the risks and opportunities of the company's business activities, the selected assessment items and response measures are as follows:</td></tr><tr><td>Risk item</td><td>Risk factors</td><td>Response policy</td></tr><tr><td>Market risk</td><td>Failure to reach the customer's carbon reduction target affects sales performance.</td><td>Formulate energy saving and carbon reduction goals, continuously improve the process, and promote Sbti's carbon reduction goals to meet customer environmental protection needs.</td></tr><tr><td>Policy and regulatory risk</td><td>Various countries propose carbon emission policies and laws, resulting in increased production costs.</td><td>Set emission reduction targets in line with government policies to improve energy efficiency.</td></tr><tr><td>Climate disaster risk</td><td>Due to extreme weather such as typhoons, floods, and heat waves, water supply, power outages, and transportation are blocked.</td><td>Disperse production bases and supplier sources, formulate various natural disaster response plans, and strengthen simulation drills.</td></tr><tr><td colspan="3"></td></tr><tr><td>Opportunity item</td><td>Chance factor</td><td>Response policy</td></tr><tr><td>Resource efficiency</td><td>Replace old machines with new ones, use multiple energy</td><td>Install energy management monitoring equipment and introduce solar power</td></tr></table>	The Company continues to pay attention to global climate change. According to TCFD on the risks and opportunities of the company's business activities, the selected assessment items and response measures are as follows:			Risk item	Risk factors	Response policy	Market risk	Failure to reach the customer's carbon reduction target affects sales performance.	Formulate energy saving and carbon reduction goals, continuously improve the process, and promote Sbti's carbon reduction goals to meet customer environmental protection needs.	Policy and regulatory risk	Various countries propose carbon emission policies and laws, resulting in increased production costs.	Set emission reduction targets in line with government policies to improve energy efficiency.	Climate disaster risk	Due to extreme weather such as typhoons, floods, and heat waves, water supply, power outages, and transportation are blocked.	Disperse production bases and supplier sources, formulate various natural disaster response plans, and strengthen simulation drills.				Opportunity item	Chance factor	Response policy	Resource efficiency	Replace old machines with new ones, use multiple energy	Install energy management monitoring equipment and introduce solar power	No major difference
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Resource efficiency	Replace old machines with new ones, use multiple energy	Install energy management monitoring equipment and introduce solar power																										

					sources for production, and reduce production costs.	generation.																																
				Market opportunities	Increased demand for low-carbon products, such as electric vehicle accessories, will drive growth in business scale.	The Company's main products are power cables, in line with the market trend of low-carbon products, and will develop products required by customers in the future.																																
(4) Does the company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years, as well as establish company strategies for energy conservation, carbon reduction, water use reduction, and other waste management?			The greenhouse gas emissions, water consumption and total waste weight of the Company's main production plants (Dongguan, Kunshan, Changhua) and the head office in the past two years are as follows: Greenhouse gases Unit: tons of CO2<table><tr><th>Year</th><th>Category 1</th><th>Category 2</th><th>Category 3</th><th>Unit emissions (per million revenue)</th></tr><tr><td>2022</td><td>407</td><td>20,809</td><td>71</td><td>3.45</td></tr><tr><td>2021</td><td>532</td><td>21,767</td><td>91</td><td>4.01</td></tr></table> The Company follows the ISO14064 international standard and related management methods to conduct an inventory of energy demand and greenhouse gas emissions in business activities. Based on the results of the investigation, improvement plans and measures are formulated to actively promote the reduction of various greenhouse gas emissions in order to reduce the impact on the environment and climate caused by global warming. Water consumption Unit: metric ton<table><tr><th>Year</th><th>Water consumption</th><th>Water intensity (per million revenue)</th></tr><tr><td>2022</td><td>109,937</td><td>17.85</td></tr><tr><td>2021</td><td>137,065</td><td>24.55</td></tr></table> The Company implements process water recycling, regular maintenance of water pipes, water-saving valves and other saving measures to prevent waste of water resources. The management unit strengthens the supervision of water consumption and conducts water publicity and education for all employees to enhance water-saving awareness. Waste management Unit: metric ton<table><tr><th>Year</th><th>Waste weight</th><th>Intensity (per million revenue)</th></tr><tr><td>2022</td><td>96</td><td>0.016</td></tr></table>				Year	Category 1	Category 2	Category 3	Unit emissions (per million revenue)	2022	407	20,809	71	3.45	2021	532	21,767	91	4.01	Year	Water consumption	Water intensity (per million revenue)	2022	109,937	17.85	2021	137,065	24.55	Year	Waste weight	Intensity (per million revenue)	2022	96	0.016	No major difference	
Year	Category 1	Category 2	Category 3	Unit emissions (per million revenue)																																		
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				2021	105	0.019		
				The Company's process waste management policy: source development management, process waste reduction and terminal recycling classification are three stages of waste management. In terms of domestic waste, the use of environmentally friendly appliances is advocated, and employees are required to carry out waste classification to achieve waste reduction.				
4. Social issues								
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V			(1) The Company abides by the Labor Standards Act, the internationally recognized basic human rights principles, and local labor protection laws and regulations. In addition, in accordance with the Responsible Business Alliance Code of Conduct, the relevant human rights regulations and labor standards are incorporated into the company's management policies.				No major difference
Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V			(2) The Company has established various employee welfare measures in accordance with the law, such as salary management, leave management, education and training, performance bonuses, year-end bonuses and performance bonuses, and has established an employee welfare committee to provide travel subsidies for colleagues and monthly birthday celebration subsidies, and marriage, childbirth, hospitalization, and funeral allowances. Based on the annual operating performance, departmental performance management, and individual assessment contribution performance, the company has established a reasonable employee salary and bonus payment policy in combination with relevant regulations on rewards and punishments.				No major difference
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V			(3) The Company regularly implements labor safety publicity, firefighting, safety drills and lectures, employee health checks and publicizes safety and hygiene work rules for employees. In order to prevent occupational accidents and protect the safety and health of employees, the Company has set up a safety and hygiene management office according to law, and formulated "safety and hygiene work rules" and "occupational safety and hygiene management regulations" to standardize the safety and hygiene of the working environment, and conduct regular fire safety, safety and hygiene course education and training. The Company also organizes employee health checks, employs full-time nurses to the factory to care for the physical and mental health of employees, creates a healthy workplace culture, and prevents occupational injuries and diseases.				No major difference
(4) Does the company provide its employees with effective career development and training sessions?	V							
(5) Does the company comply with the related laws and regulations and international standards regarding the customer health and safety, customer privacy, marking communication, and labeling of its products and services and establish policies to protect the rights and interests of customers or clients and procedures for grievances?	V							
(6) Does the company have a supplier management policy, require suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights, and what is its implementation status?								

			And in accordance with the "Occupational Safety and Health Act", there is an operating environment monitoring plan, and carbon dioxide concentration monitoring is regularly carried out at the workplace to implement a safe and healthy working environment for employees.										
			(4) Each department of the Company implements education and training courses on a quarterly basis to provide colleagues with relevant functional training, and to be familiar with the latest laws and operating methods as the basis for talent training. New employees also receive irregular education and training. Each department provides new employees with basic knowledge to understand the Company's norms and culture, and integrate into the work they are responsible for as soon as possible. (5) The Company's main products are power cables, all of which must be marked in accordance with the safety regulations of various countries. (6) The Company has a supplier code of conduct, a letter of commitment, and an environmental agreement, which contain detailed specifications for supplier development review, evaluation, environmental and social responsibility commitments, and intellectual property rights. This is to ensure that suppliers provide good quality products, conform to the trend of social development, and promise to protect the rights and interests of employees and improve the health and safety of employees, so as to meet social responsibility and regulatory requirements. If the supplier violates the relevant regulations, the Company may claim to terminate or rescind the contract. The Company has formulated "supplier evaluation management measures", the main process is as follows: <table><tr><td>Supplier selection and evaluation</td><td>After the investigation and selection of suppliers, evaluations are carried out in written, sample and on-the-spot ways.</td></tr><tr><td>Supplier monthly evaluation</td><td>Monthly evaluation is carried out according to quality, delivery time, service and other items.</td></tr><tr><td>Supplier regular audit</td><td>Based on the monthly evaluation scores of the previous year and the principle of evaluation once a year, audits are conducted on the supplier's quality system, environment-related substance control, social responsibility, and hygiene and safety.</td></tr><tr><td>Supplier training</td><td>In principle, once a year, but it can be done at any time when necessary, in order to train suppliers to meet the latest international regulations, meet customer quality</td></tr></table>	Supplier selection and evaluation	After the investigation and selection of suppliers, evaluations are carried out in written, sample and on-the-spot ways.	Supplier monthly evaluation	Monthly evaluation is carried out according to quality, delivery time, service and other items.	Supplier regular audit	Based on the monthly evaluation scores of the previous year and the principle of evaluation once a year, audits are conducted on the supplier's quality system, environment-related substance control, social responsibility, and hygiene and safety.	Supplier training	In principle, once a year, but it can be done at any time when necessary, in order to train suppliers to meet the latest international regulations, meet customer quality	No major difference No major difference No major difference	
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Supplier regular audit	Based on the monthly evaluation scores of the previous year and the principle of evaluation once a year, audits are conducted on the supplier's quality system, environment-related substance control, social responsibility, and hygiene and safety.												
Supplier training	In principle, once a year, but it can be done at any time when necessary, in order to train suppliers to meet the latest international regulations, meet customer quality												

					requirements or not violate prohibited substance regulations.	
				Supplier evaluation performance management	Appropriate rewards and punishments will be given according to the comprehensive calculation and evaluation of the supplier's monthly assessment and regular audit scores.	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as sustainable reports? Do the reports above obtain assurance from a third party verification unit?			V	The Company has not yet compiled a corporate social responsibility report, and will prepare it with reference to internationally accepted standards in the future.		Relevant matters are still under planning. The Company is currently starting to collect data by referring to the contents of sustainable corporate responsibility reports of other listed companies. It is expected to start compiling the sustainability report in 2024.
6. If the Company has established the Sustainable Development principles based on “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: The Company established a code of practice for sustainable development in December 2022, and is currently gradually promoting its contents.						
7. Other important information that helps understand the implementation of sustainable development: (1) The Company's environmental protection policy: cherish resources, love the earth, do not waste, do not pollute, abide by relevant environmental protection laws and regulations and customer environmental protection needs. (2) Environmental protection: The Company's waste materials are recycled and reused by organizations with waste removal permit certification. (3) Community participation, social contribution, social service, and social welfare: Donate masks, join the ranks of local epidemic prevention volunteers, and assist local neighborhoods in garbage sorting activities. (4) Consumer rights and interests: The Company purchases USD 10 million product liability insurance.						

Note 1: It refers to the implementation situation. If you tick "Yes", please specify the important policies adopted and the implementation situation. If you tick “No”, please explain the differences and reasons in the column of “Differences and Reasons from the Code of Practice for Sustainable Development of Listed/OTC Companies”, and explain the plan to adopt relevant policies, strategies and measures in the future. Regarding promotion items 1 and 2, listed/OTC companies should describe the governance and supervision structure of sustainable development, including but not limited to management guidelines, strategy and goal formulation, review measures, etc. It also describes the company's risk management policies or strategies for environmental, social and corporate governance issues related to operations, and its assessment status.

Note 2: The principle of materiality refers to issues related to environment, society and corporate governance that will have a significant impact on company investors and other stakeholders.

Note 3: For the method of disclosure, please refer to the best practice reference examples on the TWSE’s governance center website.

(6) Implementation of Ethical Corporate Management and Measures Adopted and Deviations from the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons:

Implementation of Ethical Corporate Management and Measures Adopted and Deviations from the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons

Evaluation Item	Implementation Status			Status on discrepancy and reasons in relation to the best practices governing ethical corporate management of TWSE/TPEX listed companies
	Yes	No	Abstract Explanation	
1. Establishment of ethical corporate management policies and programs (1) Does the company establish an ethical corporate management policy that was approved by the Board of Directors, and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies? (2) Does the company establish mechanisms for assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes preventive measures for conduct specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies? (3) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies and periodically review and revise the plan?	V		(1) The Company has a code of integrity management approved by the board of directors, which is disclosed on its website.	No major difference.
	V		(2) The Company's "Integrity Management Operation Procedures and Behavior Guide" clearly prohibits bribery and bribery offering or accepting improper benefits, not providing or promising facilitation payments, not providing illegal political contributions, improper charitable donations or sponsorship, leakage of business secrets and dishonest behaviors have taken preventive measures.	No major difference.
	V		(3) The Company has "Integrity Management Operation Procedures and Behavior Guidelines", which clearly stipulates the handling procedures and related norms of each plan.	No major difference.
2. Fulfill operations integrity policy (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts? (2) Does the company establish a dedicated unit under the board of directors to promote ethical corporate management, and periodically (at least once a year) report to the Board of Directors and supervise the implementation of the ethical corporate management policy and unethical conduct prevention plan? (3) Does the company establish policies to prevent conflicts of	V		(1) The Company has a transaction commitment in the "Supplier Code and Commitment Letter" in the supplier manual: Do not make any bribes or engage in improper interests to the Company's employees or related persons.	No major difference.
	V		(2) The Company's General Management Department is responsible for promoting integrity management of enterprise. On December 23, 2022, it sent an integrity management briefing to all directors and employees to conduct publicity and education, asking colleagues to pay	No major difference.

Evaluation Item	Implementation Status			Status on discrepancy and reasons in relation to the best practices governing ethical corporate management of TWSE/TPEX listed companies
	Yes	No	Abstract Explanation	
interest and provide appropriate communication channels, and implement it? (4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors unit formulate audit plans based on unethical conduct risk assessment results, and does it audit compliance with the unethical conduct prevention plan or CPAs to perform the audit? (5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		attention to matters when performing business, and reported to the Board of Directors on March 24, 2023. (3) The Company's service contract prevents direct or indirect profit-seeking behaviors of employees and related parties. Those who need to make a statement can report to the legal and audit departments. (4) In order to implement integrity management, the Company has established a control mechanism in the accounting system and internal control system. The Audit Department is based on various annual audit plans to strengthen prevention of high-risk operations. (5) On December 23, 2022, the Company conducted an integrity management policy publicity for the current directors and all employees, with a total of 198 person-times. The syllabus of the course includes an explanation of the purpose of the "Code of Integrity Management", the objects subject to regulation, what is dishonest behavior, and the scope of preventing dishonest behavior.	No major difference. No major difference. No major difference.
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (2) Does the company establish standard operating procedures for confidential reporting on subsequent measures and investigating accusation cases after completing investigation? (3) Does the company provide proper whistleblower protection?	V		(1) The Company has established a code of ethical conduct to encourage the reporting of any illegal and unethical behavior, and has set up a reporting mailbox for dedicated personnel to handle related matters. (2) The Company formulates whistleblowing system procedures, and carefully investigates and collects evidence in a confidential manner. (3) The Company accepts reports and keeps confidential and protects the identity of the whistleblower.	No major difference No major difference. No major difference.
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		(1) The Company discloses the code of integrity management on the website.	No major difference.
5.If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: None				

Evaluation Item	Implementation Status			Status on discrepancy and reasons in relation to the best practices governing ethical corporate management of TWSE/TPEx listed companies
	Yes	No	Abstract Explanation	
6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies: None				

(7) If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched : None

(8) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed : None

(9) Internal control status

1. Internal control statement:

Well Shin Technology Co., Ltd.
Internal Control Statement

Date: March 24, 2023

The Company's internal control system for 2022 is based on the results of its self-assessment, and hereby declares as follows:

1. The Company is well aware that the establishment, implementation and maintenance of an internal control system is the responsibility of its Board of Directors and managers, and the Company has already established such a system. Its purpose is to achieve the goals of operation effectiveness and efficiency (including profit, performance, and asset security protection, etc.), report reliability, timeliness, transparency, and compliance with relevant norms and laws and regulations, and provide reasonable assurance.
2. Due to the inherent limitations of the internal control system, no matter how perfect the design is, an effective internal control system can only provide reasonable guarantees for the achievement of the above three objectives. Moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the company's internal control system has a self-monitoring mechanism, and corrective actions will be taken as soon as a deficiency is identified.
3. The Company judges whether the design and implementation of the system are effective based on the items for judging the effectiveness of the internal control system stipulated in the "Guidelines for the Establishment of Internal Control Systems by Public Offering Companies" (hereinafter referred to as "the Guidelines"). The internal control system judgment items adopted in the "Processing Criteria" follow the process of management control and divide the internal control system into five components: (i.) Control environment, (ii.) Risk assessment, (iii.) Control operations, (iv.) Information and communication, and (v.) Supervise operations. The elements of each component include several items. For the aforementioned items, please refer to the provisions of the "Handling Guidelines".
4. The Company has now adopted the above-mentioned internal control system to judge projects and evaluate the effectiveness of the design and implementation of its internal control system.
5. Based on the inspection results of the preceding paragraph, the Company believes that its internal control system (including the supervision and management of subsidiaries) on December 31, 2022, covering the understanding of the effect of operations and the degree of achievement of efficiency goals, and the reporting system are all reliable, timely, transparent and compliance with regulations and relevant laws and regulations. The design and implementation of relevant internal control systems are effective and can reasonably ensure the achievement of the above goals.
6. This statement is the main content of the Company's annual report and prospectus, and will be made public. If falsehood, concealment, or other illegal matters are found in the above-mentioned disclosed content, it will involve legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was approved by the Company's Board of Directors on March 24, 2023. Among the seven directors present, none of them held objections. All of them agreed with the content of this statement, and hereby declare.

Well Shin Technology Co., Ltd.

Chairman: Signature

General Manager: Signature

2. If an accountant is commissioned to review the internal control system, the audit report of the accountant shall be disclosed: None.

(10) In the most recent year and as of the publication date of this annual report, the company and its internal personnel have been punished according to law, or the Company has punished its internal personnel for violating internal control system regulations, and the punishment results may have a significant impact on shareholders' rights and interests or securities prices. For influencers, it is necessary to list their punishment contents, main deficiencies and improvement situation: None.

(11) In the most recent year and up to the date of publication of this annual report, review of the important resolutions of the Shareholders' Meeting and the Board of Directors and the resolutions of the shareholders' regular meeting and their implementation:

1. Important resolutions of the Shareholders' Meeting and the Board of Directors in the most recent year and as of the date of publication of this annual report:

Date	Category	Important Resolutions
2022.3.25	Board meeting	1. Report items: (1) Report on the implementation of internal audit matters. (2) The performance evaluation report of the Board of Directors for 2021. (3) A report on the implementation of the corporate integrity management policy in 2021. 2. Discussion items: (1)The Company's business plan for 2022. (2)The "Evaluation of the Effectiveness of the Internal Control System" and the "Statement of the Internal Control System" in 2021. (3)The case of assessing the detached independence of accountants. (4)The distribution method and amount of remuneration for employees and directors in 2021. (5)The 2021 financial report, business report and profit distribution proposal. (6)The 2021 annual surplus distribution cash dividend case. (7)Amendments to the Company's Articles of Association. (8)Amendments to the "Procedures for Handling Assets acquisition or Disposal". (9) In response to business development and financial management needs, the Company plans to apply for a short-term credit line from the bank. (10)Matters related to the acceptance of shareholders' proposals at the 2022 ordinary meeting of shareholders. (11)To formulate a proposal on matters related to the 2022 ordinary shareholders meeting.
2022.05.11	Board meeting	1. Report items: (1) The Company's consolidated financial report for the first quarter of 2022. (2) A report on the implementation of internal audit matters. (3) The planning report of the greenhouse gas inventory and verification schedule. 2. Discussion items: (1) In response to business development and financial management needs, the Company intends to apply for a short-term credit line from the following banks. (2) Entrusted construction of the Changhua factory's own land.

		(3) The Company renews the lease from the related person Huang Xiu hao at No. 216, 218, and 220, Caohan North Road, Neighborhood 019, Hanbao Village, Fangyuan Township, Changhua County.
2022.07.14	Board meeting	1. Report items: (1) The Company purchases liability insurance for directors. 2. Discussion items: (1) The base date of the Company's 2021 surplus distribution cash dividend and its distribution date. (2) In response to business development and financial management needs, the Company intends to apply for a credit line from the bank.
2022.08.11	Board meeting	1. Report items: (1) The Company's consolidated financial report for the second quarter of 2022. (2) A report on the implementation of internal audit matters. (3) The planning report of the greenhouse gas inventory and verification schedule. 2. Discussion items: (1) CONNTEK INTEGRATED SOLUTIONS INC., a grandson company invested 100% by the Company, intends to apply for financing from the Company.
2022.11.10	Board meeting	1. Report items: (1) The Company's consolidated financial report for the third quarter of 2022. (2) A report on the implementation of internal audit matters. 2. Discussion items: (1) CONNTEK INTEGRATED SOLUTIONS INC., a grandson company invested 100% by the Company, intends to apply for financing from the Company. (2) CONNTEK INTEGRATED SOLUTIONS INC., a 100% grandson company re-invested by the Company, intends to apply for financing from CISCO LLC, another grandson company of the Company with 100% investment. (3) Amending the Company's "Internal Material Information Processing Procedures." (4) Amending the "Administrative Measures for Preventing Insider Trading". (5) Amending the "Internal Audit Implementation Rules". (6) Discussed the audit plan for 2023.
2022.12.15	Board meeting	1. Report items: (1) Planning report on greenhouse gas inventory and verification schedule. 2. Discussion items: (1) Distribution of remuneration for directors and managers in 2021. (2) The amount of year-end bonuses paid to the managers of the Company. (3) In response to business development and financial management needs, the company intends to apply for a short-term credit line from the bank. (4) Renewal of the Company's "Code of Practice for Sustainable Development".
2023.3.24	Board meeting	1. Report items: (1) Implementation of internal audit matters. (2) 2022 Annual Board Performance Evaluation Report. (3) The implementation of policies to promote corporate integrity management in 2022. (4) The greenhouse gas inventory and verification schedule planning report of the Company and its consolidated subsidiaries. (5) An explanation of the Company's ability to prepare its own financial reports. 2. Discussion items: (1) The company's 2023 business plan.

		(2) Regarding the "Evaluation of the Effectiveness of the Internal Control System" and the "Statement of the Internal Control System" in 2022. (3) Evaluation of the detached independence of accountants. (4) The method and amount of remuneration for employees and directors in 2022. (5) 2022 financial report, business report and profit distribution case. (6) The case of cash dividend distribution of surplus in 2022. (7) Amending the "Rules of Procedure for Shareholders' Meetings". (8) Amending the "Standards of Procedures of the Board of Directors". (9) In response to business development and financial management needs, the company intends to apply to the bank for a short-term credit line. (10) Election of the 8th session of directors. (11) Nomination and approval of candidates for directors and independent directors. (12) Removal of restrictions on non-competition for new directors and their representatives (13) Accept shareholders' general meeting proposals and proposals for nominating directors (including independent directors) candidates list, nomination period, number of candidates and the acceptance place. (14) To formulate matters related to the 2023 ordinary shareholders meeting.
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2. Review on the implementation of the resolutions of the most recent annual general meeting of shareholders:

Contents of important resolutions passed at the 2022 general meeting of shareholders and their implementation:

The implementation status and review of the resolutions passed at the shareholders' regular meeting on June 24, 2022	1. Approved the 2021 annual business report and financial report: Implementation status: Implementation completed. 2. Approved the 2021 surplus distribution plan: Implementation status: August 7, 2022 is hereby set as the distribution base date, and August 26, 2022 is the distribution date. (Cash dividend NT\$2.0 per share.): Implementation completed.
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(12) In the most recent year and as of the date of publication of this annual report, directors or supervisors have different opinions on important resolutions passed by the Board of Directors and there are records or written statements, and their main contents: None.

(13) Summary of the resignations and dismissals of the company's chairman, general manager, Accounting in charge, financial supervisor, internal audit supervisor, corporate governance supervisor, and R&D supervisor in the most recent year and as of the publication date of this annual report: None.

5. Information on the professional fees of the attesting CPAs

Amount Unit: NT\$1,000

Name of accounting firm	Name of accountants		Accountant review period	Public fees	Non-public fees	Total	Note
PwC Taiwan	Zhou Xiaozhi	Liang Yizhang	2022/01/01~2022/12/31	3,250	350	3,600	

Note: Non-audit fees include transfer pricing report.

1. If the accounting firm is changed and the audit fee paid in the replacement year is lower than the audit fee in the previous year, the amount of audit fees before and after the replacement and the reason must be disclosed: None.

2. Where audit fees have decreased by more than 10% compared to the previous year, the amount, proportion and reasons for the decrease in audit fees must be disclosed: None.

The so-called audit fee refers to the Company's payment to certified accountants for financial report inspection, review, re-examination and financial forecasting.

6. Information on change of accountant: The company has not changed its accountant in the last two years and thereafter.

7. Whether the Company's chairman, general manager, and manager in charge of financial or accounting affairs have worked in the firm of the certified accountant or its affiliated enterprises within the last year: None.

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

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

Unit: thousand shares

Title	Name	2022		The current year ends on April 17	
		Number of shares held increased (decreased)	Number of pledged shares increased (decreased)	Number of shares held increased (decreased)	Number of pledged shares increased (decreased)
Director	Yen Ting Investment Co., Ltd.	0	0	0	0
Chairman (Legal representative)	Wu, Jui-Hsiung	0	0	0	0
Director/Major Shareholder	Cheng Uei Precision Industry Co., Ltd.	0	0	0	0
Director (legal representative)	Lin, Kuen-Huang	0	0	0	0
Director (legal representative)	Liu, Su-Fang	0	0	0	0
Director (legal representative)	Lo, Chih-We	0	0	0	0
Independent director	Li, Hsiao Wen	0	0	0	0
Independent director	Tseng, Chen-Hsien	0	0	0	0
Independent director	Liao, Fu-Lung	0	0	0	0
General manager	Wu, Jui-Hsiung	0	0	0	0
Special Assistant to the General Manager's Office	Wu, Rui-Lian	(57,000)	0	0	0
Associate manager	Liao, Hui-Ren	0	0	0	0
Associate manager	Chen, Shu-Juan	0	0	0	0
Associate manager	Yu, Chia-Te	0	0	0	0
Associate manager	Zhou, Huang-Qing	0	0	0	0

(2) The counterparty of the equity transfer is a related party:

Information on equity transfer

Name (Note1)	Reason for equity transfer (Note 2)	Transaction date	Transaction counterparty	The relationship between the transaction counterparty and the company, directors, supervisors, and shareholders holding more than 10% of the shares	Shares	Transaction price
Wu, Rui-Lian	Disposal (Gift)	2022/08/11	Wu Yunting	Grandparents gifting grandson	57,000	42.5
Tang Suqing	Disposal (Gift)	2022/08/11	Lin Kaijie	Grandparents gifting grandson	29,000	42.5
Tang Suqing	Disposal (Gift)	2022/08/11	Lin Youle	Grandparents gifting grandson	28,000	42.5

Note 1: Fill in the names of the company's directors, supervisors, managers and shareholders holding more than 10% of the shares.

Note 2: It refers to acquisition or disposal.

(3) The relative person of the equity pledge is a related party: None

9. Information on the relationship among the top 10 shareholders, spouses, or relatives within the second degree:

Shareholding ratio accounts for the top ten shareholders, and their mutual relationship

April 17, 2023; unit: share

Name	Self Shareholding		Spouse & Minor Shareholding		Total shares held in the name of others		For the top ten shareholders who are related to each other or are spouses or relatives within the second degree, their titles or names and relationship		Note
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Title (or Name)	Relationship	
Cheng Uei Precision Industry Co., Ltd.	22,282,424	18.84%							
FOXLINK TAIWAN INDUSTRY CO., LTD.	5,238,035	4.43%							
Wu, Jui-Hsiung	3,884,126	3.28%	3,417,230	2.89%			Shi Mingji, Yan Ting Investment Co., Ltd.	Couple Wu, Jui-Hsiung is chairman of Yanting Investment Co. Ltd.	
Shi Mingji	3,417,230	2.89%	3,884,126	3.28%			Wu, Jui-Hsiung Yan Yi Investment Co. Ltd.	Couple Shi Mingji is chairman of Yanyi Investment Co. Ltd.	
Yan Yi Investment Co., Ltd.	2,841,823	2.40%					Shi Mingji	Shi Mingji is chairman of Yanyi Investment Co. Ltd.	
Yanting Investment Co. Ltd.	2,841,823	2.40%					Wu, Jui-Hsiung	Wu, Jui-Hsiung is chairman of Yanting Investment Co. Ltd.	
Zhengfa Investment Co., Ltd.	2,531,117	2.14%							
Jinsheng Investment Co., Ltd.	2,434,853	2.06%							
Weihong Investment Co., Ltd.	2,186,017	1.85%							
Hengrong Investment Co., Ltd.	2,169,201	1.83%							
Lin, Kuen-Huang (Note 1) (Note 2)	6,723	0.01%	6,723	0.01%					
Liu, Su-Fang (Note 1) (Note 3)	0	0							
Lo, Chih-We (Note 1)	1,153	0.00%	0	0					
Wu, Jui-Hsiung (Note 4)	3,884,126	3.28%	3,417,230	2.89%					
Chen Siqing (Note 5)	680	0.00%	942	0.00%					
Chen Yilun (Note 6)	502,775	0.43%	323,371	0.27%					
Tsai Peiyi (Note 7)	17	0.00%		0.00%					

Note 1: The legal representative of Cheng Uei Precision Co., Ltd.

Note 2: (Acting) Chairman of Zhengfa Investment Co., Ltd.

Note 3: (Acting) Chairman of Taiwan Fulin Investment Co., Ltd.

Note 4: The legal representative of Yen Ting Investment Co., Ltd.

Note 5: Chairman of Jinsheng Investment Co., Ltd.

Note 6: Chairman of Weihong Investment Co., Ltd.

Note 7: Chairman of Hengrong Investment Co., Ltd.

10. Shareholding of the company, its directors, supervisors, managers, and enterprises directly or indirectly controlled by the company on the same reinvested enterprise. The number of shares, and the ratio of consolidated shareholdings: The Company has no such situation.

March 31, 2023; Unit: thousand shares; %

Reinvested business (Note)	Investment of the Company		Directors, supervisors, managers, and investments in directly or indirectly controlled enterprises		Comprehensive investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
-	-	-	-	-	-	-

Note: The Company adopts the equity method for long-term investment.

IV. Situation of fundraising

1. Capital and shares

(1) Source of share capital

1. Share capital formation process

Unit: NT\$1,000 、thousand shares

Month/Year	Issue price	Approved share capital		Paid-in share capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Using property other than cash to offset the share capital	Others
September 2002	NT\$10	100	1,000	100	1,000	Set up share capital	None	(Note 1)
November 2002	NT\$10	30,100	301,000	30,100	301,000	Capital increased by NT\$300,000,000 in cash	None	(Note 2)
October 2004	NT\$10	70,000	700,000	39,465	394,650	Capital increase of NT\$75,250,000 from surplus, capital increase of NT\$18,400,000 from employee bonus	None	(Note 3)
August 2005	NT\$10	70,000	700,000	58,994.5	589,945	Capital increase of NT\$118,395,000 from surplus, capital increase of NT\$26,900,000 yuan from employee bonus, capital increase of NT\$50,000,000 in cash	None	(Note 4)
February 2006	NT\$10	70,000	700,000	63,994.5	639,945	Capital increased by NT\$50,000,000 in cash	None	(Note 5)
August 2006	NT\$10	100,000	1,000,000	75,593.7	755,937	Capital increase of NT\$95,992,000 from surplus, capital increase of NT\$20,000,000 from employee bonus	None	(Note 6)
August 2007	NT\$10	100,000	1,000,000	81,873.4	818,734	Capital increase of NT\$37,797,000 from surplus, capital increase of NT\$25,000,000 from employee bonus	None	(Note 7)
October 2007	NT\$10	150,000	1,500,000	92,123.4	921,234	Capital increased by NT\$102,500,000 in cash	None	(Note 8)
August 2008	NT\$10	150,000	1,500,000	99,229.5	992,295	Capital increase of NT\$46,062,000 from surplus, capital increase of NT\$25,000,000 from employee bonus	None	(Note 9)
August 2009	NT\$10	150,000	1,500,000	102,111.5	1,021,115.4	Capital increase of NT\$19,846,000 from surplus, capital increase of NT\$8,974,000 from employee stock options	None	(Note 10)

January 2010	NT\$10	150,000	1,500,000	102,478.1	1,024,780.6	Capital increase of NT\$3,665,000 from employee stock options	None	(Note 11)
April 2010	NT\$10	150,000	1,500,000	103,234.9	1,032,349.0	Capital increase of NT\$7,568,000 from employee stock options	None	(Note 12)
August 2010	NT\$10	150,000	1,500,000	105,299.6	1,052,996.0	Capital increase of NT\$20,647,000 from surplus	None	(Note 13)
January 2011	NT\$10	150,000	1,500,000	106,460.2	1,064,601.8	Capital increase of NT\$11,606,000 from employee stock options	None	(Note 14)
April 2011	NT\$10	150,000	1,500,000	108,026.2	1,080,262.4	Capital increase of NT\$15,661,000 from employee stock options	None	(Note 15)
August 2011	NT\$10	150,000	1,500,000	110,186.6	1,101,867.7	Capital increase of NT\$21,605,000 from surplus	None	(Note 16)
October 2011	NT\$10	150,000	1,500,000	111,190.8	1,111,907.9	Capital increase of NT\$10,040,000 from employee stock options	None	(Note 17)
December 2011	NT\$10	150,000	1,500,000	111,227.9	1,112,279.3	Capital increase of NT\$371,000 from employee stock options	None	(Note 18)
December 2013	NT\$10	150,000	1,500,000	113,329.9	1,133,299.3	Capital increase of NT\$21,020,000 from employee stock options	None	(Note 19)
December 2013	NT\$10	150,000	1,500,000	113,644.9	1,136,449.3	Capital increase of NT\$3,150,000 from employee stock options	None	(Note 20)
December 2014	NT\$10	150,000	1,500,000	115,764.9	1,157,649.3	Capital increase of NT\$21,200,000 from employee stock options	None	(Note 21)
November 2015	NT\$10	150,000	1,500,000	118,257.9	1,182,579.3	Capital increase of NT\$24,930,000 from employee stock options	None	(Note 22)

Note 1: Letter No. 091185776 issued by the Taipei City Government on September 3, 2002.

Note 2: Letter No. 09101479170 issued by the Ministry of Economic Affairs on November 28, 2002

Note 3: Letter No. 09320901300 issued by the Taipei City Government on October 11, 2004.

Note 4: Letter No. 09401162220 issued by the Ministry of Economic Affairs on August 28, 2005.

Note 5: Letter No. 09501025270 issued by the Ministry of Economic Affairs on February 14, 2006.

Note 6: Letter No. 0950134140 issued by the Ministry of Economic Affairs on August 3, 2006.

Note 7: Letter No. 09601197770 issued by the Ministry of Economic Affairs on August 17, 2007.

Note 8: Letter No. 09601243580 issued by the Ministry of Economic Affairs on October 3, 2007.

Note 9: Letter No. 09701214370 issued by the Ministry of Economic Affairs on August 29, 2008.

Note 10: Letter No. 09801195270 issued by the Ministry of Economic Affairs on August 27, 2009.

Note 11: Letter No. 09901009220 issued by the Ministry of Economic Affairs on January 15, 2010.

Note 12: Letter No. 09901077530 issued by the Ministry of Economic Affairs on April 15, 2010.

Note 13: Letter No. 09901195610 issued by the Ministry of Economic Affairs on August 30, 2010.

Note 14: Letter No. 10001021650 issued by the Ministry of Economic Affairs on January 31, 2011.

Note 15: Letter No. 10001077360 issued by the Ministry of Economic Affairs on April 21, 2011.

Note 16: Letter No. 10001181920 issued by the Ministry of Economic Affairs on August 10, 2011.

Note 17: Letter No. 10001238560 issued by the Ministry of Economic Affairs on October 14, 2011.

Note 18: Letter No. 0001274950 issued by the Ministry of Economic Affairs on December 2, 2011.

Note 19: Letter No. 10201212450 issued by the Ministry of Economic Affairs on October 21, 2013.

Note 20: Letter No. 10201252220 issued by the Ministry of Economic Affairs on December 11, 2013.

Note 21: Letter No. 10301249270 issued by the Ministry of Economic Affairs on December 4, 2014.

Note 22: Letter No. 10401251030 issued by the Ministry of Economic Affairs on November 25, 2015.

2. Type of shares

April 17, 2023 ; Unit: share

Type of shares	Approved share capital			Note
	Outstanding shares	Unissued shares	Total	
Common stock	118,257,927	41,742,073	160,000,000	—

Note: listed stocks

3. Information about the comprehensive reporting system: None

(2) Shareholder structure:

April 17, 2023; Unit: share

Shareholder structure: Quantity	Government Agency	Financial Institutions	Other Legal Persons	Individual	Foreign institutions and Outsiders	Total
Number of people	0	1	52	9,734	76	9,863
Number of shares held	0	40,000	49,066,535	62,116,184	7,035,208	118,257,927
Shareholding ratio	0.00%	0.03%	41.49%	52.53%	5.95%	100.00%

Note: The Company is not a first-listed (OTC) company or an emerging OTC company.

(3) Shareholding dispersion

April 17, 2023; Unit: share

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	1,726	243,412	0.21%
1,000 to 5,000	6,359	12,909,548	10.92%
5,001 to 10,000	889	6,899,245	5.83%
10,001 to 15,000	268	3,399,673	2.87%
15,001 to 20,000	177	3,230,866	2.73%
20,001 to 30,000	147	3,763,956	3.18%
30,001 to 40,000	75	2,691,896	2.28%
40,001 to 50,000	53	2,475,832	2.09%
50,001 to 100,000	71	5,190,551	4.39%
100,001 to 200,000	37	5,142,510	4.35%
200,001 to 400,000	37	10,728,729	9.07%
400,001 to 600,000	7	3,580,453	3.03%
600,001 to 800,000	4	2,685,278	2.27%
800,001 to 1,000,000	0	0	0.00%
1,000,001 or more	13	55,315,978	46.78%
Total	9,863	118,257,927	100.00%

- (4) List of major shareholders: (Shareholders whose shareholding ratio is more than 5% must be listed. If there are less than ten shareholders, the name, shareholding amount and proportion of the top ten shareholders must be disclosed)

April 17, 2023 ; Unit: share

Shares Name of major shareholders	Number of shares held	Shareholding ratio (%)
Cheng Uei Precision Industry Co., Ltd.	22,282,424	18.84%
Taiwan Fulin Investment Co., Ltd	5,238,035	4.43%
Wu, Jui-Hsiung	3,884,126	3.28%
Shi Mingji	3,417,230	2.89%
Yan Yi Investment Co., Ltd.	2,841,823	2.40%
Yen Ting Investment Co., Ltd.	2,841,823	2.40%
Zhengfa Investment Co., Ltd.	2,531,117	2.14%
Jinsheng Investment Co., Ltd.	2,434,853	2.06%
Weihong Investment Co., Ltd.	2,186,017	1.85%
Hengrong Investment Co., Ltd.	2,169,201	1.83%

(5) Information related to stock price, net worth, earnings, and dividends per share in the last two years

Unit: thousand shares, NT\$

Item \ Year			2021	2022	The current year ends on April 30, 2023 (Note 8)
Share price (Note 1)	Highest		58.50	52.50	59.20
	Lowest		45.80	41.40	48.45
	Average		52.32	47.46	54.32
Net value per share (Note 2)	Before allocation		50.30	55.74	-
	After allocation		48.30 (Note 4)	51.74 (Note 4)	-
Earnings per share (Note 3)	Weighted average number of shares (thousand shares)	118,258	118,258	118,258	-
		118,258	118,258	118,258	-
	Earnings per share	6.42	3.59	6.42	-
		6.42	3.59	6.42	-
Dividend per share (Note 4)	Cash dividend		2.00 (Note 4)	4.00 (Note 4)	-
	Free allotment	-	-	-	-
		-	-	-	-
	Accumulated unpaid dividends		-	-	-
ROI Analysis	PE Ratio (Note 5)		17.92	7.39	-
	Cost-to-earnings ratio (Note 6)		26.16	11.87	-
	Cash dividend yield (Note 7)		3.82%	8.43%	-

Note 1: The highest and lowest market prices of common stocks in each year are listed here, and the average market price of each year is calculated based on the transaction value and volume of each year.

Note 2: Calculated based on the number of issued shares at the end of the year and according to the resolution of the Board of Directors or the next year's Shareholders' Meeting.

Note 3: If retroactive adjustment is required due to circumstances such as allotment of shares without compensation, the earnings per share before and after adjustment shall be listed.

Note 4: This includes the amount of cash dividends for the 2022 annual profit distribution that was resolved by the Board of Directors on March 24, 2023.

Note 5: P/E ratio = average closing price per share for the current year/earnings per share.

Note 6: Cost-to-profit ratio = average closing price per share for the current year/cash dividend per share.

Note 7: Cash dividend yield = cash dividend per share/average closing price per share for the current year.

Note 8: Net value per share and earnings per share, as of the publication date of this year's annual report, the financial information reviewed by accountants for the first quarter of 2023 has not yet been obtained. The rest of the columns are filled with the current year's data up to the publication date of the annual report.

(6) The Company's dividend policy and its implementation

1. Dividend policy of the Company

If there is a surplus in the Company's annual final accounts, it should first pay taxes and make up losses according to law, and allocate another 10% as the statutory surplus reserve, but this is not the case when the statutory surplus reserve has reached the company's total capital. In addition, the special surplus reserve shall be withdrawn or reversed in accordance with relevant laws and regulations, and the balance shall be added to the accumulated undistributed surplus at the beginning of the period as the surplus available for distribution. The Board of Directors shall prepare a distribution proposal. In the case of issuing new shares, the distribution shall be submitted to the Shareholders' Meeting for resolution.

In accordance with Article 240 of the Company Act, the Company authorizes the Board of Directors to distribute dividends and bonuses or the resolutions stipulated in Article 241 of the Company Act with more than two-thirds of the directors present and a resolution of more than half of the directors present. All or part of the statutory surplus reserve and capital reserve shall be distributed in cash and reported to the Shareholders' Meeting.

The Company is in the stage of business growth, and its dividend distribution policy depends on factors such as the current and future investment environment, capital demand, and capital budget, while taking into account shareholders' interests, balanced dividends, and the Company's long-term financial planning. Regarding the distribution of shareholder dividends, stock dividends shall not exceed 70% of the total amount of dividends.

Under the above-mentioned policies, the Company currently distributes shareholders in the form of dividends based on no more than 90% of the distributable earnings. In addition, in response to future capital expenditure and capital operation needs, the cash dividend of its dividend distribution shall not be less than 20%.

2. In accordance with Article 28-1 of the Articles of Association, if the distribution of dividends and bonuses is made in the form of cash distribution, the Board of Directors must be authorized to make a resolution with more than two-thirds of the directors present and a majority of the directors present. The earnings distribution plan for 2022 has been approved by the Board of Directors to distribute a cash dividend of NT\$4 per share. Then, another board meeting will be held to set the ex-dividend base date and distribution date.

(7) The impact of the proposed free allotment of shares at this shareholders' meeting on the company's operating performance and earnings per share:

There is no proposed distribution of stock dividends for earnings of 2022, so it will not affect the Company's operating performance and earnings per share.

(8) Remuneration of employees, directors and supervisors

1. The percentage or scope of remuneration for employees, directors and supervisors specified in the Company's Articles of Association:

The Company shall deduct the benefits before the distribution of employee remuneration and remuneration of directors and supervisors according to the current year's pre-tax profits, and after retaining the amount to make up for losses, if there is any balance, the remuneration of directors and supervisors shall not exceed 0.5%. Employee remuneration ranges from 3% to 12%. The Board of Directors shall make a resolution after more than two-thirds of the directors are present and more than half of the directors present, and report it at the Shareholders' Meeting.

Employee remuneration can be paid in stock or cash, and the distribution objects include the Company's employees and those who meet certain conditions or employees of subordinate companies. Certain conditions shall be prescribed by the Board of Directors.

2. The basis for estimating the amount of remuneration for employees, directors, and supervisors in the current period is calculated on the number of shares of employee remuneration distributed by stock and the accounting treatment method when the actual distribution amount is different from the estimated amount: The basis for calculating the amount of remuneration for employees, directors and supervisors is based on the Company's Articles of Association and deducting the interests before the distribution of remuneration of employees, directors and supervisors according to pre-tax benefits of the current year. After retaining the amount to make up for losses, if there is any balance, no more than 0.5% of the remuneration of directors and supervisors, and 3% to 12% of the remuneration of employees shall be appropriated. The basis for the calculation of the number of shares allocated to employee stock compensation is based on the closing price of the day before the resolution of the Board of Directors. However, if there is a discrepancy between the actual distribution amount and the estimated amount as

determined by the Board of Directors, it will be regarded as a change in accounting estimates and will be listed as profit or loss for the year of actual distribution.

3. The distribution of remuneration approved by the board of directors:

- (1) The Board of Directors resolves to use cash or stock to distribute the remuneration of employees and directors:

Unit: NT\$	
Item	2022
Director remuneration	789,825
Employee remuneration (paid in cash)	40,478,510

Differences from the year of recognized expenses, reasons and treatment:

The employee remuneration and director's remuneration of the above-mentioned resolution allotment amount decreased by NT\$468,335 compared with the NT\$40,800,000 recognized in the 2022 annual financial statements.

The difference from the accounted amount will be regarded as a change in accounting estimate and will be listed as profit or loss for 2023.

- (2) The amount of employee remuneration distributed by stock and the proportion of the current individual or individual financial report after-tax net profit and the total employee remuneration: 0%. No employee stock remuneration was distributed in 2022.

4. The actual allocation of employee remuneration and director remuneration in the previous year (including the number of shares distributed, amount and stock price), if there is any difference from the recognized employee remuneration and director remuneration, the difference, reason and handling situation shall be stated :

- (1) The shareholders' meeting of the company in the previous year (2022) approved the distribution of earnings for 2021, as follows:

Unit: NT\$	
Item	Amount
Employee remuneration	18,787,979
Director remuneration	733,190

Note: No employee stock remuneration was distributed

- (2) If there is any discrepancy between the above-mentioned amount and the recognized employee remuneration and director remuneration, the amount of the discrepancy, the reason, and the handling of the discrepancy shall be stated:

The employee remuneration and director remuneration of the above-mentioned resolution allotment amount decreased by NT\$478,831 compared with the NT\$19,521,169 recognized in the 2021 annual financial statements. The difference from the accounted amount will be regarded as a change in accounting estimate and will be listed as profit or loss for 2022.

- (9) The situation of the Company's repurchases of the Company's shares: None.

2. Handling status of corporate bonds (including overseas corporate bonds): None.
 3. Handling status of special shares: None.
 4. Participation in the issuance of overseas depositary receipts: None.

5. Handling of employee stock option certificates:
- (1) The Company's unexpired employee stock option certificates, disclosing the handling status and impact on shareholders' rights and interests as of the publication date of this annual report: None.
 - (2) Accumulated until the publication date of the prospectus, the managers who obtained the employee stock option certificates and the names of the top ten employees before obtaining the stock option certificates, their acquisition and subscription status: None.
6. The following matters shall be recorded in relation to the handling of new shares with restricted employee rights:
1. For new shares that have not fully met the vested conditions to restrict employee rights, the status of its handling as of the publication date of this annual report and the impact on shareholders' rights and interests should be disclosed: the Company has not yet issued new shares that restrict employee rights.
 2. Names and acquisition status of managers who have acquired new shares with restricted employee rights and the top ten employees who have acquired new shares accumulated up to the date of publication of this annual report: The Company has not yet issued new shares that restrict employee rights.
7. Status of merger and acquisition: None.
8. If the transfer of shares of another company is still in progress, the handling status: None.
9. Implementation of the fund utilization plan: None.

V. Operation Overview

(1) Business content

1. Business scope

(1) Main content of business:

The Company is a domestic professional manufacturer that mainly produces consumer products, motor and electrical power cord sets, plastic injection parts, sockets, adapters from various countries, power supplies, and electronic product assembly and OEM. The products are mainly used in related industries such as computer manufacturing, home appliance manufacturing, large-scale servers, electronics, and electrical equipment at home and abroad. In 2012, wireless communication and Bluetooth transmission products were added as a sustainable business enterprise. The Company is moving towards the direction of developing its own brand. Since 2015, product planning has not only strived for excellence in the industry, but also advanced into the IoT field with the popularity of smart phones. In terms of consumer products such as smart home, mobile business travel, and household power supplies, the Company has established three major brands: Smartbears, PLUGO, and JDB, to expand its operating scale.

The current main product range is as follows:

- ①. Personal computer peripherals and monitor power transmission line sets.
- ②. Notebook computer power transmission line set.
- ③. Power transmission lines for various household appliances, digital and traditional consumer electronics products, etc
- ④. AC power transmission line for digital cameras and video cameras.
- ⑤. Various specifications of connectors, power plugs, sockets, adapters, modular plugs.
- ⑥. Various extension cord sets (power strip), surge protector, handheld product chargers
- ⑦. Outdoor generator power transmission lines, rubber lines, rubber products.
- ⑧. Wireless routers and Bluetooth transmission application products, and planning IoT Products.

(2) Operating proportion of main products

The Company's operating ratio as of 2022 is as follows:

Unit: NT\$ thousand

Product	Operating income	Operating ratio
Power cord sets for information and electrical appliances	5,422,745	88.04%
Sockets, plugs, adapters, combinations	616,768	10.01%
Others	119,974	1.95%
Total	6,159,487	100.00%

(3) Current commodity items

The Company mainly produces and sells various types of power cables. Its product categories include power cord sets for consumer products and electrical appliances, plastic injection parts, sockets and wall plugs for various countries, adapter plugs for various countries, power supplies and electronic product assembly. OEM etc. The scope of product application is as follows:

①. Consumer products and electrical appliances power cord set

These products are currently used in peripherals and monitors of personal computers, notebook computers, household appliances, consumer electronics, etc. The Company manufactures the above products with multi-national safety certification, and is a domestic professional manufacturer.

②. Sockets, plugs, adapters, combinations

These products are currently used in power conversion functions such as tablet computers, personal notebook computers, digital cameras, communication mobile phones and other consumer electronics products, and are suitable for overseas business trips and tourism. They are easy to carry and have obtained multi-national patents.

③. Power Supply Products

These products are used to charge mobile and handheld products, including mobile phones, navigation devices, tablet computers and other mobile devices. All products are developed and designed by the Company itself, from mold development to finished product assembly, etc., providing customers with one-stop service and diversified product designs to cater to consumer preferences for the appearance of technological products.

④. Intelligent Control Products

The market share of handheld mobile products and smart phones is gradually increasing, and their related peripherals and application products are also developing towards thinner, smaller and wireless. In addition to the wireless sharer, the Company also applies wireless and Bluetooth to the power supply products, combined with the software (APP) on the smart phone for remote control, so as to achieve the application of smart life.

⑤. Others

This part includes wire and cable related products and ODM and OEM for major manufacturers, hardware terminals, hardware knives and plastic products, etc. The Company is equipped with automated production equipment and professional technology. Its products have competitive advantages in quality and price, and are well received by the market.

(4) New products to be developed in the future

In recent years, smart home and Internet of Things products have flourished. The Company has accumulated its research and development strength for several years, integrating home power control, lighting control, wireless monitoring, security control, and providing consumers with a complete smart IoT solution. We have a complete solution leading the industry, and will continue to develop peripheral products related to the Internet of Things (IoT), such as water leakage monitoring, gas monitoring, smoke detection, etc., to complete the peripheral products of the IoT, thus building it into the first brand.

2. Industry overview

(1) Current status and development of the industry

The Company is mainly engaged in power cord sets for consumer products and electrical appliances, plastic injection parts, sockets, adapters for various countries, power supplies and electronic product assembly OEM.

The power cord set has a wide range of uses. According to the characteristics of the applied terminal products, it can be mainly divided into professional uses such as electromechanical, home appliances, and information 3C.

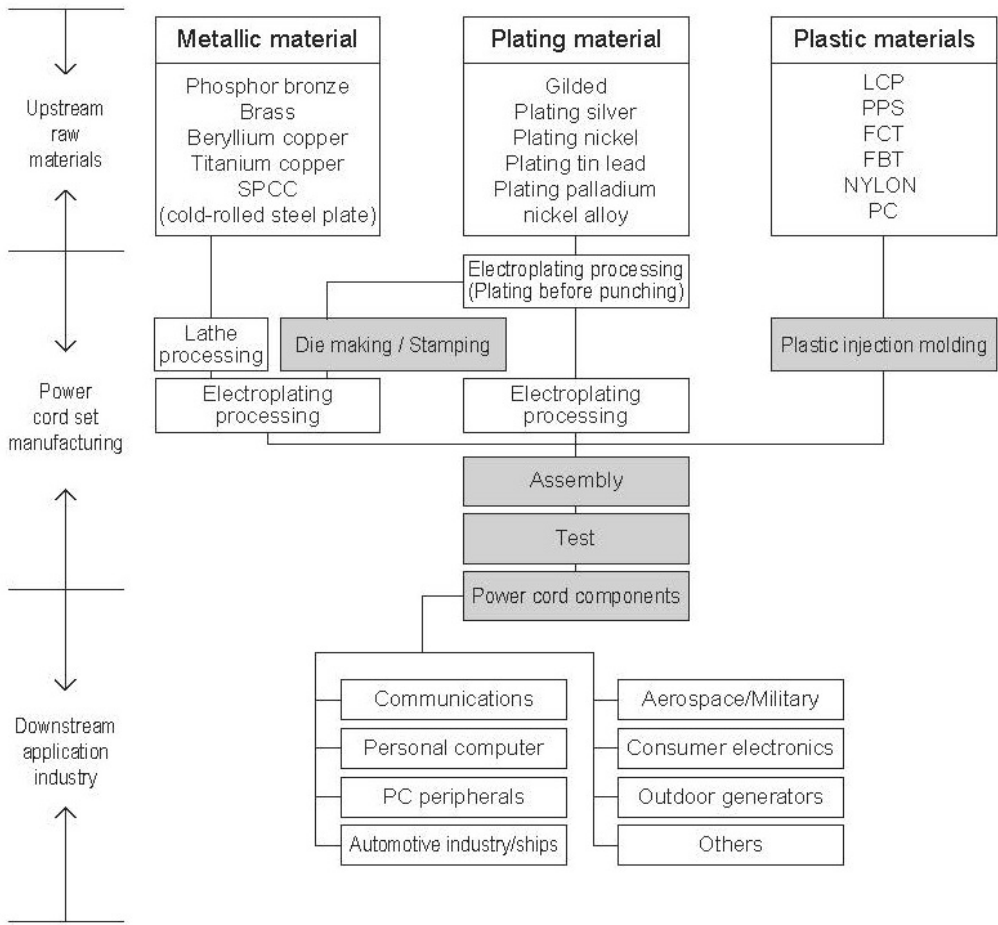
Electromechanical applications are mainly used in professional fields such as water pumps, generators, medical appliances, vehicles and ships. Household appliances are used in daily household appliances, such as refrigerators, televisions, washing machines, etc. Information 3C applications are widely used in fields such as tablet computers, desktop/notebook computers, and computer room servers. With the increasing labor costs in the Chinese market, coupled with the growth of handheld smart products and thus shrinking the personal computer market, the Company is actively introducing unmanned manufacturing processes, speeding up robot production and management, and reducing production costs. At the same time, the average unit price and gross profit of products are also increased, so that the Company maintains its competitiveness in the highly competitive market.

Smart handheld devices are becoming increasingly mature and saturated, and the cost of the IoT industry is also increasing strongly every year. After several years of hard work, the Company officially invested in the brand building and product sales of IoT products in 2015, and continued to invest in research and development in line with industry trends, so that the Company can continue to maintain a leading position in the development of new industries.

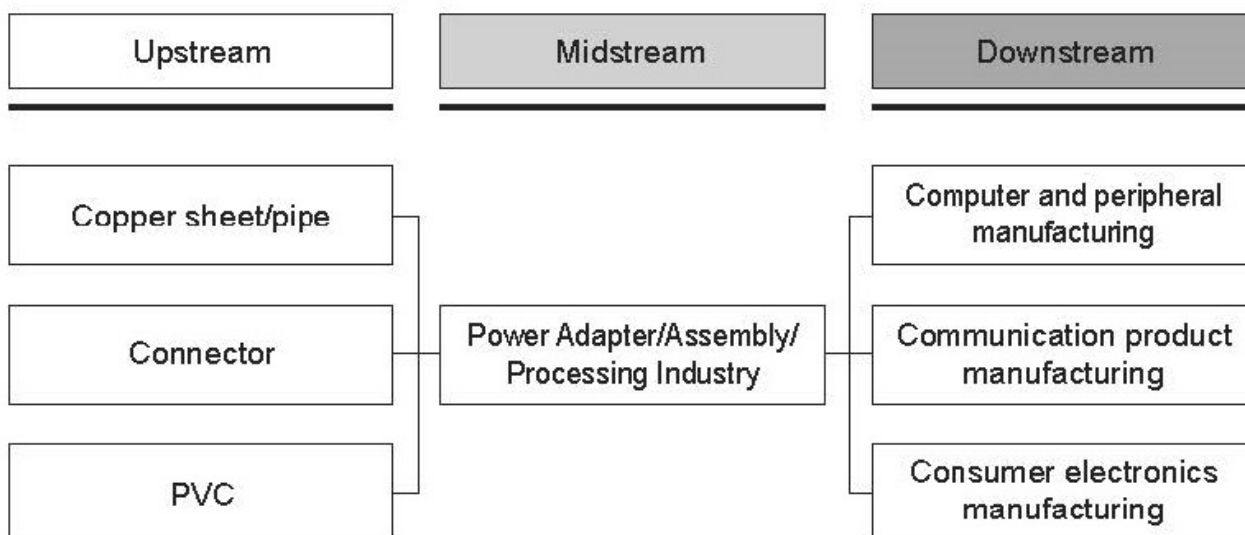
(2) The relationship between the upstream, midstream and downstream of the industry

The information technology (IT) industry is a capital-intensive industry. Compared with other industries, it needs to have a high degree of precision and leading technological standards. Therefore, the division of labor and specialization of this industry ranks first among all industries. Taiwan's IT industry has a complete division of labor between upstream, midstream, and downstream. The Company is a professional manufacturer of cable sets, and belongs to the midstream of the domestic electronics industry. It involves a wide range of related industries, and the correlation diagram of its related industries is hereby shown as follows:

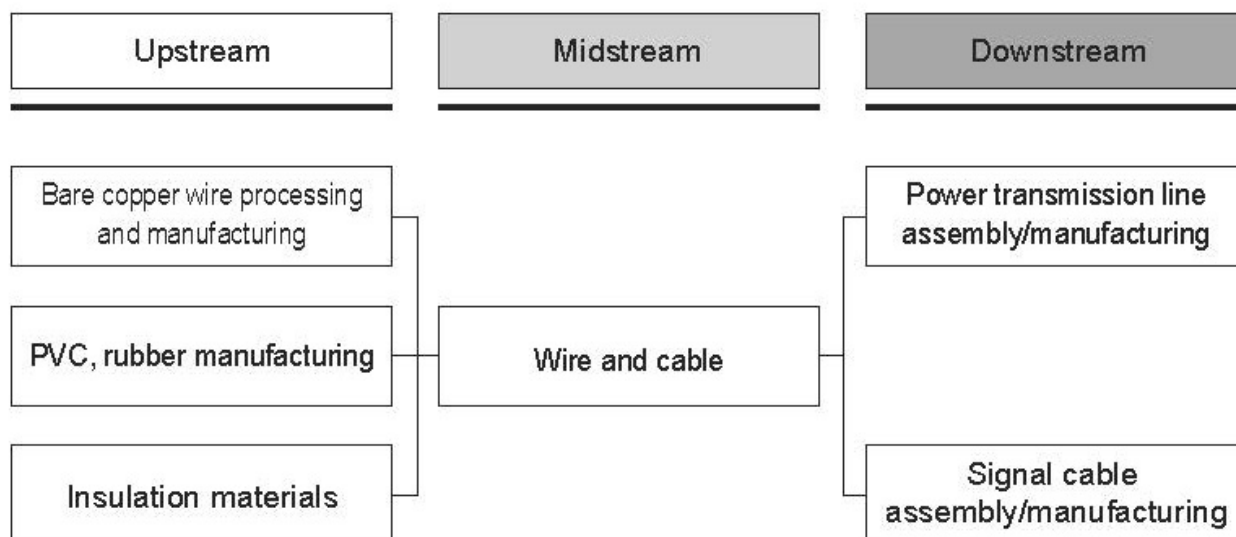
①. Information, motor and electrical power cord set



②. Sockets, plugs, adapters and combination heads



③.Others (including wires and cables, hardware terminals and plastics, etc.)



(3) Various development trends of products

The power cord set products are widely used, and are suitable for all products that need to use electricity. In recent years, due to the wide and diverse applications of the 3C electronic product market, the products of power cord sets or power management modules must also be adjusted according to market trends.

①. Product miniaturization

Various portable electronic products such as tablet computers, notebook computers, mobile phones, and digital cameras are introduced, and their related components will also follow the trend of portable electronic products to become lighter, thinner, shorter, and smaller to meet the needs. Therefore, the appearance and volume of power cord sets and power management products are also expected to gradually develop towards miniaturization.

②. Industrial division of labor and internationalization trend

Under the trend of global trade liberalization, it is urgent for enterprises to move towards internationalization. Due to the continuous improvement of various investment environments and labor costs in Taiwan, in addition to moving production bases outside to reduce manufacturing costs, it is even more necessary to actively invest in the research and development of new products according to the future development trend of the market, so as to strengthen the international competitiveness of the enterprise's sustainable operation. At the same time, under the trend of industrial mergers and acquisitions and the increasing size of enterprises, Taiwanese companies that play an important role in the industrial supply chain have global production bases, integrate upstream and downstream components, and have a one-stop supply model, which has the ability to continuously reduce costs. Enterprises with unique advantages can stand out in the next wave of industrial competition.

③. The world trend of environmental protection trend

In recent years, the awareness of protecting the earth's ecological environment has gradually expanded to daily necessities. In addition to protecting the earth's environment from pollution, it also protects the safety of human life. The European Union has enforced low-cadmium standards since 2002, and low-lead regulations (RoHS) were also enforced in 2006 in 3C (Communication/ Home appliances/computers) industry. In addition, Japan is the first to introduce the use of low-smoke and halogen-free materials. The purpose of the specification is to avoid the production of thick smoke when the product is burned and endanger human life, and the halogens in it will also be removed to protect human safety. Europe and the Americas will soon follow and implement it. The European Union went further and fully implemented the control measures of REACH chemicals on June 1, 2007 and added new items for Substances of Very High Concern (SVHC) every year. Since 2011, the Company has invited Taiwan's Industrial Technology Research Institute to provide guidance on the factory's manufacturing process, and conduct tracking, statistics and reduction of carbon emissions from the production of major products to reduce the impact of carbon emissions on the earth and contribute to environmental protection.

From the perspective of environmental protection, this move will continue to reduce the use of harmful substances to the environment or the human body, and monitor and manage carbon emissions. But in the short term, for manufacturers, it will also increase their material and management costs.

④. Development of energy-saving transmission and security trends

With the trend of global energy saving, providing safe, stable and high-efficiency transmission quality, energy-saving transmission power products with high wattage, high voltage, and high efficiency are expected to grow significantly. In order to maintain the safety and stability of high-efficiency power transmission, the ability to pass various safety certifications is even more important, and has become an important threshold for product safety and quality assurance.

(4) Future competition

The main application industries of the Company's power cord sets and power management modules include home appliances, medical care, ship transportation, electromechanical, communications, computer information, consumer electronics. Other applications include white goods, UPS uninterruptible power systems, game consoles, digital cameras, transmission lines, power supplies and converters used in tablet PCs and mobile phones. The Company is a professional manufacturer of power cord sets. With the improvement of product quality and the benefits of continuous development of new products, the revenue has maintained a stable trend. With the rapid changes in the consumption pattern of the industrial market and the diversification of product requirements, the development time has been shortened, and the life time of terminal products is also relatively shortened. Customers increasingly require suppliers to provide fast and high-quality services, including product design, manufacturing, quality control and after-sales service.

Therefore, only by meeting the requirements of customers can we stand out. In order to meet the needs of customers for one-stop shopping, the Company's R&D and engineering team can provide a full range of complete power transmission product lines from low-end to high-end, and carry out projects on a case-by-case basis, propose solutions or provide technical support, using professional R&D manufacturing services to ensure that products can be precisely completed in the shortest possible time from their samples to formal production.

To diversify the development of product lines, and expand sales areas and product lines through continuous construction of total solution and safety certification in various countries. In addition, to continue to improve the ability of self-made products, integrate upstream and downstream production lines, from raw material imports, mold manufacturing to finished product shipments, and integrate them into a production and supply chain mode to reduce costs and maintain the Company's competitive advantages.

Under the current rapid industrial integration, the development trend of "the big one is ever big" is quite obvious.

The low-cost advantages of small and medium-sized enterprises in the past have been gradually lost. If the Company fails to establish its own core value, it will be eliminated by the market. Therefore, under the effect of market globalization, we should be guided by market leaders, approach international customers and meet their needs, strengthen joint development of new products with customers, and provide customers with diversified products and technical services. Only in this way can the Company's existence value be established and new opportunities for long-term development created.

3. Overview of technology and R&D

(1) The technical level of the business

In terms of power cord sets, the Company not only continues to lead the industry in obtaining safety regulations in many countries, but also develops power transmission line related products for generator control panels, ships, yachts and RV vehicles, solar power cord sets, etc. Continue to expand the production scale of power transmission related products and maintain a competitive advantage. At the same time, in line with the trend of light, thin, short, and small products in the future of the information industry, develop miniaturized power transmission line sets and power adapters, and strengthen the development of non-polluting and recyclable alternative materials and low-smoke and non-toxic materials to meet the requirements of environmental protection trend. The Company has also introduced robotic production processes to reduce labor costs and increase competitiveness.

(2) R&D

The engineering department set up by the Company is responsible for mold development, process improvement, new product research and development, and safety application. In response to the increasingly complex product types and characteristics in recent years, and the continuous innovation of market products, the Company also strengthens the technology of the R&D team and effectively manages to facilitate the utilization of resources. Its organization includes working groups such as product sample development, product project research and development, and material analysis. At present, it has successfully developed a number of new products and obtained product patents. In terms of network application, we are fully committed to wireless control technology, introducing Bluetooth, WiFi network and voice control into IoT products.

(3) Annual R&D expenses and successfully developed technologies or products in the most recent year

①. Annual R&D expenses in the most recent year

Unit: NT\$1,000

	2022	First quarter of 2023 (Note)
R&D expenses (A)	43,824	-
Net operating income (B)	6,159,487	-
R&D expenses as a percentage of net operating income (A)/(B)	0.71%	-

Note: As of the date of publication of this annual report, the Company has not yet obtained the financial information reviewed by accountants for the first quarter of 2023.

②. Successfully developed technology or product

A. Product patents

The year of certification	Certified country	Patent name	R & D results
2021	Taiwan/China	Power connector	A linked LED light is added to the power connector to clearly identify the plugged and unplugged power cord.
	China	Shine indicating socket	The light-emitting unit is installed reasonably, the connection is firm, its structure is stable, and the service life is prolonged.
	China	Anti-flicker junction box	Quick installation can be realized without changing the original circuit, which is convenient for general electrical work.
2022-April 2023	China	Intelligent voice wake-up control method and control device	Change and set the luminous color of the working indicator light through the control switch to distinguish different color voice wake-up commands, so that users can intuitively and quickly get their wake-up commands.
	China	Plug with polarity detection function	When the polarity of female seat/socket is wrongly connected, the user is reminded not to plug it in and use it to protect the safety of electricity use.
	China	Terminal riveting and tinning structure and plugs and sockets using this structure	Guarantee the quality of riveting, realize automatic production and save labor.
	China	Curtain drive unit	It saves the traditional complicated wiring steps; avoids the trouble of finding the controller during operation; it can flexibly replace different types of hook parts.
	China	Plug-in infrared voice remote control	Avoids the trouble of finding the controller; saves the traditional problem of frequently replacing batteries, and also eliminates the problem of environmental pollution caused by discarding batteries; uses the language control module to analyze and control electrical appliances.
	China	Motor fixed intelligent window opening device	Controls the motor through the power smart control box to avoid problems such as pulling wires or wearing and tearing. In addition, remote control is realized.
	China	Motor mobile intelligent window opening device	Fewer parts, easy assembly, convenient operation, improves the convenience of use.

B. Successfully developed technology or products

Year	Product category	R & D results
2021 - 2022	Power cord set	1.Successfully developed and mass-produced the second-generation 5G satellite indoor and outdoor CAT5E network cables. 2.Successfully developed and mass-produced the second-generation residential indoor and outdoor power cord plugs and sockets for various types of 5G satellites in the US, UK, Europe and Australia.Successfully developed the US, China, Europe, UK, and Australia standard 5 types of Halogen-free and halogen-free power cord plugs and sockets for the new generation of speakers. 3.Successfully developed 2 types of C14 AC sockets for databases and DC sockets with locking function. 4.Successfully developed female plugs with braided power cords for various databases of American, European, British, and Australian standards. 5.In order to reduce costs and realize automatic production, successfully developed small version of Chinese and British plugs, and internal terminal racks.
	Adaptor & Others	1. Successfully developed and mass-produced a new version of cord locks for dishwashers in the US market and related power cords. 2. Successfully developed a power supply foldable patented curtain intelligent robot, which can be connected with the existing SMARTBEARS system. 3. Successfully developed 3 types of 5-hole Chinese standard wall sockets with TYPE C. 4. Successfully developed 4 Chinese standard wall switches with touch and range selection control. 5. Successfully developed 4 US-Taiwan standard wall switches with touch and range selection control. 6. Successfully developed 2 Chinese and American standard wall switches with touch and voice control.
2022 - April 2023	Power cord set	1. Successfully developed C7 low-power version waterproof power cords for 5G satellites in the United States, Britain, Europe, Australia and Japan. 2. Successfully developed and mass-produced 6 types of C13 high-power waterproof power cords for 5G satellites in the United States, Britain, Europe, Australia, Japan, and Brazil. 3. Successfully developed and mass-produced 6 types of speakers in the US, China, Europe, Britain, Australia, and Japan. Halogen-free TPE/halogenated PVC power cord C7 elbow plug for Optimo1/2 speakers. 4. Developed and mass-produced 2 wire harnesses in the SP-X version V4 5G satellite receiver. 5. Developed the new version of MS China, the United States, Britain, Australia, Japan, India, and Argentina to extend the PVC power cords that exceed the winding requirements. 6. In order to reduce the cost, successfully developed two self-made medical grade 5-15P and ordinary 5-15P terminal racks for automation. 7. In order to reduce costs, successfully developed 3 self-made cable ties for wiring harnesses and 187 female terminals
	Adaptor & Others	1. Successfully developed and mass-produced the Brazil standard matte DUCKHEAD adaptor for use on NOTEBOOK. 2. Successfully developed and mass-produced a variety of internal wiring harnesses for American white goods. 3. Successfully developed a Japanese standard switch socket converter with touch and voice control. 4. Successfully developed 3 types of European, British and Australian standard intelligent voice AC controllers - plug type. Successfully developed a Japanese standard wall switch with 6-control touch and range selection control.

4. Long-term and short-term business development plans

(1) Development direction of short-term business plan

①. To develop new products and improve product quality and technical level

In response to the global trend of environmental protection and energy saving, the Company continues to develop environmentally friendly power cords that can completely replace the existing PVC materials. In line with the light, thin, short, and small product trends of information and consumer electronics, and with the Company's existing adapter products, an integrated power supply and charging related products have been developed to reduce the waste of resources and indirectly achieve the purpose of environmental protection.

At the same time, the traditional molded plug is changed to the concept of ultrasonic molding. This move simplifies the overall production process and reduces the cost of production equipment, making the product light and beautiful.

Various automobile makers have begun to pay attention to energy saving and environmental protection, and have successively developed gasoline-electric hybrid vehicles and rechargeable electric vehicles. Based on the existing technology and experience in electromechanical, ship power cables and sockets, the Company has developed power sockets and power cables for electric vehicles and future charging stations, and its related products are also being completed.

Actively promote the Company's own brand, establish a brand business unit, and deploy IoT products. Taking the intelligent host as the core, it has developed control products such as safety protection, environmental control, switch control, lighting control and sound and light entertainment.

②. To improve production management efficiency

The Company insists on continuous product research and development for a long time, through the continuous improvement of the manufacturing process, high vertical integration, quality improvement, and cost reduction to maintain the Company's competitiveness. In the past few years, an average of 3-5 new products have been launched every month, and more than a thousand self-made components have been developed and completed. At the same time, the self-made rate of parts has also been continuously improved, exceeding 90 %. As the cost of labor in China is increasing year by year, in order to maintain the competitiveness of the industry, in addition to continuous progress in the production process, more automated robots are used to replace traditional manpower. Regarding the development of production equipment, the Company continues to maintain research and development every year to design the most suitable and stable quality production equipment. With the design capability of self-owned equipment to meet the needs of process improvement, the efficiency of the production line is continuously improved, in order to achieve the flexibility of the factory's diversified product production, reduce the overall production line expansion cost, and provide the momentum for long-term profit and sustainable growth.

③. Marketing strategy

In terms of power cable products, the effect of local services in the global market constructed by the Company has gradually emerged in recent years. Whether it is in the U.S. OEM market, game consoles, or tablet PC manufacturers, the penetration rate has gradually increased. In terms of home appliances and machine tools. There has also been some progress, and the channel has gradually opened up markets in both Japan and the United States.

In order to enhance the visibility of its own brand, the Company divides products into three major brands for marketing: 1. Smartbears-mainly focuses on smart home products developed with Internet of Things technology. 2. PLUGO-mainly focuses on business travel series products, 3. JDB-mainly focuses on families For power supply-related products. In addition to building physical stores for customers and manufacturers to experience products, we also shoot product videos and increase media publicity to quickly let customers know the brand and products.

(2) Medium and long-term business development plan

①. Research and develop new products and upgrade technology level

Actively research and develop American, European and Japanese halogen-free wires to meet the environmental protection needs of the market.

②. Accelerate the expansion of automated production equipment

Continue to research and develop professional-grade production equipment, increase the layout of equipment and process patents, and widely apply the self-made capabilities of existing equipment to various product lines to speed up the improvement of process efficiency and ensure leading

production technology.

③. Increase overseas sales bases

With its own brand, OEM, and the extension of various professional industrial products into their own business entities, the Company has accumulated years of product development capabilities to expand product categories, and use independent sales units to increase the sales volume of various products.

Set up service bases in Japan and the United States, and build small assembly lines in the production locations of large American customers to improve service efficiency and establish close cooperative relationships.

(2) Overview of the market and production and sales

1. Market analysis

(1) Sales area of main products

Unit: NT\$thousand

Area		2021		2022	
		Amount	Ratio (%)	Amount	Ratio (%)
Domestic sales		609,906	10.93	828,248	13.45
Exports	Europe	124,606	2.23	139,481	2.26
	Asia	2,314,589	41.46	1,995,154	32.39
	America	2,512,381	45.01	3,173,429	51.52
	Others	20,731	0.37	23,175	0.38
Total		5,582,213	100.00	6,159,487	100.00

(2) Market share :

①. Power cord set:

The Company's power cord sets have a wide range of uses, and can be classified into professional uses such as electromechanical, home appliances, and information 3C according to the characteristics of the application end products.

②. Power supplier :

The power supply has a wide range of applications, such as personal computers, communications, networks, optoelectronics, precision instruments and information appliances, etc. About 85% of them are used in consumer electronics products, mobile communication products, personal computers and their peripheral equipment. Due to the high linkage between the power supply market and the electronics industry, the demand for global power supplies is expected to grow with the continuous increase in demand for downstream consumer electronics, optoelectronics, and communications, and it will gradually grow in the future.

(3) The status and growth of future market supply and demand

①. Future market supply and demand

The power cable market is still showing a moderate growth trend. In addition to the original basic home appliances, electromechanical, information 3C, and game consoles and other products, in response to the Internet generation, products for various applications have come out one after another, entering the stage of competing for development by large and small factories. Subsequent growth should be expected. Therefore, the Company actively invests in the development of related products. However, many manufacturers have successively invested in it in recent years, which has also intensified the competition in the market.

②. Future market growth

The application range of the Company's main products covers information, communication, consumer electronics and other fields. It is necessary to develop products of different specifications to meet different needs. With the continuous innovation of electronic products in downstream industries, electric vehicles and AI, the industry will enter a new wave of innovation revolution. The Company has worked hard in the industrial information supply chain for many years, and will gain the opportunity of market growth with the innovation of terminal application equipment.

(4) Competitive niche

①. Rapid R&D and flexible production capacity

New products in the power cord industry are formulated and jointly developed in the market/agreement to facilitate product compatibility. Moreover, after the market globalization of downstream applications, the product design of its components also tends to be standardized. Several manufacturers strengthen capacity expansion, product diversification and upstream and downstream integration through corporate cooperation/merger. The Company demonstrates its excellent customer cooperation in terms of customized products, and is able to respond quickly to the diverse requirements of customers.

Major manufacturers of global information and consumer products have all expanded their development orientation in terms of product lines. In addition to developing PCs, NBs, monitors, and servers, computer brands are gradually getting involved in smart phones, tablet PCs, cloud devices, and games machines, projection equipment, and even digital and Internet TV markets, as for the demand for power connection products, in addition to the necessary power cables, DC cable, AV cable, internal power connection cables, sockets, board terminals, and cable terminal connectors, it is also necessary to have stable quality power supplies, chargers, and charging stands.

The penetration rate of handheld products has driven the application of adapters more significantly in recent years. With the completion of the development of the Company's power supply products, its product line is more complete, and it will provide future market growth momentum in the solution of power supply with adapters. The Company's development will gradually shift from wire products to comprehensive power supply products, providing the best "Total Solution" of power supply for handheld mobile products such as smartphones and tablets.

②. A small amount of product diversification creates high gross profit

The Company adheres to the business philosophy of customer first and continuously develops new products and application technologies, and has accumulated rich experience in manufacturing and mass production for many years.

In addition to the complete range of products, with good factory management, the Company can respond to customer needs in the shortest possible time, provide high-quality services and combination solutions with a small number of products, and meet customers' requirements for product diversity and time limit. Provides services with a small amount of diversified products to maintain high gross profit and increase revenue.

③. Proper cost control

The Company undertakes a wide variety of products, such as mold development, PVC deployment, copper processing, process scheduling, etc., all of which require specific technical personnel to be responsible. The Company insists that the above process is produced by itself. One is to accumulate technology, and the other is to speed up the development of new products, saving the time and opportunity cost of waiting for third-party manufacturers to develop separately, which is of great help to the integration of upstream and downstream group resources.

④. Complete range of products

The reason why the Company's competitive advantage is higher than that of its peers lies in its strong integration. The total number of products is as high as more than 1,500 units, and the safety regulations of various countries have also accumulated to a certain number. The accumulated experience in product development can meet customers' one-stop shopping, rapid R&D and the delivery time is extremely competitive.

⑤. Strong management team

The Company's current management team members have many years of experience in the power cord industry. The main cadres have rich experience in various aspects of industrial environment changes, product development trends, manufacturing and business development. In recent years, both revenue and profit have shown steady growth, the professional quality and industry experience of the management team are good, and the operating performance is excellent.

(5) Favorable and unfavorable factors of development prospect and countermeasures

①. Favorable factors

A. Correct product strategy

The Company develops power cord products for use in different industries, which is different from other counterparts that only focuses on the information home appliance industry. For many years, the Company has met one-stop shopping needs of customers, provided a full range of complete power transmission product lines from low-end to high-end, and continuously improved product quality and delivery speed as its main goals. At the same time, it leads the industry to extend upstream to the supply side of copper raw materials, integrates upstream and downstream production lines, from raw material imports, mold manufacturing to finished product shipments, and reduces costs by integrating the production and supply chains into one whip, which has a competitive advantage in sales prices.

Thanks to the Company's diversified product development strategy over the years, it has accumulated a large number of parts development and material procurement resources. In recent years, due to the large fluctuations in raw materials, the Company can continue to maintain profitability and growth through the adjustment and balance of product line sales. For the control of raw materials, in addition to the risk avoidance planning of the management level and the real-time unit price response mechanism, in terms of product sales, it has gradually transformed into a sales strategy of increasing the power supply products with low copper consumption.

The Company's operation and development policy is based on the main customers in the existing sales market, and gradually shifts to international large-scale customers, expands international marketing channels, and also develops business in the US and Japanese markets. At present, there is a warehousing base in the United States, which is responsible for inventory management, product maintenance, customer service and other functions, as well as the development of business teams. The content of orders is mainly to cooperate with customers who place orders in Asia, and most of them are small and medium-sized orders. At the same time, it focuses on the development of channels, cuts into special niche markets, and expands the future market size.

B. Sustainable development of downstream application industries

The use of the Company's products can be mainly divided into electromechanical, home appliances and 3C information related products. In terms of the electromechanical industry, especially in the field of UPS uninterruptible power supply systems and power cords for cloud servers, this part has high gross profit. Under the trend of information cloudification, the demand for this type of equipment will grow exponentially in the future, which will also increase the shipment of this type of power cords. Power cords in special professional fields are mostly used in generators and water pumps. Global warming has caused abnormal weather and natural disasters in various places, which has also caused a sharp increase in sales of such finished products. In addition, the development of electric vehicles is becoming more and more mature, which indirectly drives the sales of gasoline-electric hybrid and electric vehicles to grow steadily. For the electric vehicle charger products that the Company has invested in research and development for several years, it also brings opportunities for growth. In terms of home appliances, in line with the moderate growth of white goods, the growth rate of this part of the sales also showed an

upward trend. In terms of 3C information products, it focuses on mechanical parts and connecting plugs, and has developed a variety of products for tablet computers and smart phones.

The Company has a sound financial structure, excellent financial indicators, and abundant financial momentum to support its business development.

②. Unfavorable factors

A. Prices of major raw materials fluctuate widely

In terms of upstream raw materials, the acquisition of the main raw material copper is an important factor affecting gross profit. Copper is one of the main raw materials for manufacturing power cords and other related products, and its rising and violent price fluctuations will reduce profit margins.

Countermeasures:

In the future, the Company will actively develop new raw material suppliers, strive for the nearest source of cheap copper raw materials in mainland China, reduce the exploitation of intermediate copper processing plants, and also reflect the increased cost to the selling price reasonably. In addition, the process will be improved to increase the yield rate, and the continuous development and mass production of new products will be used to minimize the impact of rising copper costs. In the hedging of copper price fluctuations, in addition to purchasing and adjusting safety stocks based on experience, the Company subsidizes copper prices that fluctuate too much through agreements with certain downstream customers. Buyers and sellers jointly agree on a fair copper price benchmark, adopting the fair principle of refunding more and paying less, so as to reduce the impact of copper price fluctuations on profits. For customers with poor bargaining power, the selling price will be adjusted appropriately to pass on the risks brought about by copper price fluctuations.

B. Foreign exchange fluctuations affect profit

Most of the Company's imports and sales are quoted in U.S. dollars, and changes in the exchange rate of Taiwan dollars to U.S. dollars will affect exchange gains and losses.

Countermeasures:

At present, the main strategy in response to changes in the US dollar exchange rate is natural hedging. A small number of purchases and sales are denominated in euros, Hong Kong dollars or Japanese yen, but natural hedging is still adopted. In order to reduce the impact of exchange rate changes on the Company's profits, in addition to establishing an appropriate US dollar liability position, and at the right time to buy and sell foreign currency deposits or directly repay the foreign currency required for foreign purchases in foreign currency when selling goods. This is a more flexible way to reduce the impact of exchange rate changes on profit and loss and achieve the effect of natural hedging. In addition, according to the changes in foreign currency receipts and payments of purchases and sales, the Company, in accordance with the principle of conservativeness and prudence, conducts risk-avoiding operations with spot and forward foreign exchange instruments in a timely manner, and reduces the position of foreign currency assets to reduce the risk of exchange rate changes.

At the same time, because of sales in the domestic market in China, the growth of RMB income has a natural balancing effect on the risk of exchange rate.

C. Rising labor costs in China

China's labor costs increase by an average of 15% to 20% each year, resulting in a continuous increase in manufacturing costs.

Countermeasures:

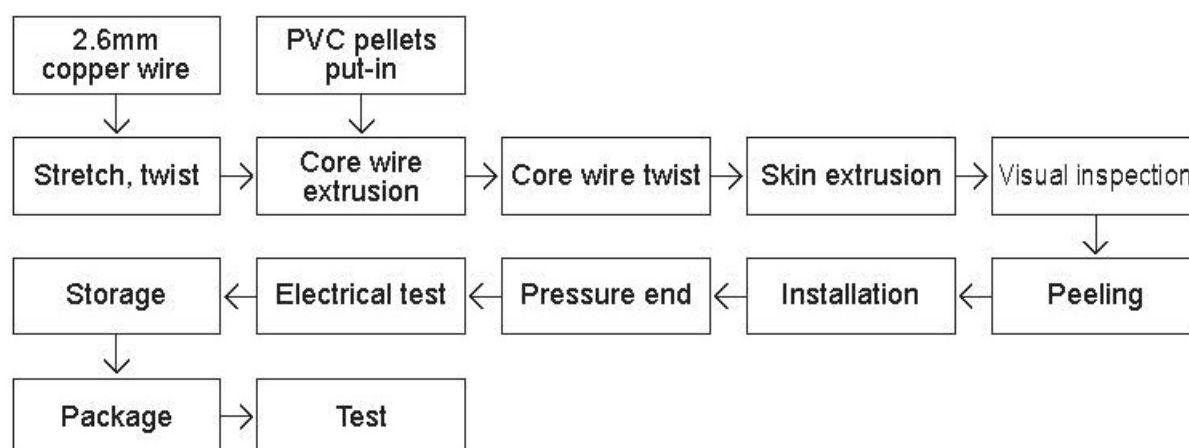
Continue to introduce fully automatic and semi-automatic equipment to reduce the proportion of labor costs. Continue to develop alternative structural products to reduce production equipment costs and equipment operation energy consumption. The introduction of new structural products and automation equipment has achieved initial results. In the next five years, the proportion of automation will be increased to cope with the impact of the increase in labor costs in China.

2. Important uses and production processes of main products:

(1) Important uses of main products

Product name	Main purpose
Information and electrical appliances power cord set	1. Power transmission and use of home appliances, information and communication products. Such as home appliances, computer power transmission and information products, various displays Cable, Printer, Scanner, Mic/Earphone, CCD Camera, HUB, ADSL, Cable Modem, mobile phone charger/transform cable, TV game cable, audio cable and cable TV coaxial cable etc. 2. Indoor and outdoor home appliances and information products. 3. Household extension cords, power cords and extension cords for outdoor tools, internal connection cords, power cords for high-current and high-voltage machines, power cords with locking plugs, etc.
Sockets, plugs, adapters, combination heads	1. A new generation of digital consumer electronics and traditional consumer electronics products. 2. Computers and peripheral consumer electronics products, network equipment and all other machines and equipment that require power. 3. All kinds of assembled industrial plugs, etc.
Others	1. Wire and cable. 2. ODM and OEM, hardware terminals, hardware knives, plastic products, etc. for large factories.

(2) Production process of main products



3. Supply status of main raw materials:

Most of the Company's raw material suppliers have gained a deep reputation for quality in the industry and have been with the Company for many years and have a stable cooperative relationship. At present, the supply of various major raw materials is sufficient, and the source of raw materials for production is not in short supply.

Raw material name	Suppliers	Supply situation
Copper bar 2.6mm	Walsin Lihua Co., LTD DONGGUAN WALSIN WIRE & CABLE CO.,LTD. Nanjing Walsin Metal Co., LTD. Ningbo Shimao Copper Industry Co., LTD.	Good
PVC powder	China General Plastics Corporation Westlake Huasu Suzhou Co., LTD.	Good
DPHP oil	ZhenJiang Union Chemical	Good

	Industrial Co., Ltd. Zhuhai Union Chemical Industrial Co., Ltd. Kunshan Weifeng Chemicals Co., Ltd.	
TOTM oil	NANTONG BAICHUAN NEW MATERIALS.CO.,LTD. Zhongshan Union Chemical Industrial Co., Ltd. ZhenJiang Union Chemical Industrial Co., Ltd	Good
DOA oil	Zhongshan Union Chemical Industrial Co., Ltd. Kunshan Weifeng Chemicals Co., Ltd.	Good

4. List of main purchase and sale customers:

(1) The list of manufacturers that accounted for more than 10% of the total purchases in any of the last two years and the reasons for changes:

Unit: NT\$ thousand

Year	2021				2022				As of the previous quarter in 2023 (Note 1)			
Item	Name	Amount	Ratio of net purchases in the whole year [%]	Relationship with Issuer	Name	Amount	Ratio of net purchases in the whole year [%]	Relationship with Issuer	Name	Amount	Ratio of net purchases in the whole year [%]	Relationship with Issuer
1	Dongguan Walsin Lihwa Corporation	907,272	24	-	DONGGUAN WAL SIN WIRE & CABLE CO.,LTD.	745,298	23	-	-	-	-	-
2	Nanjing Walsin Metal Co., Ltd.	387,985	10	-	Nanjing Walsin Metal Co., Ltd.	438,829	13	-	-	-	-	-
3	Others	2,467,716	66	-	Others	2,076,535	64	-	-	-	-	-
	Net Purchase	3,762,973	100		Net Purchase	3,260,662	100		Net Purchase	-	-	

The raw material 2.6 mm copper bars purchased from major suppliers will increase or decrease depending on market mechanisms and copper price fluctuations. During this period, due to the slowdown of the COVID-19 epidemic, the demand has risen rapidly, and the raw materials are also in short supply in the market, which increases costs and expenses, resulting in high purchase amount.

Note 1: As of the publication date of this annual report, the Company has no financial information for the first quarter of 2023 that has been reviewed by accountants.

(2) The list of customers who accounted for more than 10% of the total sales in any of the last two years and the reasons for the increase or decrease:

Unit: NT\$ thousand

Year	2021				2022				As of the previous quarter in 2023 (Note 1)			
Item	Name	Amount	Ratio of annual net sales [%]	Relationship with Issuer	Name	Amount	Ratio of annual net sales [%]	Relationship with Issuer	Name	Amount	Proportion to net sales in the first quarter of the year [%]	Relationship with Issuer
1	HAIER US APPLIANCE SOLUTIONS, INC.	747,365	13	-	HAIER US APPLIANCE SOLUTIONS, INC.	784,140	13	-	-	-	-	-
2	Others	4,834,848	87	-	Othrs	5,375,347	87	-	-	-	-	-
	Net sales	5,582,213	100		Net sales	6,159,487	100		Net sales	-	-	

The sales amount of HAIER US APPLIANCE SOLUTIONS, INC. is higher than the same period last year, mainly due to the slowdown of the COVID-19 epidemic in 2021, and the increase in demand from end customers leads to the growth of orders.

Note 1: As of the publication date of this annual report, the Company has no financial information for the first quarter of 2023 that has been reviewed by accountants.

5. Production volume table for the last two years:

Unit: thousand pieces, NT\$ thousand

Production value Major products	Year	2021			2022		
		Production capacity	Output	Output value	Production capacity	Output	Output value
Information and electrical appliances power cord set		146,318	128,394	4,771,018	125,409	104,868	4,246,934
Sockets, plugs, adapters, combinations		28,326	22,602	263,493	43,068	34,040	398,922
Others		15,783	15,421	46,559	20,233	17,442	119,073
Total		190,427	166,417	5,081,070	188,710	156,350	4,764,929

In 2022, our company experienced a decrease in production capacity, output, and revenue compared to the previous period due to the implementation of COVID-19 prevention measures, including temporary shutdowns, in response to the outbreak in mainland China and in accordance with local government guidelines.

6. Sales value table for the last two years

Unit: thousand pieces, NT\$ thousand

Sales value Major products	Year	2021				2022			
		Domestic sales		Exports		Domestic sales		Exports	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Information and electrical appliances power cord set		9,547	404,145	107,690	4,608,741	7,999	406,735	9,7490	5,016,010
Sockets, plugs, adapters, combinations		10,799	196,406	7,157	259,766	19,786	410,287	8,895	206,481
Others		69	9,355	1,025	103,800	73	11,226	1,126	108,748
Total		20,415	609,906	115,872	4,972,307	27,858	828,248	107,511	5,331,239

In 2021, due to the slowdown of the COVID-19 epidemic, the Company's sales orders increased.

(3) The number of employees employed in the last two years and as of the publication date of this annual report

Unit: person/year

Year		2021 (Data settlement date to 2021.12.31)	2022 (Data settlement date to 2022.12.31)	Current year ended April 30, 2023 (Note)
Number of employees	General staff (indirect personnel)	885	890	888
	Operator (direct staff)	1781	1394	1347
	Total	2666	2284	2235
Average age		33	36.5	37.2
Average years of service		3.9	4.3	4.5
Educational Distribution Ratio	Ph.D.	0	0	0
	Master	10	12	12
	College	292	293	292
	High school	317	368	465
	Below high school	2047	1611	1455

Note: The information for the year up to the publication date of this annual report should be filled in.

(4) Information on environmental protection expenditures

In the most recent year and as of the date of publication of this annual report, if there is any loss due to environmental pollution (including compensation and environmental protection audit results in violation of environmental protection laws and regulations), the date of punishment, the name of the punishment, the violation of regulations, the content of violations, and disposition) must be stated, and it should also disclose the estimated amount and countermeasures that may occur at present and in the future. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be explained: None.

(5) Labor relations

1. List in detail the Company's various employee welfare measures, advanced education, training, retirement systems and their implementation status, as well as labor agreements and protection measures for employee rights and interests

(1) Employee welfare measures and implementation

The Company has improved employee welfare measures to benefit employees in all aspects of work, life, safety and health, so that employees can not only receive regular work remuneration, but also enjoy a variety of subsidies and protections after work and at home. It also condenses the high centripetal force of all employees towards the Company.

The current welfare measures implemented by the Company are as follows:

- ① Implementation of staff salary adjustment and performance bonus system.
- ② All employees enjoy labor insurance, national health insurance (including their dependents) and group insurance.
- ③ Employee marriage, funeral, festive subsidies and birthday gifts.
- ④ Irregular staff dinners and leisure activities every year.
- ⑤ Annual domestic and foreign travel and end-of-year banquets.
- ⑥ Irregularly holds employee leisure activities every year; there are leisure and sports facilities such as badminton court, basketball hoop, billiard room and gymnasium.
- ⑦ To hold regular health checks for employees.
- ⑧ The Company gives long-term leave without pay to colleagues who have baby-raising or health care needs, and will be reinstated after the stay period expires.
- ⑨ Responding to the government's advocacy of creating a friendly workplace environment, the Company has set up a breastfeeding (collection) room with a good privacy space, which can provide female employees with peace of mind to breastfeed and collect breast milk.

(2) Retirement system and its implementation

In order to take care of employees' retirement life, promote harmony between labor and capital, and improve work efficiency, the Company has formulated its pension method

since 2003 to allocate labor retirement reserves based on 2% of total salary expenses on a monthly basis, and deposit them in a special account at the Central Trust Bureau as provision for future payment of employee retirement. And since July 2005, in accordance with the provisions of the new labor retirement system, pensions have been allocated, and 6% of the total wages of employees have been allocated to the employees' personal pension accounts.

(3) Education and training

Since its establishment, the Company has focused on on-the-job education and training for employees. Over the years, it has worked hard to implement it thoroughly. Through education and training, it can establish a good factory atmosphere, cultivate talents, and improve technical standards, so that employees can grow together with the Company and share profits together.

(4) Labor-management agreement situation and protection measures for various employee rights and interests

The Company belongs to the industry where the Labor Standards Law applies, and all operations are based on this law. Up to now, no labor disputes have occurred.

Each department has established a complete operating process, and implements the rights and responsibilities of all employees in accordance with relevant laws and internal control regulations. The Company also has a good communication mechanism, attaches great importance to the exchange of opinions between employees and supervisors, and establishes an employee complaint mechanism and channel through the negotiation of the labor-management conference. The Company takes appropriate measures to protect the rights and interests of the Company and employees. The Company follows labor laws and relevant regulations, and the rights and obligations of both employers and employees are handled in accordance with the employment contract, work rules and various management regulations. The Company's labor relations are harmonious, and no labor disputes and losses have occurred.

In terms of preventing occupational accidents and ensuring the safety and health of employees, the Company has set up a safety and health management office according to law, and formulated the "Safety and Health Work Rules" and "Occupational Safety and Health Management Regulations" to regulate the safety and health of the employees' working environment, including regular fire protection safety, safety and health courses and other education and training. The Company regularly organizes employee health checks, hires full-time nurses to continue to care for the physical and mental health of employees, creates a healthy workplace culture, and prevents occupational injuries.

Relevant drinking water, sanitation equipment, elevators, fire protection and other equipment are regularly maintained and overhauled every year.

The Company implements regular maintenance and repairs for the following facilities:

Drinking water, sanitation equipment	Once every three months
Elevator	Once per month
Fire equipment	Once per year

According to the "Occupational Safety and Health Law", the working environment monitoring plan has been established, carbon dioxide concentration monitoring is carried out regularly in the workplace. In addition, protective panels for production machines are added to strengthen safety measures to avoid work injuries and implement a safe and healthy working environment for employees.

- List in detail the losses suffered due to labor disputes in the most recent year and up to the date of publication of this annual report (including labor inspection results violating the Labor Standards Law, the date of punishment, the name of the punishment, violations of laws and regulations, content of violations of laws and regulations, and punishment content) , and disclose the estimated amount and response measures that may occur at present and in the future, If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated must be explained.

The Company handles everything in accordance with labor laws and relevant regulations. Since its establishment, the labor-management relationship has been harmonious, and no losses due to labor disputes, and it is estimated that the possibility of losses due to such disputes in the coming years is extremely low.

6. Cyber security management:

(1) Describe in detail the information security risk management framework, information security policies, specific management methods and the resources invested.

1.Information security risk management framework

The information director of the head office leads the information personnel of each factory area of the Group to assess the risk of information security.

2.Information Security Policy

(1)In order to implement the security management of the information computer room, the Company implements the computer room inspection log and the entry and exit registration mechanism of external personnel.

(2)To ensure data security, and regulate access rights according to departments and functions.

(3)To ensure the continuous operation of information systems and equipment.

(4) To regularly perform information security audit operations to ensure its safety.

3.Specific management plan and investment in information security resources

(1)Examine the failure risk and bearing capacity of information equipment, and assess whether the impact is within the tolerable range, if not, it is necessary to study and implement improvement measures.

(2)The information system is regularly repaired and updated to reduce weaknesses and loopholes and reduce overall information security risks.

(3)Check whether the access records and account permissions of information security equipment and servers comply with the internal control operation specifications, and identify whether the account and access records are abnormal according to the principle of least privilege.

(4) Use email promotion and employee education and training to strengthen information security concepts of colleagues, understand the risks of email and the Internet, raise awareness of crises, and achieve data security protection.

(5)There are 11 information personnel in the Company, and an information security meeting is held every month in the information security of each company in the group to evaluate and ensure the safe operation of information.

(2) List in detail the losses suffered due to major information security incidents in the most recent year and as of the date of publication of this annual report, possible impacts and countermeasures. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated must be explained.

1. As of the publication date of this annual report, the Company has not experienced any major information security incidents resulting in damage.

2. If there is an information security incident in the Company, according to the procedures, the occurrence unit should notify the information personnel, and the information supervisor and personnel will judge the type of the incident and find out the problem, deal with it immediately and record it. The Company will continue to implement the information security management policy objectives, and regularly implement recovery plan drills to protect its important systems and data security.

7. Important contracts:

Important contracts

(1) Contracts due in the most recent year

Contract nature	Interested party	The contract begins and ends date	Main content	Restrictions
Purchase contract	Walsin Lihwa Corporation	2022.01.01~2022.12.31	SCR 2.6m/m copper wire	None

(2) Currently valid existing contracts

Contract nature	Interested party	The contract begins and ends date	Main content	Restrictions
Sales contract	Cheng Uei Precision Industry Co., Ltd.	2006.12.15~2009.12.15 (If either party does not terminate the contract when it expires, it will be automatically extended for one year, and the same will apply thereafter)	Supply power cord/ plug related products	None
Sales contract	Mabe Mexico S DE RL DE C.V.	2006.01.01~2009.12.31 (If either party does not terminate the contract when it expires, it will be automatically extended for one year, and the same will apply thereafter)	Supply power cord products	None
Sales contract	Pegatron Corporation	2011.01.01~ contract termination	Supply power cord products	None
Purchase contract	Walsin Lihwa Corporation	2023.01.01~2023.12.31	SCR 2.6m/m copper wire	None
Sales contract	GEA PARTS, LLC. & Derby	2012.06.01~2023.5.31	Supply power cord products	None
Sales contract	Company A	2018.10.22~2023.12.31	Supply power cord products	Non-disclosure agreement
Sales contract	Company B	2014.01.01~2023.12.31	Supply power cord products	Non-disclosure agreement
Sales contract	Company C	2016.03.01~ contract termination	Supply power cord products	Non-disclosure agreement
Bank contract	Mega Bank	2022.11.23~2023.11.22	Credit contract	None
Bank contract	E.Sun Bank	2022.06.08~2023.06.08	Credit contract	None
Bank contract	KGI Bank	2022.09.21~2023.09.30	Credit contract	None

VI. Financial Overview

1. Condensed balance sheet, comprehensive profit and loss statement and audit opinion of accountants for the last five years

(1) Information on condensed balance sheet and comprehensive profit and loss statement

Consolidated condensed balance sheet – based on International Financial Reporting Standards (IFRS)

Unit: NT\$ thousand

Year Items		Financial information for the last five years (Note 1)					Year ended financial information as of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Current assets		5,408,176	4,786,553	5,183,712	5,842,419	6,236,329	-
Property, plant and equipment		2,259,386	2,268,155	2,043,571	2,010,463	1,967,058	-
Intangible assets		8,533	6,594	8,621	6,489	4,665	-
Other assets		636,153	671,119	606,322	466,636	475,073	-
Total assets		8,312,248	7,732,421	7,842,226	8,326,007	8,683,125	-
Current liabilities	before allocation	2,008,768	1,438,795	1,390,752	1,811,697	1,426,591	-
	after allocation	2,422,671	1,793,569	1,686,397	2,048,213	1,899,623 (Note 3)	-
Non-current liabilities		439,282	460,569	519,819	566,516	665,162	-
Total liabilities	before allocation	2,448,050	1,899,364	1,910,571	2,378,213	2,564,785 (Note 3)	-
	after allocation	2,861,953	2,254,138	2,206,216	2,614,729	2,564,785 (Note 3)	-
Equity attributable to owners of the parent company		5,875,345	5,833,057	5,931,655	5,947,794	6,591,372	-
Share capital		1,182,579	1,182,579	1,182,579	1,182,579	1,182,579	-
Capital reserve		1,745,770	1,745,772	1,745,774	1,745,781	1,745,790	-
Retained earnings	before allocation	3,165,881	3,270,895	3,343,213	3,394,490	3,917,731	-
	after allocation	2,751,978	2,916,121	3,047,568	3,157,974	3,444,699 (Note 3)	-
Other interests		(218,885)	(366,189)	(339,911)	(375,056)	(254,728)	-
Treasury stock		-	-	-	-	-	-
Non-controlling interest		(11,147)	-	-	-	-	-
Total equity	before allocation	5,864,198	5,833,057	5,931,655	5,947,794	6,591,372	-
	after allocation	5,450,295	5,478,283	5,636,010	5,711,278	6,118,340 (Note 3)	-

Note 1: The financial data of the above years are based on the International Financial Reporting Standards, and have been checked and certified by accountants and have not undergone asset revaluation.

Note 2: As of the date of publication of this annual report, the Company has no financial information for the first quarter of 2023 that has been reviewed by accountants.

Note 3: This includes the amount of cash dividends for the 2022 annual surplus that was resolved by the Board of Directors on March 24, 2023.

Condensed consolidated income statement – based on IFRS

Unit: NT\$ thousand

Year Items	Financial summary for the last five years (Note 1)					Year ended financial information as of March 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
Operating revenue	5,522,112	4,861,898	4,660,963	5,582,213	6,159,487	-
Gross profit	1,518,888	1,243,418	1,129,706	1,068,612	1,408,624	-
Income from operations	767,313	613,886	542,701	443,621	734,070	-
Non-operating income/expense	170,446	100,395	20,540	55,702	264,212	-
Net profit before tax	937,759	714,281	563,241	499,323	998,282	-
Net income of continuing business units	709,301	531,634	424,076	345,312	759,540	-
Loss of suspended business unit	-	-	-	-	-	-
Net income (loss)	709,301	531,634	424,076	345,312	759,540	-
Other comprehensive income (net of tax)	(60,025)	(148,874)	29,294	(33,535)	120,545	-
Total comprehensive income	649,276	382,760	453,370	311,777	880,085	-
Net income attributable to stockholders of the parent	707,876	520,487	424,076	345,312	759,540	-
Net income attributable to non-controlling interests	1,425	11,147	-	-	-	-
Total comprehensive income attributable to stockholders of the parent	649,142	371,613	453,370	311,777	880,085	-
Total comprehensive income attributable to non-controlling interests	134	11,147	-	-	-	-
Earning per share	5.99	4.40	3.59	2.92	6.42	-

Note 1: The above financial information for each year is based on the International Financial Reporting Standards, and has been verified and certified by accountants.

Note 2: As of the date of publication of this annual report, the Company has no financial information for the first quarter of 2023 that has been reviewed by accountants.

Condensed individual income statement – based on IFRS

Unit: NT\$ thousand

Year Item		Financial summary for the last five years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		2,666,580	1,997,172	2,174,993	2,506,723	2,468,684
Property, plant and equipment		745,992	809,163	642,995	681,288	678,729
Intangible assets		-	-	-	-	-
Other assets		4,856,345	4,983,103	5,193,657	5,208,273	5,700,976
Total assets		8,268,917	7,789,438	8,011,645	8,396,284	8,848,389
Current liabilities	Before distribution	1,959,008	1,500,352	1,565,431	1,888,571	1,599,213
	After distribution	2,372,911	1,855,126	1,861,076	2,125,087	2,072,245 (Note 2)
Non-current liabilities		434,564	456,029	514,559	559,919	657,804
Total liabilities	Before distribution	2,393,572	1,956,381	2,079,990	2,448,490	2,257,017
	After distribution	2,807,475	2,311,155	2,375,635	2,685,006	2,730,049 (Note 2)
Capital		1,182,579	1,182,579	1,182,579	1,182,579	1,182,579
Capital reserve		1,745,770	1,745,772	1,745,774	1,745,781	1,745,790
Retained earnings	Before distribution	3,165,881	3,270,895	3,343,213	3,394,490	3,917,731
	After distribution	2,751,978	2,916,121	3,047,568	3,157,974	3,444,699 (Note 2)
Other interests		(218,885)	(366,189)	(339,911)	(375,056)	(254,728)
Treasury stock		-	-	-	-	-
Total equity	Before distribution	5,875,345	5,833,057	5,931,655	5,947,794	6,591,372
	After distribution	5,461,442	5,478,283	5,636,010	5,711,278	6,118,340 (Note 2)

Note 1: The above financial data for each year is based on the International Financial Reporting Standards, and has been checked and certified by accountants and has not undergone asset revaluation.

Note 2: This includes the amount of cash dividends for the 2022 annual surplus that was resolved by the Board of Directors on March 24, 2023.

Condensed Individual Income Statement – based on IFRS

Unit: NT\$ thousand

Year Items		Financial summary for the last five years (Note 1)				
		2018	2019	2020	2021	2022
Operating revenue		4,687,932	3,764,736	3,540,586	4,069,703	4,793,919
Gross profit		814,234	667,966	542,800	656,799	743,325
Income from operations		489,220	379,683	295,147	398,478	453,123
Non-operating income/expense		393,499	269,688	232,548	40,244	492,890
Net profit before tax		882,719	649,371	527,695	438,722	946,013
Net income of continuing business units		707,876	520,487	424,076	345,312	759,540
Loss of suspended business unit		-	-	-	-	-
Net income (loss)		707,876	520,487	424,076	345,312	759,540
Other comprehensive income (net of tax)		(58,734)	(148,874)	29,294	(33,535)	120,545
Total comprehensive income		649,142	371,613	453,370	311,777	880,085
Earning per share		5.99	4.40	3.59	2.92	6.42

Note 1: The above financial information for each year is based on the International Financial Reporting Standards, and has been verified and certified by accountants.

(3) Names of certified accountants and audit opinions in the last five years

Year	Name of accounting firm	Name of accountants	Audit opinions	Note
2018	PwC Taiwan	Zhou Xiaozi, Lin Sekai	Unqualified opinion	Note 1
2019	PwC Taiwan	Zhou Xiaozi, Lin Sekai	Unqualified opinion	-
2020	PwC Taiwan	Zhou Xiaozi, Liang Yizhang	Unqualified opinion	Note 2
2021	PwC Taiwan	Zhou Xiaozi, Liang Yizhang	Unqualified opinion	-
2022	PwC Taiwan	Zhou Xiaozi, Liang Yizhang	Unqualified opinion	-

Note 1: Due to the internal organizational adjustment of PwC Taiwan, starting from the first quarter of 2018, the financial statements are checked and verified by CPA Zhou Xiaozi and CPA Lin Sekai.

Note 2: Due to the internal organizational adjustment of PwC Taiwan, starting from the first quarter of 2020, the financial statements are reviewed and verified by CPA Zhou Xiaozi and CPA Liang Yizhang.

2. Financial analysis for the last five years

(1) Financial analysis – based on IFRS

Consolidated Financial Analysis – based on IFRS

Year Items (Note 3)		Financial analysis for the last five years (Note 1)					Unit:%
		2018	2019	2020	2021	2022	Year ended financial information as of March 31, 2023 (Note 2)
Financial structure (%)	Debt Ratio	29.45	24.56	24.36	28.56	24.09	–
	Ratio of long-term capital to property, plant and equipment	259.55	257.17	291.51	299.24	338.64	–
Solvency (%)	Current ratio	269.23	332.68	372.73	322.48	437.15	–
	Quick ratio	181.83	233.03	255.14	194.43	261.81	–
	Interest earned ratio (times)	94.02	155.87	173.77	89.64	153.25	–
Operating performance	Receivable turnover rate (times)	3.18	3.18	3.44	3.49	3.53	–
	Average cash recovery day	114.77	114.77	106.10	104.58	103.39	–
	Inventory turnover rate (times)	2.30	2.17	2.27	2.25	1.93	–
	Payable turnover rate (times)	7.31	7.50	7.95	8.15	9.35	–
	Days sales outstanding	158.69	168.20	160.79	162.22	189.11	–
	Property, plant and equipment turnover rate (times)	2.37	2.15	2.16	2.75	3.10	–
	Total asset turnover rate (times)	0.66	0.61	0.60	0.69	0.72	–
Profitability	Return on assets (%)	8.64	6.67	5.48	4.33	8.99	–
	Return on equity (%)	12.38	9.09	7.21	5.81	12.11	–
	Pre-tax net profit to paid-in capital ratio (%)	79.30	60.40	47.63	42.22	84.42	–
	Net profit rate (%)	12.84	10.93	9.10	6.19	12.33	–
	Earnings per share (NT\$)	5.99	4.40	3.59	2.92	6.42	–
Cash flow	Cash flow ratio (%)	36.16	90.50	16.90	–	49.18	–
	Cash flow adequacy ratio (%)	77.77	101.58	95.71	58.84	83.24	–
	Cash reinvestment ratio (%)	4.70	11.93	(1.55)	(3.74)	5.28	–
Leverage	Operating leverage	1.20	1.26	1.28	1.33	1.20	–
	Financial leverage	1.01	1.01	1.01	1.01	1.01	–
Please explain the reasons for the changes in various financial ratios in the last two years: (if the increase or decrease reaches 20%)							
1. Solvency analysis:							
(1) The increase in the current ratio and quick ratio is primarily due to the decrease in current liabilities in 2022 compared to 2021.							
(2) The increase in the interest earned ratio is primarily due to the higher net profit before tax in 2022 compared to 2021.							
2. Profitability analysis:							
(1) The increase in the return on assets and equity is primarily due to the higher net profit for the period in 2022 compared to 2021.							
(2) The increase in the pre-tax net profit to paid-in capital ratio is primarily due to the higher net profit before tax in 2022 compared to 2021.							
(3) The increase in the net profit rate and earnings per share is primarily due to the higher net profit for the period in 2022 compared to 2021.							
3. Cash flow analysis							
(1) The increase in the cash flow ratio, cash flow allowance ratio, and cash reinvestment ratio is primarily due to the higher net cash flows from operating activities in 2022 compared to 2021.							

Note 1: The above financial data for each year is based on the International Financial Reporting Standards, and has been checked and certified by accountants and has not undergone asset revaluation.

Note 2: As of the date of publication of this annual report, the Company has no financial information for the first quarter of 2023 that has been reviewed by accountants.

Note 3: The calculation formula of the analysis items is as follows:

1. Financial structure

(1) Debt Ratio = $\text{Total liabilities} / \text{Total assets}$.

(2) Ratio of long-term capital to property, plant and equipment = $(\text{Total equity} + \text{Non-current liabilities}) / \text{Net of Property, plant and equipment}$

2. Solvency (%):

(1) Current ratio = $\text{Current assets} / \text{Current liabilities}$.

(2) Quick ratio = $(\text{Current assets} - \text{inventory} - \text{prepaid expenses}) / \text{Current liabilities}$.

(3) Interest earned ratio (times) = $\text{Net profit before income tax and interest expense} / \text{current interest expense}$.

3. Operating performance

(1) Accounts receivable (including accounts receivable and notes receivable arising from business operations) turnover ratio = $\text{net sales} / \text{average accounts receivable (including accounts receivable and notes receivable arising from operations) balance}$.

(2) Average cash recovery day = $365 / \text{Accounts receivable turnover ratio}$.

(3) Inventory turnover = $\text{cost of goods sold} / \text{average inventory}$.

(4) Accounts payable (including accounts payable and notes payable arising from business operations) turnover rate = $\text{cost of goods sold} / \text{average balance of accounts payable (including accounts payable and notes payable arising from operations) in each period}$.

(5) Days sales outstanding = $365 / \text{Inventory turnover}$.

(6) Property, plant and equipment turnover rate = $\text{net sales} / \text{average property, plant and equipment net amount}$.

(7) Total asset turnover = $\text{net sales} / \text{average total assets}$.

4. Profitability

(1) Return on assets = $[\text{after-tax profit and loss} + \text{interest expense} \times (1 - \text{tax rate})] / \text{average total assets}$.

(2) Return on equity = $\text{profit and loss after tax} / \text{average total equity}$.

(3) Profit rate = $\text{profit and loss after tax} / \text{net sales}$.

(4) Earnings per share = $(\text{Profit or loss attributable to owners of the parent company} - \text{special stock dividends}) / \text{weighted average number of issued shares}$.

5. Cash flow

(1) Cash flow ratio = $\text{net cash flow from operating activities} / \text{Current liabilities}$.

(2) Allowable ratio of net cash flow = $\text{net cash flow from operating activities in the last five years} / (\text{capital expenditure} + \text{inventory increase} + \text{cash dividends}) \text{ in the last five years}$.

(3) Cash reinvestment ratio = $(\text{net cash flow from operating activities} - \text{cash dividends}) / (\text{Property, plant and equipment gross} + \text{long-term investments} + \text{other non-current assets} + \text{working capital})$.

6. Leverage:

(1) Operating leverage = $(\text{Net operating income} - \text{variable operating costs and expenses}) / \text{Operating profit}$.

(2) Financial leverage = $\text{Operating profit} / (\text{Operating profit} - \text{interest expense})$.

Individual Financial Analysis - based on IFRS

Unit: %

Year Analysis items(Note 2)		Financial analysis for the last five years (Note 1)				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	28.95	25.12	25.96	29.16	25.51
	Ratio of long-term capital to property, plant and equipment	787.59	720.88	926.47	883.05	981.42
Solvency (%)	Current ratio	136.12	133.11	138.94	132.73	154.37
	Quick ratio	129.94	128.05	132.98	120.17	140.90
	Interest earned ratio (times)	88.26	106.76	168.52	104.84	153.95
Management capacity	Receivable turnover rate (times)	3.16	2.94	3.38	3.08	3.42
	Average cash recovery day	115.51	124.15	107.99	118.51	106.72
	Inventory turnover rate (times)	49.65	39.66	36.93	20.95	17.43
	Payable turnover rate (times)	4.95	3.83	3.60	3.49	4.26
	Days sales outstanding	7.35	9.20	9.88	17.42	20.94
	Property, plant and equipment turnover rate (times)	6.32	4.84	4.88	6.15	7.04
	Total asset turnover rate (times)	0.57	0.47	0.45	0.50	0.55
Profitability	Return on assets (%)	8.68	6.54	5.40	4.25	8.87
	Return on equity (%)	12.33	8.89	7.21	5.81	12.11
	Pre-tax net profit to paid-in capital ratio (%)	74.64	54.91	44.62	37.10	80.00
	Net profit rate (%)	15.10	13.83	11.98	8.48	15.84
	Earnings per share (NT\$)	5.99	4.40	3.59	2.92	6.42
Cash flow	Cash flow ratio (%)	17.86	51.87	10.13	-	37.4
	Cash flow allowance ratio(%)	77.19	104.67	85.89	50.57	91.83
	Cash reinvestment ratio (%)	(0.45)	5.75	(3.02)	(4.50)	4.93
Leverage	Operating leverage	1.02	1.03	1.04	1.04	1.04
	Financial leverage	1.02	1.02	1.01	1.01	1.01
Please explain the reasons for the changes in various financial ratios in the last two years: (if the increase or decrease reaches 20%) 1. Analysis of solvency (%): (1) The increase in the interest earned ratio is primarily due to the higher net profit before tax in 2022 compared to 2021.. 2. Operating performance analysis: (1) The increase in the receivable turnover rate is primarily due to the higher cost of goods sold in 2022 compared to 2021. (2) The increase in days sales outstanding is primarily due to the higher average inventory in 2022 compared to 2021. 3. Profitability analysis: (1) The increase in the return on assets and equity is primarily due to the higher net profit for the period in 2022 compared to 2021. (2) The increase in the pre-tax net profit to paid-in capital ratio is primarily due to the higher net profit before tax in 2022 compared to 2021. (3) The increase in the net profit rate and earnings per share is primarily due to the higher net profit for the period in 2022 compared to 2021. 4. Cash flow ratio analysis: (1) The increase in the cash flow ratio, cash flow allowance ratio, and cash reinvestment ratio is primarily due to the higher net cash flows from operating activities in 2022 compared to 2021.						

Note 1: The above financial data for each year is based on the International Financial Reporting Standards, and has been checked and certified by accountants and has not undergone asset revaluation.

Note 2: The calculation formula of the analysis items is as follows:

1. Financial structure

(1) Debt Ratio = $\text{Total liabilities} / \text{Total assets}$.

(2) Ratio of long-term capital to property, plant and equipment = $(\text{Total equity} + \text{Non-current liabilities}) / \text{Property, plant and equipment net amount}$.

2. Solvency (%)

(1) Current ratio = $\text{Current assets} / \text{Current liabilities}$.

(2) Quick ratio = $(\text{Current assets} - \text{inventory} - \text{prepaid expenses}) / \text{Current liabilities}$.

(3) Interest earned ratio (times) = $\text{Net profit before income tax and interest expense} / \text{current interest expense}$.

3. Operating performance

(1) Accounts receivable (including accounts receivable and notes receivable arising from business operations) turnover ratio = $\text{net sales} / \text{average accounts receivable (including accounts receivable and notes receivable arising from operations) balance}$.

(2) Average cash recovery day = $365 / \text{Accounts receivable turnover ratio}$.

(3) Inventory turnover = $\text{cost of goods sold} / \text{average inventory}$.

(4) Accounts payable (including accounts payable and notes payable arising from business operations) turnover rate = $\text{cost of goods sold} / \text{average balance of accounts payable (including accounts payable and notes payable arising from operations) in each period}$.

(5) Days sales outstanding = $365 / \text{Inventory turnover}$.

(6) Property, plant and equipment turnover rate = $\text{net sales} / \text{average property, plant and equipment net amount}$.

(7) Total asset turnover = $\text{net sales} / \text{average total assets}$.

4. Profitability

(1) Return on Assets = $[\text{After-tax Profit and Loss} + \text{Interest Expenses} \times (1 - \text{Tax Rate})] / \text{average total assets}$.

(2) Return on Equity = $\text{After-tax Profit and Loss} / \text{average total equity}$.

(3) Profit rate = $\text{profit and loss after tax} / \text{net sales}$.

(4) Earnings per share = $(\text{Profit or loss attributable to owners of the parent company} - \text{special stock dividends}) / \text{weighted average number of issued shares}$.

5. Cash flow

(1) Cash flow ratio = $\text{net cash flow from operating activities} / \text{Current liabilities}$.

(2) Allowable ratio of net cash flow = $\text{net cash flow from operating activities in the last five years} / (\text{capital expenditure} + \text{inventory increase} + \text{cash dividends}) \text{ in the last five years}$.

(3) Cash reinvestment ratio = $(\text{net cash flow from operating activities} - \text{cash dividends}) / (\text{Property, plant and equipment gross} + \text{long-term investments} + \text{other non-current assets} + \text{working capital})$.

6. Leverage:

(1) Operating leverage = $(\text{Operating revenue net} - \text{variable operating costs and expenses}) / \text{operating profit}$.

(2) Financial leverage = $\text{Operating profit} / (\text{Operating profit} - \text{interest expense})$.

3. The review report of the supervisor or audit committee for the most recent annual financial report.

Well Shin Technology Co., Ltd. The Audit Committee Audit Report

The Board of Directors of the Company submitted the 2022 annual business report, financial statements and profit distribution proposal. Among them, the financial report has been audited by Zhou Xiaozi and Liang Yizhang, CPAs of PwC Taiwan, and issued an audit report. The above-mentioned business report, financial statement and profit distribution proposal have been checked and completed by the Audit Committee, and there is no discrepancy. This report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Sincerely,

2023 Regular Meeting of Shareholders, Well Shin Technology Co., Ltd.

Convener of the Audit Committee: Li, Hsiao Wen

March 24, 2023

4. If the company and its affiliated companies had any financial or turnover difficulties in the most recent year and as of the date of publication of this annual report, the impact on the Company's financial status must be listed in detail: None.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Well Shin Technology Co., Ltd.

Opinion

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

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

Basis For Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 for our opinion.

Key Audit Matters

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

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

Valuation of allowance for inventory valuation losses

Description

Please refer to Note 4(13) for accounting policy on inventory, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for the details of allowance for inventory valuation losses.

As of December 31, 2022, the Group's inventories and allowance for inventory valuation losses amounted to NT \$2,516,877 thousand and NT \$215,021 thousand, respectively. The Group is engaged in the manufacture of wire and Cable and electronic components and electronic materials wholesale and retail. Due to the short lifespan of electronic products and fluctuations in market prices, there is a higher risk of inventory losses due from market value decline or obsolescence. The Group recognizes inventories at the lower of cost and net realizable value. Obsolete or slow-moving inventories were assessed individually.

The Group's estimation and determination of the net realizable value of inventories are subjected to management's judgement, involves a high level of uncertainty and has a material effect on the financial statements. Therefore, it was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in order to provision on allowance for inventory valuation losses:

1. Assessed the reasonableness of policies relating to the provision of allowance for inventory valuation losses and procedures based on our understanding of the Group's operation and industry, which including deciding the inventory classification based on the net realizable value and soundness for the judgment of outdated inventories.
2. Understood the Company's inventory management procedures, reviewed its annual inventory plan, and participated in its annual inventory check to evaluate the management's judgement and control efficiency of outdated inventories.
3. Verified the accuracy of the inventory cost and net realizable value report in order to confirm that the information in the reports were consistent with the Group's inventory policies.
4. Checked the appropriateness of the estimation basis adopted by the Group for the evaluation of the net realizable value, verified the accuracy of inventory selling and purchase prices, and recalculated and evaluated the reasonableness of allowance for inventory valuation losses.

Appropriateness of cut-off of the pick-up at outsourced warehouse revenue recognition

Description

Please refer to Note 4(28) for accounting policy on revenue recognition.

The Group's sales can be divided into two categories, products shipped to clients directly and products for pick-up at outsourced warehouse. For pick-ups, the revenue is recognized whenever risk and rewards are transferred. The Group recognizes sales revenue based on movements of

inventories contained in the statements provided by the warehouse's custodians. As the warehouses are located around the world, include America, with numerous custodians, the frequency and contents of statements provided by custodians vary, and the process of revenue recognition involves numerous manual procedures, these factors may potentially result in inaccurate timing of sales revenue recognition and discrepancy between physical inventory quantities in the warehouse and quantities as reflected in accounting records. The Group's daily transaction quantity is voluminous and the transaction amount around the balance sheet date is significant to the financial statements, therefore, we determined that the appropriateness of cut-off of warehouse operating revenue as one of the key audit matters for this fiscal year.

How our audit addressed the matter

Our key audit procedures performed in respect to the above matter included:

1. Obtained an understanding and tested the timing of sales revenue recognition procedures between the Group and the customers to verify the effectiveness of the internal control for warehouse operating revenue recognition.
2. Performed cut-off test on the transactions of warehouse operating revenue around the period of balance sheet date, including verifying the supporting documents of warehouse custodian, the movement of accounted inventory, and related records of cost of goods sold generated to evaluate the timing appropriateness of warehouse operating revenue recognition.
3. Performed sampling checking to confirm the inventory quantities and agreed the results to accounting records. In addition, inspected the reason for the difference between the confirmation replies or physical inventory count observation and accounting records and tested the reconciling items made by management.

Other matter – parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Well Shin Technology Co., Ltd. as at and for the years ended December 31, 2022 and 2021.

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of 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 the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the 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 for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Xiao-zi, Zhou and Yi-zhang, Liang.

PricewaterhouseCoopers, Taiwan
Republic of China
March 24, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation

Well Shin Technology Co., Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

		December 31, 2022			December 31, 2021		
CODE	ASSETS	NOTES	AMOUNT	%	AMOUNT	%	
CURRENT ASSETS							
1100	Cash and cash equivalents	6(1)	\$ 1,981,981	23	\$ 1,819,734	22	
1110	Financial assets at fair value through profit or loss – Current	6(2)	5,357	-	3,030	-	
1136	Financial assets at amortized cost – Current	6(3) and 8	117,413	1	15,199	-	
1150	Notes receivable, net	6(4) and 8	82,303	1	159,668	2	
1170	Accounts receivable, net	6(4)	1,522,734	18	1,455,946	17	
1180	Accounts receivable from related parties, net	6(4) and 7	127,448	1	62,460	1	
1200	Other receivables		15,159	-	21,657	-	
130X	Inventories	6(5)	2,301,856	27	2,240,007	27	
1410	Prepayments		82,078	1	64,718	1	
11XX	Total current assets		6,236,329	72	5,842,419	70	
NON-CURRENT ASSETS							
1535	Financial assets measured at amortized cost – Non-current	6(3) and 8	10,000	-	27,371	-	
1600	Property, plant and equipment	6(6) and 8	1,967,058	23	2,010,463	24	
1755	Right-of-use assets	6(7) and 7	77,121	1	75,807	1	
1760	Investment properties	6(9) and 8	293,769	3	295,583	4	
1780	Intangible assets		4,665	-	6,489	-	
1840	Deferred income tax assets	6(24)	21,302	-	30,526	-	
1900	Other non-current assets	6(10)	72,881	1	37,349	1	
15XX	Total non-current assets		2,446,796	28	2,483,588	30	
1XXX	TOTAL		\$ 8,683,125	100	\$ 8,326,007	100	

(Continued)

Well Shin Technology Co., Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY		NOTES	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
CURRENT LIABILITIES						
2100	Short-term borrowings	6(11)	\$ 400,000	5	\$ 610,000	7
2150	Accounts payable		287	-	-	-
2170	Accounts payable – related parties		406,980	5	608,147	7
2200	Other payables	6(13)	454,519	5	450,804	6
2230	Current tax liabilities		112,574	1	92,657	1
2280	Lease liabilities – Current	7	1,180	-	648	-
2320	Long-term borrowings - current portion	6(12)	7,088	-	-	-
2399	Other current liabilities		43,963	-	49,441	1
21XX	Total current liabilities		1,426,591	16	1,811,697	22
NON-CURRENT LIABILITIES						
2540	Long-term borrowings	6(12)	69,830	1	68,350	1
2570	Deferred income tax liabilities	6(24)	571,349	7	476,614	6
2580	Lease liabilities – Non-current	7	1,839	-	-	-
2600	Other non-current liabilities	6(14)	22,144	-	21,552	-
25XX	Total non-current liabilities		665,162	8	566,516	7
2XXX	Total liabilities		2,091,753	24	2,378,213	29
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
	Shares Capital	6(15)				
3110	Capital Stock		1,182,579	14	1,182,579	14
	Capital surplus	6(16)				
3200	Capital surplus		1,745,790	20	1,745,781	21
	Retained earnings	6(17)				
3310	Legal reserve		912,090	11	877,398	11
3320	Special reserve		375,056	4	339,912	4
3350	Unappropriated earnings		2,630,585	30	2,177,180	26
	Other equity					
3400	Other equity		(254,728)	(3)	(375,056)	(5)
3XXX	Total equity		6,591,372	76	5,947,794	71
SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS						
	SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD	11				
3X2X	TOTAL		\$ 8,683,125	100	\$ 8,326,007	100

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

Well Shin Technology Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Item	Notes	2022		2021	
			Amount	%	Amount	%
4000	OPERATING REVENUE	6(18) and 7	\$ 6,159,487	100	\$ 5,582,213	100
5000	OPERATING COSTS	6(5)(22)(23)	(4,750,863)	(77)	(4,513,601)	(81)
5950	GROSS PROFIT		1,408,624	23	1,068,612	19
	OPERATING EXPENSES	6(22)(23)				
6100	Selling and marketing expenses		(362,935)	(6)	(337,340)	(6)
6200	General and administrative expenses		(265,185)	(4)	(253,114)	(4)
6300	Research and development expenses		(43,824)	(1)	(41,515)	(1)
6450	Expected credit loss	12(2)	(2,610)	-	(6,978)	-
6000	Total operating expenses		(674,554)	(11)	(624,991)	(11)
6900	PROFIT FROM OPERATIONS		734,070	12	443,621	8
	NON-OPERATING INCOME AND EXPENSES					
7100	Interest income	6(3)(19)	17,252	-	21,411	-
7010	Other income	6(9)(20)	35,368	1	38,528	1
7020	Other gains and losses	6(2)(21)	218,149	3	1,396	-
7050	Finance costs		(6,557)	-	(5,633)	-
7000	Total non-operating income and expenses		264,212	4	55,702	1
7900	INCOME BEFORE INCOME TAX		998,282	16	499,323	9
7950	INCOME TAX EXPENSE	6(24)	(238,742)	(4)	(154,011)	(3)
8200	NET PROFIT FOR THE YEAR		\$ 759,540	12	\$ 345,312	6
	OTHER COMPREHENSIVE INCOME (LOSS)					
	Items that will not be reclassified subsequently to profit or loss:					
8311	Remeasurement of defined benefit plans		\$ 272	-	\$ 2,012	-
8349	Income tax related to items that will not be reclassified subsequently	6(24)	(55)	-	(402)	-
8310	Component not to be reclassified to profit or loss		217	-	1,610	-
	Items that may be reclassified subsequently to profit or loss:					
8361	Exchange differences on translation of the financial statements of foreign operations		148,625	2	(43,290)	-
8399	Income tax relating to the items that may be reclassified subsequently to profit or loss	6(24)	(28,297)	-	8,145	-
8360	Component not to be reclassified to profit or loss		120,328	2	(35,145)	-
8300	OTHER COMPREHENSIVE INCOME		\$ 120,545	2	\$ 33,535	-
8500	TOTAL COMPREHENSIVE INCOME -Net		\$ 880,085	14	\$ 311,777	6
	Profit attributable to:					
8610	Owners of the parent		\$ 759,540	12	\$ 345,312	6
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 880,085	14	\$ 311,777	6
9750	Basic earnings per share	6(25)	\$ 6.42		\$ 2.92	
9850	Diluted earnings per share	6(25)	\$ 6.37		\$ 2.91	

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

Well Shin Technology Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

		Equity Attributable to Shareholders of the Parent						
		Retained Earnings					Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
Notes	Share Capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings			
<u>2021</u>								
BALANCE AT JANUARY 1, 2021		\$ 1,182,579	\$ 1,745,774	\$ 834,689	\$ 366,189	\$ 2,142,335	(\$ 339,911)	\$ 5,931,655
Profit for the year		-	-	-	-	345,312	-	345,312
Other comprehensive loss for the year		-	-	-	-	1,610	(35,145)	(33,535)
Total comprehensive income (loss)		-	-	-	-	346,922	(35,145)	311,777
Appropriation and distribution of 2020 earnings:	6(17)							
Legal reserve		-	-	42,709	-	(42,709)	-	-
Special reserve		-	-	-	(26,277)	26,277	-	-
Cash dividends to shareholders		-	-	-	-	(295,645)	-	(295,645)
Dividends not collected by shareholders after the deadline	6(16)	-	7	-	-	-	-	7
BALANCE AT DECEMBER 31, 2021		<u>\$ 1,182,579</u>	<u>\$ 1,745,781</u>	<u>\$ 877,398</u>	<u>\$ 339,912</u>	<u>\$ 2,177,180</u>	<u>(\$ 375,056)</u>	<u>\$ 5,947,794</u>
<u>2022</u>								
BALANCE AT JANUARY 1, 2022		\$ 1,182,579	\$ 1,745,781	\$ 877,398	\$ 339,912	\$ 2,177,180	(\$ 375,056)	\$ 5,947,794
Profit for the year		-	-	-	-	759,540	-	759,540
Other comprehensive loss for the year		-	-	-	-	217	120,328	120,545
Total comprehensive income (loss)		-	-	-	-	759,757	120,328	880,085
Appropriation and distribution of 2021 earnings:	6(17)							
Legal reserve		-	-	34,692	-	(34,692)	-	-
Special reserve		-	-	-	35,144	(35,144)	-	-
Cash dividends to shareholders		-	-	-	-	(236,516)	-	(236,516)
Dividends not collected by shareholders after the deadline	6(16)	-	9	-	-	-	-	9
BALANCE AT DECEMBER 31, 2022		<u>\$ 1,182,579</u>	<u>\$ 1,745,790</u>	<u>\$ 912,090</u>	<u>\$ 375,056</u>	<u>\$ 2,630,585</u>	<u>(\$ 254,728)</u>	<u>\$ 6,591,372</u>

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

Well Shin Technology Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING</u>			
<u>ACTIVITIES</u>			
Income before income tax		\$ 998,282	\$ 499,323
Adjustments for:			
Adjustments to reconcile profit (loss)			
Depreciation expense (including depreciation charges on right-of-use assets and investment property)	6(6)(7)(9)(21)(22)	147,392	145,056
Amortization expense	6(22)	2,669	2,625
Expected credit loss (gain)	12(2)	2,610	(6,978)
(Gain) loss on financial assets at fair value through profit or loss	6(2)(21)	1,022	(197)
Finance costs		6,557	5,633
Inventory valuation loss	6(5)	54,774	25,303
Interest income	6(3)(19)	(17,252)	(21,411)
Loss (gain) on disposal of property, plant and equipment, net	6(21)	(11,161)	(59,403)
Gain on disposal of investments	6(21)	(1,268)	(1,349)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		77,365	(48,235)
Accounts receivable		(69,381)	(172,906)
Accounts receivable – related parties		(65,005)	(14,694)
Other receivables		6,498	(3,407)
Inventories		(116,422)	(792,648)
Prepayments		(17,360)	(13,788)
Changes in operating liabilities			
Notes payable		287	(30,688)
Accounts payable		(201,167)	139,201
Other payables		40,827	8,520
Other current liabilities - others		(5,478)	547
Other non-current liabilities		324	(5,358)
Cash generated from operations (used in)		834,113	(344,854)
Interest received		17,252	21,411
Income tax paid		(143,218)	(87,049)
Interest paid		(6,481)	(5,615)
Net cash generated from operating activities (used in)		701,666	(416,107)

(Continued)

Well Shin Technology Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Notes	2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortized cost		(\$ 99,757)	(\$ 17,365)
Proceeds from redemption of financial assets at amortized cost		14,914	114,662
Acquisition of financial assets at fair value through profit or loss - Current		(171,945)	(86,826)
Proceeds from sale of financial assets at fair value through profit or loss - Current		169,849	90,091
Acquisition of property, plant and equipment	6(26)	(108,128)	(78,908)
Proceeds from disposal of property, plant and equipment		43,768	170,240
Acquisition of intangible assets		(766)	(542)
(Increase) Decrease in refundable deposits		(133)	22,084
Increase in other non-current assets		(47,323)	(9,652)
Net cash (used in) generated from investing activities		(199,521)	203,784
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(27)	2,810,000	3,510,000
Repayments of short-term borrowings	6(27)	(3,020,000)	(3,290,000)
Increase in long-term borrowings	6(27)	8,568	42,850
Repayments of lease liabilities	6(27)	(1,200)	(1,200)
Proceeds from guarantee deposits received		540	1,339
Payment of cash dividends	6(17)	(236,516)	(295,645)
Dividends not collected by shareholders before the deadline	6(16)	9	7
Net cash used in financing activities		(438,599)	(32,649)
EFFECT OF EXCHANGE RATE CHANGES		98,701	(26,438)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		162,247	(271,410)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,819,734	2,091,144
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>\$ 1,981,981</u>	<u>\$ 1,819,734</u>

The accompanying notes are an integral part of the Parent company only financial statements.

Well Shin Technology Co., Ltd. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Well Shin Technology Co., Ltd. (“The Company”; The Company and Subsidiaries called “The Group”) was incorporated under the provisions of the Company Law of the Republic of China (R.O.C) on September 3, 2002 and commenced business on November 1, 2002. The Company is mainly engaged in the manufacture of wire and Cable and electronic components and electronic materials wholesale and retail. The Company was approved to be listed on the Taiwan Stock Exchange on September 20, 2007.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorized for issue by the Company’s board of directors on March 24, 2023.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023

The above standards and interpretations have no significant impact to the Group’s financial

condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17 "First time application between IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.	

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, "Taiwan-IFRSs").

(2) Basis of preparation

- a. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - b) Defined benefit liabilities recognized based on the net amount of pension fund assets plus less present value of defined benefit obligations.
- b. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of Consolidation

- a. Basis for preparation of consolidated financial statements:
 - a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed 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.
 - d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
 - e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

b. Subsidiaries included in the consolidated financial statements:

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>		<u>Description</u>
			<u>December 31, 2022</u>	<u>December 31, 2021</u>	
The Company	Power Cord Designing Technology Co., Ltd (PCDT)	Investment holdings	100	100	
The Company	Smart Think Technology Co., Ltd (STT)	Investment holdings	100	100	
The Company	Bright Designing Technology Co., Ltd. (BDT)	Investment holdings	100	100	
Power Cord Designing Technology Co., Ltd (PCDT)	Dongguan Well Shin Electronic Products Co., Ltd. (Dongguan Well Shin)	Manufacture of wire and cable, electronic components and sales of electronic materials	100	100	
Smart Think Technology Co., Ltd (STT)	Great Hero Technology Co. Ltd. (GHT)	Investment holdings and trading of electronic materials	100	100	
Great Hero Technology Co. Ltd. (GHT)	Well Shin Electronic (Kunshan) Co., Ltd (Well Shin Kunshan)	Manufacture of wire and cable, electronic components and sales of electronic materials	100	100	
Bright Designing Technology Co., Ltd. (BDT)	Power Root Technology Co., Ltd. (PRT)	Investment holdings	-	-	Note
Bright Designing Technology Co., Ltd. (BDT)	Best Power Cord Designing Technology Co., Ltd. (BPC)	Investment holdings	100	100	
Bright Designing Technology Co., Ltd. (BDT)	Wise Giant Co., Ltd. (WG)	Investment holdings	100	100	
Best Power Cord Designing Technology Co., Ltd. (BPC)	Well Shin Electronic (Kunshan) Co., Ltd (Well Shin Electric)	Manufacture of wire and cable, electronic components and sales of electronic materials	100	100	
Best Power Cord Designing Technology Co., Ltd. (BPC)	Well Shin Japan Co., Ltd (WSJ)	Sales of wire and cable and electronic components materials	100	100	

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Main business activities</u>	<u>Ownership (%)</u>		<u>Description</u>
			<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Best Power Cord Designing Technology Co., Ltd. (BPC)	Dongguan Plugo Electric Co., Ltd (Dongguan Plugo)	Sales of wire and cable, electronic components materials and home appliances	100	100	
Wise Giant Co., Ltd. (WG)	Conntek Integrated Solutions Inc. (Conntek)	Sales of wire and cable and electronic components materials	100	100	
Wise Giant Co., Ltd. (WG)	Cisco LLC. (Cisco)	Warehouse leasing services	100	100	

Note: Power Root Technology Co., Ltd. (PRT) completed the cancellation of registration in June 2021.

- c. Subsidiaries not included in the consolidated financial statements: None.
- d. Adjustments for subsidiaries with different balance sheet dates: None.
- e. Significant restrictions: None.
- f. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

a. Foreign currency transactions and balances

- a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- d) All foreign exchange gains and losses are presented in the statement of

comprehensive income within 'other gains and losses'.

b. Translation of foreign operations

- a) The operating results and financial position of all the group entities associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- a. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - b) Assets held mainly for trading purposes;
 - c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

The Group classifies all assets that do not meet the aforementioned criteria as non-current.

- b. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - a) Liabilities that are expected to be settled within the normal operating cycle;
 - b) Liabilities arising mainly from trading activities;
 - c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all assets that do not meet the aforementioned criteria as non-current.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above criteria and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

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

- a. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized or fair value through other comprehensive income.
- b. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- c. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- d. The Group recognizes the dividend income when the right to receive payments is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at amortized cost

- a. Financial assets at amortized cost are those that meet all of the following criteria:
 - a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - b) The assets' contractual cash flows represent solely payments of principal and interest.
- b. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- c. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- d. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

- a. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- b. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing

component, the Group recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognized a financial asset when one of the following conditions is met:

- a. The contractual rights to receive the cash flows from the financial asset expire.
- b. The contractual rights to receive the cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- c. The contractual rights to receive the cash flows of the financial asset have been transferred and the Group has not retained control of the financial asset.

(12) Leasing arrangements (lessor) – operating lease

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

(13) Inventories

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

(14) Property, plant and equipment

- a. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- b. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- c. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- d. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	10 - 53 years
Machinery and equipment	5 - 10 years
Transportation equipment	5 years
Office equipment	3 - 5 years
Other equipment	5 years

(15) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- a. Leases are recognized as a right-of-use asset at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- b. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are included fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- c. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - a) Any lease payments made at or before the commencement date;
 - b) Any initial direct costs incurred by the lessee; and
 - c) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

- d. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, the recognize the difference between remeasured lease liability in profit or loss.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(17) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3-10 years.

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

- a. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- b. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(22) Offsetting financial instruments

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

(23) Employee benefits

- a. Short-term employee benefits

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

- b. Pensions

- a) Defined contribution plans

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

- b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The net defined benefit obligation is calculated annually by

independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

c. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Employee share-based payment

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

b. For cash-settled share-based payments, a liability is recognized for the services acquired, measured at the fair value of the liability incurred. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss.

(25) Income tax

a. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

b. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

c. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by

- the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
- d. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
 - e. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- (26) Share capital
 Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- (27) Dividends
 Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.
- (28) Revenue recognition
 The Group is engaged in the manufacture and sales of related products of wire and cable, electronic components and electronic material. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' 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 customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (29) Operating segments
 Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

- a. Critical judgements in applying the Group's accounting policies
None.

- b. Critical accounting estimates and assumptions

Evaluation of inventories

Evaluation of inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2022, the Group's carrying amount of inventories was \$2,301,856.

6. EXPLANATION OF MAJOR ACCOUNTING ITEMS

- (1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 1,207	\$ 2,848
Checking accounts and demand deposits	1,303,819	1,185,721
Time deposits	<u>676,955</u>	<u>631,165</u>
Total	<u>\$ 1,981,981</u>	<u>\$ 1,819,734</u>

- a. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- b. For details on cash and cash equivalents (table presents financial assets measured at amortized cost) provided as a pledge or collateral, please refer to Note 8.

- (2) Financial assets at fair value through profit or loss

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 11,526	\$ 8,170
Financial asset held for trading		
Valuation adjustment - stocks	(<u>6,169</u>)	(<u>5,140</u>)
	<u>\$ 5,357</u>	<u>\$ 3,030</u>

- a. The gain recognized in relation to financial assets at fair value through profit or loss were \$246 and \$1,546 for the years ended December 31, 2022 and 2021, respectively.
- b. The Group has no financial assets at fair value through profit or loss pledged to others.
- c. Information relating to price risk of financial assets at fair value through profit or loss is provided in Note 12(2)(3).

(3) Financial assets measured at amortized cost

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Time deposits expiring beyond three months	\$ 114,765	\$ 15,199
Banker's Acceptances	<u>2,648</u>	<u>-</u>
Total	<u>\$ 117,413</u>	<u>\$ 15,199</u>
Non-current items:		
Time deposits expiring beyond three months	\$ -	\$ 17,371
Pledged deposit	<u>10,000</u>	<u>10,000</u>
Total	<u>\$ 10,000</u>	<u>\$ 27,371</u>

- a. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 2,045</u>	<u>\$ 3,558</u>

- b. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was \$127,413 and \$42,570, respectively.
- c. The Group has not pledged financial assets at amortized cost to others as collateral provided in Note 8.
- d. Information relating to credit risk and fair value of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable (Include related parties)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes receivable	<u>\$ 82,303</u>	<u>\$ 159,668</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	\$ 1,558,637	\$ 1,497,073
Less: Allowance for doubtful accounts	<u>(35,903)</u>	<u>(41,127)</u>
	<u>\$ 1,522,734</u>	<u>\$ 1,455,946</u>

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable - related parties	\$ 127,486	\$ 62,481
Less: Allowance for doubtful accounts – related parties	(38)	(21)
	<u>\$ 127,448</u>	<u>\$ 62,460</u>

- a. The ageing analysis of accounts receivable (Include related parties) and notes receivable is as follows:

	<u>December 31, 2022</u>			<u>December 31, 2021</u>		
	<u>Accounts receivable</u>	<u>Accounts receivable – related parties</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Accounts receivable – related parties</u>	<u>Notes receivable</u>
Without past due	\$1,429,193	\$127,486	\$82,303	\$1,414,968	\$62,481	\$159,668
Up to 30 days	74,438	-	-	33,728	-	-
31-90 days	21,436	-	-	8,436	-	-
91-180 days	1,527	-	-	5,359	-	-
Over 181 days	<u>32,043</u>	<u>-</u>	<u>-</u>	<u>34,582</u>	<u>-</u>	<u>-</u>
	<u>\$1,558,637</u>	<u>\$127,486</u>	<u>\$82,303</u>	<u>\$1,497,073</u>	<u>\$62,481</u>	<u>\$159,668</u>

The above ageing analysis was based on past due date.

- b. As at December 31, 2022 and 2021, accounts receivable and notes receivable (include related parties) were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$1,435,261.
- c. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable (include related parties) was \$82,303 and \$159,668; \$1,650,182 and \$1,518,406, respectively.
- d. The Group does not hold any collateral as security provided in Note 8.
- e. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2022		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 706,487	(\$ 96,145)	\$ 610,342
Work in process	63,398	(40)	63,358
Finished goods (include Goods)	<u>1,746,992</u>	<u>(118,836)</u>	<u>1,628,156</u>
Total	<u>\$ 2,516,877</u>	<u>(\$ 215,021)</u>	<u>\$ 2,301,856</u>

	December 31, 2021		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 693,072	(\$ 70,429)	\$ 622,643
Work in process	123,745	(1,504)	122,241
Finished goods (include Goods)	<u>1,580,107</u>	<u>(84,984)</u>	<u>1,495,123</u>
Total	<u>\$ 2,396,924</u>	<u>(\$ 156,917)</u>	<u>\$ 2,240,007</u>

The cost of inventories recognized as expense for the year:

	2022	2021
Cost of goods sold	\$ 4,702,467	\$ 4,512,239
Loss on decline in market value	54,774	25,303
Others	(6,378)	(23,941)
	<u>\$ 4,750,863</u>	<u>\$ 4,513,601</u>

(6) Property, plant and equipment

	2022							
	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportatio n Equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Constructio n in progress</u>	<u>Total</u>
At January 1 Cost	\$469,906	\$1,379,576	\$1,286,036	\$ 30,954	\$ 37,840	\$207,449	\$ 19,219	\$3,430,980
Accumulated depreciation	-	(400,883)	(798,914)	(12,451)	(30,454)	(177,815)	-	(1,420,517)
	<u>\$469,906</u>	<u>\$ 978,693</u>	<u>\$ 487,122</u>	<u>\$ 18,503</u>	<u>\$ 7,386</u>	<u>\$ 29,634</u>	<u>\$ 19,219</u>	<u>\$2,010,463</u>
January 1	\$469,906	\$ 978,693	487,122	\$ 18,503	\$ 7,386	\$ 29,634	\$ 19,219	\$2,010,463
Additions	-	2,466	43,795	1,716	1,544	6,676	14,758	70,955
Disposals	(8,550)	(22,979)	(986)	-	(62)	-	-	(32,607)
Transfer	-	5,632	12,368	-	-	596	(6,672)	11,924
Depreciation charge	-	(27,732)	(94,054)	(4,755)	(2,723)	(10,952)	-	(140,216)
Net exchange differences	<u>6,939</u>	<u>31,930</u>	<u>6,077</u>	<u>339</u>	<u>470</u>	<u>487</u>	<u>297</u>	<u>46,539</u>
December 31	<u>\$468,295</u>	<u>\$ 968,010</u>	<u>\$ 454,322</u>	<u>\$ 15,803</u>	<u>\$ 6,615</u>	<u>\$ 26,411</u>	<u>\$ 27,602</u>	<u>\$1,967,058</u>
At December 31 Cost	\$468,295	\$1,400,209	\$1,355,448	\$ 33,373	\$ 37,949	\$216,849	\$ 27,601	\$3,539,724
Accumulated depreciation	-	(432,199)	(901,126)	(17,570)	(31,334)	(190,437)	-	(1,572,666)

	\$468,295	\$ 968,010	\$ 454,322	\$ 15,803	\$ 6,615	\$ 26,412	\$ 27,601	\$1,967,058
	2021							
	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation Equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Construction in progress</u>	<u>Total</u>
At January 1								
Cost	\$471,813	\$1,386,213	\$1,200,758	\$ 17,914	\$ 37,082	\$202,779	\$ 26,757	\$3,343,316
Accumulated depreciation		<u>-(370,284)</u>	<u>(721,108)</u>	<u>(9,950)</u>	<u>(29,319)</u>	<u>(169,084)</u>	<u>-(1,299,745)</u>	
	<u>\$471,813</u>	<u>\$1,015,929</u>	<u>\$ 479,650</u>	<u>\$ 7,964</u>	<u>\$ 7,763</u>	<u>\$ 33,695</u>	<u>\$ 26,757</u>	<u>\$2,043,571</u>
January 1	\$471,813	\$1,015,929	\$ 479,650	\$ 7,964	\$ 7,763	\$ 33,695	\$ 26,757	\$2,043,571
Additions	-	10,417	64,034	13,165	2,374	5,963	10,551	106,504
Disposals	-	-(2,992)	(2,992)	(2,480)	(13)	(309)	-(5,794)	
Transfer	-(4,612)	39,222	-	-	-	3,681	(19,524)	18,767
Depreciation charge	-(33,991)	(85,498)	(2,597)	(2,611)	(13,006)	-	(137,703)	
Net exchange differences	<u>(1,907)</u>	<u>(9,050)</u>	<u>(7,294)</u>	<u>2,451</u>	<u>(127)</u>	<u>(390)</u>	<u>1,435</u>	<u>(14,882)</u>
December 31	<u>\$469,906</u>	<u>\$ 978,693</u>	<u>\$ 487,122</u>	<u>\$ 18,503</u>	<u>\$ 7,386</u>	<u>\$ 29,634</u>	<u>\$ 19,219</u>	<u>\$2,010,463</u>
At December 31								
Cost	\$469,906	\$1,379,576	\$1,286,036	\$ 30,954	\$ 37,840	\$207,449	\$ 19,219	\$3,430,980
Accumulated depreciation		<u>-(400,883)</u>	<u>(798,914)</u>	<u>(12,451)</u>	<u>(30,454)</u>	<u>(177,815)</u>	<u>-(1,420,517)</u>	
	<u>\$469,906</u>	<u>\$ 978,693</u>	<u>\$ 487,122</u>	<u>\$ 18,503</u>	<u>\$ 7,386</u>	<u>\$ 29,634</u>	<u>\$ 19,219</u>	<u>\$2,010,463</u>

- The significant components of buildings include buildings and construction which depreciated over 10 to 53 years.
- Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.
- The abovementioned equipment are all assets for its own use

(7) Leasing arrangements—lessee

- The Group leases various assets including land use right and buildings. Rental contracts are typically made for periods of 3 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land use right	\$ 74,108	\$ 75,166
Buildings	<u>3,013</u>	<u>641</u>
	<u>\$ 77,121</u>	<u>\$ 75,807</u>
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land use right	\$ 2,295	\$ 2,254
Buildings	<u>1,185</u>	<u>1,183</u>
	<u>\$ 3,480</u>	<u>\$ 3,437</u>

- c. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$3,556 and \$0, respectively.
- d. The information on profit and loss accounts relating to lease contracts is as follows:

	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 15	\$ 12
Expense on short-term lease contracts	2,616	4,022
Expense on leases of low-value assets	447	472

- e. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$4,263 and \$5,694, respectively.

(8) Leasing arrangements — lessor

- a. The Group leases various assets are land and buildings. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- b. For the year ended December 31, 2022 and 2021, the Group recognized rent income in the amounts of \$21,210 and \$26,546, respectively, based on the operating lease agreement, which does not include variable lease payments.
- c. The maturity analysis of the lease payments under the operating lease is as follows:

	December 31, 2022	December 31, 2021
2022	\$ -	\$ 20,512
2023	17,200	11,625
2024	17,469	7,937
2025	10,326	527
2026	9,470	-
2027	10,227	-
Total	<u>\$ 64,692</u>	<u>\$ 40,601</u>

(9) Investment property

2022			
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1			
Cost	\$ 140,738	\$ 190,187	\$ 330,925
Accumulated depreciation	-	(35,342)	(35,342)
	<u>\$ 140,738</u>	<u>\$ 154,845</u>	<u>\$ 295,583</u>
January 1	\$ 140,738	\$ 154,845	\$ 295,583
Depreciation charge	-	(3,696)	(3,696)
Net exchange differences	-	1,882	1,882
December 31	<u>\$ 140,738</u>	<u>\$ 153,031</u>	<u>\$ 293,769</u>
At December 31			
Cost	\$ 140,738	\$ 192,309	\$ 333,047
Accumulated depreciation	-	(39,278)	(39,278)
	<u>\$ 140,738</u>	<u>\$ 153,031</u>	<u>\$ 293,769</u>
2021			
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1			
Cost	\$ 229,621	\$ 191,672	\$ 421,293
Accumulated depreciation	-	(33,569)	(33,569)
	<u>\$ 229,621</u>	<u>\$ 158,103</u>	<u>\$ 387,724</u>
January 1	\$ 229,621	\$ 158,103	\$ 387,724
Disposals	(87,445)	(17,598)	(105,043)
Transfer	-	19,216	19,216
Depreciation charge	-	(3,916)	(3,916)
Net exchange differences	(1,438)	(960)	(2,398)
December 31	<u>\$ 140,738</u>	<u>\$ 154,845</u>	<u>\$ 295,583</u>
At December 31			
Cost	\$ 140,738	\$ 190,187	\$ 330,925
Accumulated depreciation	-	(35,342)	(35,342)
	<u>\$ 140,738</u>	<u>\$ 154,845</u>	<u>\$ 295,583</u>

- a. Rent income and direct operating expenses of investment property:

	<u>2022</u>	<u>2021</u>
Rental revenue from the lease of the investment property	\$ <u>21,210</u>	\$ <u>26,546</u>
Direct operating expenses arising from the investment property that generated rental income during the year	\$ <u>3,696</u>	\$ <u>3,916</u>

- b. The fair value of the investment property held by the Group was \$800,060 and \$766,499 as of December 31, 2022 and 2021, respectively, which was based on the transaction prices of similar properties in the same area. Valuations were categorized within Level 3 in the fair value hierarchy.
- c. Information about the investment property that was pledged to others as collateral is provided in Note 8.

(10) Other non-current assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Prepayments for equipment	\$ 55,986	\$ 24,296
Guarantee deposits	5,440	5,307
Others	<u>11,455</u>	<u>7,746</u>
	<u>\$ 72,881</u>	<u>\$ 37,349</u>

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank borrowings	\$ <u>400,000</u>	\$ <u>610,000</u>
Interest rate range	<u>1.56% - 1.66%</u>	<u>0.80% - 0.81%</u>

(12) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Long-term bank borrowings					
Bank borrowings	Borrowing period is from October 7, 2020 to September 15, 2025; interest is repayable monthly; principal is repayable in 24 installments from October 15, 2023.	0.75% - 1.375%	None	\$ 56,700	\$ 56,700
Bank borrowings	Borrowing period is from February 24, 2021 to February 24, 2027; interest is repayable monthly; principal is repayable in 36 installments from February 15, 2024.	0.60% - 1.225%	None	20,218	11,650
Less: Current portion				(<u>7,088</u>)	<u>-</u>
				<u>\$ 69,830</u>	<u>\$ 68,350</u>

(13) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Salaries and bonus payable	\$ 261,459	\$ 230,961
Commission payable	47,085	44,114
Work in process fee payable	13,656	33,478
Payable for equipment	10,216	47,389
Others	<u>122,103</u>	<u>94,862</u>
	<u>\$ 454,519</u>	<u>\$ 450,804</u>

(14) Pensions

- a. a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method of the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

- b) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 25,198	\$ 25,664
Fair value of plan assets	(11,534)	(12,050)
Net defined benefit liability	<u>\$ 13,664</u>	<u>\$ 13,614</u>

- c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2022			
Balance at January 1	\$ 25,663	(\$ 12,049)	\$ 13,614
Current service cost	292	-	292
Interest expense (income)	178	(85)	93
Payment for benefit	(1,343)	<u>1,343</u>	-
	<u>24,790</u>	<u>(10,791)</u>	<u>13,999</u>

Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(680)	(680)
Change in demographic assumptions	2	-	2
Change in financial assumptions	(1,218)	-	(1,218)
Experience adjustments	<u>1,624</u>	<u>-</u>	<u>1,624</u>
	<u>408</u>	<u>(680)</u>	<u>(272)</u>
Pension fund contribution	<u>-</u>	<u>(63)</u>	<u>(63)</u>
Balance at December 31	<u>\$ 25,198</u>	<u>(\$ 11,534)</u>	<u>\$ 13,664</u>

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2021			
Balance at January 1	\$ 27,621	(\$ 6,640)	\$ 20,981
Current service cost	302	-	302
Interest expense (income)	82	(20)	62
Payment for benefit	<u>(510)</u>	<u>510</u>	<u>-</u>
	<u>27,495</u>	<u>(6,150)</u>	<u>21,345</u>
Remeasurements:			
Return on plan assets (excluding amounts of interest income or expense)	-	(180)	(180)
Change in demographic assumptions	59	-	59
Change in financial assumptions	(1,006)	-	(1,006)
Experience adjustments	<u>(885)</u>	<u>-</u>	<u>(885)</u>
	<u>(1,832)</u>	<u>(180)</u>	<u>(2,012)</u>
Pension fund contribution	<u>-</u>	<u>(5,719)</u>	<u>(5,719)</u>
Balance at December 31	<u>\$ 25,663</u>	<u>(\$ 12,049)</u>	<u>\$ 13,614</u>

d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142 The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

e) The principal actuarial assumptions used were as follows:

	2022	2021
Discount rate	<u>1.25%</u>	<u>0.70%</u>
Future salary increases	<u>2%</u>	<u>2%</u>
Turnover	<u>0.32%</u>	<u>0.30%</u>

Assumptions regarding future mortality experience are set based on the fifth Taiwan Standard Ordinary Experience Mortality Table.

	<u>Discount rate</u>		<u>Future salary increases</u>		<u>Turnover</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>10%</u>	<u>10%</u>
December 31, 2022						
Effect on present value of defined benefit	<u>(\$ 526)</u>	<u>\$ 543</u>	<u>\$ 537</u>	<u>(\$ 523)</u>	<u>(\$ 4)</u>	<u>\$ 4</u>
December 31, 2021						
Effect on present value of defined benefit	<u>(\$ 607)</u>	<u>\$ 629</u>	<u>\$ 619</u>	<u>(\$ 601)</u>	<u>(\$ 7)</u>	<u>\$ 7</u>

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$624.

g) As of December 31, 2022, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 565
1-2 year(s)	668
3-5 years	5,486
Over 5 years	<u>21,326</u>
	<u>\$ 28,045</u>

b. a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labour Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

b) The Group's subsidiaries in mainland China contribute a certain percentage of their local employees' total salaries each month as retirement insurance premiums, in accordance with the retirement insurance system mandated by the government of the People's Republic of China. Well Shin Japan Co., Ltd. and Conntek Integrated Solutions Inc. also allocate retirement benefits based on the applicable local regulations. The retirement benefits for each employee are managed and coordinated

by the government, and the Group's obligations are limited to the monthly contributions. Other subsidiaries, except for Cisco LLC., which is not subject to mandatory retirement regulations, do not have retirement schemes or provisions for retirement benefit expenses as they do not have any employees.

c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were \$38,533 and \$34,231, respectively.

(15) Share capital

Subject to the Company's Articles of Incorporation amended by the stockholders' meeting on June 17, 2013, the Company increased authorized capital to \$1,600,000, consisting of 160,000 thousand shares of ordinary stock (including 15,000 shares of employee share options), and as of December 31, 2022, the paid-in capital was \$1,182,579 with a par value of \$10 (in dollars) per share.

The Company's ordinary shares at the beginning of the period are the same with the outstanding shares at the end of the period in 2022 and 2021.

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

2022				
	<u>Share premium</u>	<u>Expired employee stock options</u>	<u>Other</u>	<u>Total</u>
At January 1	\$ 1,744,156	\$ 1,602	\$ 23	\$ 1,745,781
Dividends not received by shareholders	-	-	9	9
At December 31	<u>\$ 1,744,156</u>	<u>\$ 1,602</u>	<u>\$ 32</u>	<u>\$ 1,745,790</u>

2021				
	<u>Share premium</u>	<u>Expired employee stock options</u>	<u>Other</u>	<u>Total</u>
At January 1	\$ 1,744,156	\$ 1,602	\$ 16	\$ 1,745,774
Dividends not received by shareholders	-	-	7	7
At December 31	<u>\$ 1,744,156</u>	<u>\$ 1,602</u>	<u>\$ 23</u>	<u>\$ 1,745,781</u>

(17) Retained earnings

a. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve unless the accumulated legal reserve has reached the total capital stock balance. Special reserve shall be appropriated in accordance with related regulations promulgated by competent authorities, and the special reserve along with the accumulated unappropriated retained earnings from previous years is considered as the distributable earnings. The remainder, if any, after considering the operating status, and through a proposition by the Board of Directors and a resolution by the shareholders, shall be retained. Subject to the Company's Articles of Incorporation amended, the Company authorizes the Board of Directors to approve the distribution of dividends and bonuses or the legal reserve and capital surplus, in whole or in part, in the form of cash with the consent of majority of attending directors which represents more than two-third of all directors and report to the shareholders'

meeting. The preceding requirement for a resolution of the shareholders' meeting shall not be applicable.

- b. The Company's dividend policy is based on the Company's current operation status, future investment environment and capital requirements, long-term operation plan, shareholders' benefits, balanced dividends and the Company's long-term financial plan, etc. The appropriation is proposed by the Board of Directors and then approved by the shareholders during their meeting. Cash dividends shall not be more than 70% of the total dividends distributed to shareholders.
- c. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- d. a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.
b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Gua-Zheng-Fa-Zi Letter No. 1010012865, dated April 6 2012, shall be reversed proportionately when the relevant assets are used, disposed or reclassified subsequently. The Company reversed proportionately the special reserve previously set aside, due to use or disposal of relevant assets. The Company appropriated to the special reserve an amount of \$36,848, the increase in retained earnings on January 1, 2013.
- e. The appropriation of 2021 earnings as proposed by the shareholders on June 24, 2022 and the appropriation of 2020 earnings as resolved by the shareholders on July 29, 2021 are as follows:

	2021		2020
	Amount	Dividend per share (in dollars)	Amount (in dollars)
Legal reserve	\$ 34,692		\$ 42,709
Special reserve	35,144		26,277
Cash dividends	236,516	\$ 2.0	295,645 \$ 2.5

The appropriation of earnings for 2021 was same as proposed at the shareholders' meeting, dated March 25, 2022. Information about the appropriation of earnings by the Company as proposed by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

- f. The appropriation of earnings for 2022 was proposed by the Board of Directors on March 24, 2023, please refer Note 11.

(18) Operating revenue

- a. The Group derives revenue from the transfer of good at a point in time in the following major product lines and operating segments:

	2022	2021
Revenue from contracts with customers:		
Power cord sets for information and electrical appliances	\$ 5,422,745	\$ 5,012,886
Socket plug adapter combination category	616,768	456,172
Others	119,974	113,155
Total	<u>\$ 6,159,487</u>	<u>\$ 5,582,213</u>

- b. For details on revenue in operating segments, please refer to Note 14(2).

(19) Interest income

	2022	2021
Interest income from bank deposits	\$ 15,207	\$ 17,853
Interest income from financial assets measured at amortized cost	2,045	3,558
	<u>\$ 17,252</u>	<u>\$ 21,411</u>

(20) Other income

	2022	2021
Rental income	\$ 21,210	\$ 26,546
Others	14,158	11,982
Total	<u>\$ 35,368</u>	<u>\$ 38,528</u>

(21) Other gains and losses

	2022	2021
Net gain (loss) on financial assets at fair value through profit or loss	(\$ 1,022)	\$ 197
Gain on disposal of investments	1,268	1,349
Gain on disposal of property, plant and equipment	11,161	59,403
Depreciation expense of investment property	(3,696)	(3,916)
Foreign exchange (loss) gain	211,787	(48,643)
Others loss	(1,349)	(6,994)
Total	<u>\$ 218,149</u>	<u>\$ 1,396</u>

(22) Expenses by nature

By function	2022			2021		
By nature	<u>Operating costs</u>	<u>Operating Expenses</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating Expenses</u>	<u>Total</u>
Employee benefit expense	\$871,554	\$293,475	\$1,165,029	\$873,567	\$246,369	\$1,119,936
Depreciation expense of property, plant and equipment	108,038	32,178	140,216	103,789	33,914	137,703
Depreciation expense of right of use assets	1,185	2,295	3,480	1,183	2,254	3,437
Amortization of intangible assets	235	2,434	2,669	314	2,311	2,625

Note: Non-operating expenses depreciation of investment property in 2022 and 2021 were \$3,696 and \$3,916.

(23) Employee benefit expense

	2022	2021
Wages and salaries	\$ 1,043,483	\$ 1,003,153
Labor and health insurance fees	25,307	24,695
Pension costs	38,918	34,595
Directors' remuneration	733	800
Other personnel expenses	<u>56,588</u>	<u>56,693</u>
	<u>\$ 1,165,029</u>	<u>\$ 1,119,936</u>

- a. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as directors' remuneration and employees' compensation. The ratio shall not be higher than 0.5% for directors' remuneration and shall be 3% to 12% for employee's compensation. Employee compensation may be distributed to the Company's employees and employees of affiliated companies.
- b. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$40,000 and \$19,200, respectively; while directors' remuneration was accrued at \$800 and \$800, respectively.
The aforementioned amounts were recognized in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on 4.10% and 0.08% of distributable profit of current year for the year ended December 31, 2022. The

employees' compensation and directors' remuneration as resolved by the Board of Directors were \$40,478 and \$790, respectively, and the employees' compensation will be distributed in cash.

The difference of (\$479) between employees' compensation and directors' remuneration as resolved by the Board of Directors and the amount recognized in the 2021 financial statements of \$18,788, \$733 had been adjusted in profit or loss for 2022.

Information about the appropriation of employees' compensation and directors' remuneration by the Company as proposed by the Board of Directors and resolved will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

a. Income tax expense

a) Components of income tax expense:

	2022	2021
Current tax:		
Current tax on profit for the period	\$ 106,801	\$ 86,906
Tax on undistributed earnings	2,028	5,751
Prepaid income tax	44,869	54,338
Prior year income tax underestimation (overestimation)	9,988	(4,243)
Total current tax	163,686	142,752
Deferred tax:		
Origination and reversal of temporary differences	75,607	10,659
Effects of foreign exchange	(551)	600
Income tax expense	<u>\$ 238,742</u>	<u>\$ 154,011</u>

b) The income tax (charge)/credit relating to components of other comprehensive income are as follows:

	2022	2021
Currency translation differences	\$ 28,297	(\$ 8,145)
Remeasurement of defined benefit obligations	55	402
Sub total	<u>\$ 28,352</u>	<u>(\$ 7,743)</u>

b. Reconciliation between income tax expense and accounting profit:

	2022	2021
Tax calculated based on profit before tax and statutory tax rate (Note)	265,873	149,767
Effect from tax credit that should be excluded according to tax laws	(39,147)	2,736
Tax on undistributed earnings	2,028	5,751
Prior year income tax underestimation (overestimation)	9,988	(4,243)
Income tax expense	<u>\$ 238,742</u>	<u>\$ 154,011</u>

Note: The applicable tax rate is based on the tax rate applicable to the income of the relevant country.

c. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for doubtful accounts	\$ 4,183	(\$ 1,083)	\$ -	\$ 3,100
Unrealized gross profit between affiliated companies	15,571	1,453	-	17,024
Accrued pension adjustment	2,072	-	-	2,072
Unrealized exchange gain	5,018	(10,412)	-	(5,394)

Employees' unused compensated absences payable	185	(32)	-	153
Others	<u>3,497</u>	<u>850</u>	-	<u>4,347</u>
Sub total	<u>30,526</u>	<u>(9,224)</u>	-	<u>21,302</u>
-Deferred tax liabilities:				
Gain on foreign long-term investments	(531,361)	(66,447)	-	(597,808)
Pensions	2,362	64	-	2,426
Translation differences of foreign operations	53,195	-	(28,297)	24,898
Remeasurement of defined benefit obligations	(810)	-	(55)	(865)
Sub total	<u>(476,614)</u>	<u>(66,383)</u>	<u>(28,352)</u>	<u>(571,349)</u>
Total	<u>(\$ 446,088)</u>	<u>(\$ 75,607)</u>	<u>(\$ 28,352)</u>	<u>(\$ 550,047)</u>

	2021			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for doubtful accounts	\$ 4,190	(\$ 7)	\$ -	\$ 4,183
Unrealized gross profit between affiliated companies	10,972	4,599	-	15,571
Accrued pension adjustment	2,072	-	-	2,072
Unrealized exchange gain	4,154	864	-	5,018
Employees' unused compensated absences payable	151	34	-	185
Others	<u>1,377</u>	<u>2,120</u>	-	<u>3,497</u>
Sub total	<u>22,916</u>	<u>7,610</u>	-	<u>30,526</u>
-Deferred tax liabilities:				
Gain on foreign long-term investments	(514,163)	(17,198)	-	(531,361)
Pensions	3,433	(1,071)	-	2,362
Translation differences of foreign operations	45,050	-	8,145	53,195
Remeasurement of defined benefit obligations	(408)	-	(402)	(810)
Sub total	<u>(466,088)</u>	<u>(18,269)</u>	<u>7,743</u>	<u>(476,614)</u>
Total	<u>(\$443,172)</u>	<u>(\$ 10,659)</u>	<u>\$ 7,743</u>	<u>(\$ 446,088)</u>

- d. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority

(25) Earnings per share

	2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	<u>\$ 759,540</u>	<u>118,258</u>	<u>\$ 6.42</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 759,540	118,258	
Assumed conversion of all dilutive potential ordinary shares - Employees' compensation	-	908	

Profit attributable to ordinary shareholders
of the parent plus assumed conversion of
all dilutive potential ordinary shares

\$ 759,540 119,166 \$ 6.37

2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	<u>\$ 345,312</u>	<u>118,258</u>	<u>\$ 2.92</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent company	\$ 345,312	118,258	
Assumed conversion of all dilutive potential ordinary shares - Employees' compensation	<u>-</u>	<u>501</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 345,312</u>	<u>118,759</u>	<u>\$ 2.91</u>

(26) Supplemental cash flow information

Investing activities with partial cash payments:

	2022	2021
Acquisition of property, plant and equipment	\$ 70,955	\$ 106,504
Add: Opening balance of payable on equipment	47,389	19,793
Less: Ending balance of payable on equipment	<u>(10,216)</u>	<u>(47,389)</u>
Cash paid during the year	<u>\$ 108,128</u>	<u>\$ 78,908</u>

(27) Changes in liabilities from financing activities

2022				
	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities-gross</u>
January 1	\$ 610,000	\$ 68,350	\$ 648	\$ 678,998
Changes in cash flow from financing activities	(210,000)	8,568	(1,200)	(202,632)
Changes in other non-cash items	<u>-</u>	<u>-</u>	<u>3,571</u>	<u>3,571</u>
December 31	<u>\$ 400,000</u>	<u>\$ 76,918</u>	<u>\$ 3,019</u>	<u>\$ 479,937</u>
2021				
	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities-gross</u>
January 1	\$ 390,000	\$ 25,500	\$ 1,836	\$ 417,336
Changes in cash flow from financing activities	220,000	42,850	(1,200)	261,650
Changes in other non-cash items	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>
December 31	<u>\$ 610,000</u>	<u>\$ 68,350</u>	<u>\$ 648</u>	<u>\$ 678,998</u>

7. RELATED PARTY TRANSACTION

(1) Names of related parties and relationship

Names of related parties

Relationship with the Group

Cheng Uei Precision Industry Co., Ltd. (Cheng Uei)
Fugang Electronic (Dong Guan) Co., Ltd. (FGEDG)
Dongguan Fuqiang Electronics Co., Ltd. (DGFQ)
Directors, supervisors, general manager, assistant general managers, etc

Entities with significant influence
Other related party
Other related party

The Group's key management
Director's relative within the second degree

HUANG, XIU-HAO

(2) Significant related party transactions and balances

a. Sales revenue

	2022	2021
Sales revenue		
Entities with significant influence to the Group		
Cheng Uei	\$ 392,747	\$ 190,604
Other related parties	2,445	6,133
	<u>\$ 395,192</u>	<u>\$ 196,737</u>

For related party transactions, the selling price were determined in accordance with mutual agreement since there is no sales transaction with third parties. And the payment terms to related parties were not significantly different from those of sales to third parties.

b. Accounts receivable

	2022	2021
Accounts receivable:		
Entities with significant influence to the Group		
Cheng Uei	\$ 126,276	\$ 59,290
Other related parties	1,210	3,191
Sub total	127,486	62,481
Allowance for doubtful accounts	(38)	(21)
	<u>\$ 127,448</u>	<u>\$ 62,460</u>

c. Leasing arrangements – lessee

a) The Company leases building from HUANG, XIU-HAO. These leases have terms expiring between 2022 and 2025. Monthly rent is \$100 and paid before 10th of each month.

b) Acquisition of right-of-use assets

The Company acquired right-of-use assets of \$3,556 in July 2022.

c) Lease liabilities

	2022	2021
HUANG, XIU-HAO	<u>\$ 3,019</u>	<u>\$ 648</u>

The interest expense for lease liabilities in 2022 and 2021 were \$15 and \$12, respectively.

d. Endorsements and guarantees

Please refer Note 13(1)(2) for the details of information on endorsement and guarantees for the year ended December 31, 2022.

(3) Key management compensation

	2022	2021
Short-term employee benefits	\$ 22,445	\$ 17,016
Post-employment benefits	373	372
Total	<u>\$ 22,818</u>	<u>\$ 17,388</u>

8. PLEDGED ASSETS

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

	<u>Book value</u>		
<u>Pledged assets</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Purpose</u>

Financial Assets Measured at Amortized Cost (Current) - Banker's Acceptance	\$ 2,648	\$ -	Payment guarantee
Financial Assets Measured at Amortized Cost (Non-current) -time deposits	10,000	10,000	Payment guarantee
Notes receivable	7,528	-	Payment guarantee
Property, plant and equipment	144,706	145,666	Borrowings guarantee for future
Investment property	180,038	181,232	Borrowings guarantee for future

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) Contingencies

- a. The group has contingent liabilities for material legal claims arising from daily business activities.
- b. As of December 31, 2022, the Group had a receivable of HK\$4,765 thousand from Cyber Power Systems, Inc. ("Cyber Power"). As a result of the late payment, the Group filed a false claim of seizure against Cyber Power in January 2009 and requested payment for the products and interest on the delay, for which a full allowance has been made. According to the judgment of the Shilin District Court on August 23, 2019, Cyber Power should pay HK\$4,639 thousand to the Group after adding the interest. Cyber Power is still in dispute and appealed in accordance with the law. As at the date of reporting, the case was still under trial in the High Court of Taiwan. However, for the purpose of non-interest increment, Cyber Power was temporarily paid by the amount of HK\$4,639 thousand as indicated in the judgment (other current liabilities were recorded as the proceeds received by the Group). As a result, the Group provided a guarantee in respect of the bearer deposit certificate of \$17,000 thousand in January 2009 in respect of this case which was withdrawn on 1 November 2019.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred

	<u>Year ended</u> <u>December 31, 2022</u>	<u>Year ended</u> <u>December 31, 2021</u>
Property, plant and equipment	\$ 114,710	\$ 97,963

10. LOSSES ON CATASTROPHIC DISASTERS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The appropriations of 2022 earnings had been proposed by the Board of Directors on March 24, 2023. Details are summarized below:

	<u>2022</u>	
	<u>Amount</u>	<u>Dividends per share</u> <u>(Dollar)</u>
Legal reserve	\$ 75,976	
Special reserve	(120,329)	
Cash dividends	473,032	\$ 4.0

As of March 24, 2023, the appropriations of 2022 earnings has not been resolved at the stockholders' meeting.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure with reasonable cost of funds. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. Net debt is calculated as total borrowings in the consolidated balance sheet. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. In 2022, the Group's strategy, which was unchanged from 2021. The gearing ratios at December 31, 2022 and 2021 were 24% and 29%, respectively.

(2) Financial instruments

a. Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 5,357	\$ 3,030
Financial assets at amortized cost and receivables		
Cash and cash equivalents	\$ 1,981,981	\$ 1,819,734
Financial assets at amortized cost	127,413	42,570
Notes receivable	82,303	159,668
Accounts receivable (including related parties)	1,650,182	1,518,406
Other receivables	15,159	21,657
Guarantee deposits paid	5,440	5,307
	<u>\$ 3,862,478</u>	<u>\$ 3,567,342</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term borrowings	\$ 400,000	\$ 610,000
Notes payable	287	-
Accounts payable	406,980	608,147
Other accounts payable	454,519	450,804
Long-term borrowings	76,918	68,350
Guarantee deposits received	8,480	7,940
	<u>\$ 1,347,184</u>	<u>\$ 1,745,241</u>
Lease liability	<u>\$ 3,019</u>	<u>\$ 648</u>

b. Financial risk management policies

- a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and

liquidity risk.

- b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.
- c. Significant financial risks and degrees of financial risks
- a) Market risk
- Foreign exchange risk
- A. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- B. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- C. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: RMB and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	<u>December 31, 2022</u>			<u>2022</u>		
	Foreign currency amount (In thousands)	<u>Exchange rate</u>	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$54,527	30.71	\$1,674,524	1%	\$ 16,745	\$ -
HKD:NTD	7,226	3.938	28,456	1%	285	-
RMB:NTD	291	4.408	1,283	1%	13	-
JPY:NTD	141,867	0.232	32,913	1%	329	-
USD:RMB	6,974	6.957	214,172	1%	2,142	-
EUR:NTD	3,425	32.72	112,066	1%	1,121	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	\$ 1,203	30.71	\$ 36,944	1%	\$ 369	\$ -
HKD:NTD	7,162	3.938	28,204	1%	282	-
USD:RMB	7,680	6.957	235,853	1%	2,359	-
HKD:RMB	548	0.8934	2,158	1%	22	-

	December 31, 2021			2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity Analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$57,871	27.68	\$1,601,869	1%	\$16,019	\$ -
HKD:NTD	10,893	3.549	38,659	1%	387	-
RMB:NTD	29,886	4.344	129,825	1%	1,298	-
USD:RMB	7,933	6.374	219,585	1%	2,196	-
EUR:NTD	2,793	31.32	87,477	1%	875	-
<u>Monetary items</u>						
USD:NTD	\$ 1,968	27.68	\$ 54,474	1%	\$ 545	\$ -
HKD:NTD	7,143	3.549	25,351	1%	254	-
USD:RMB	2,873	6.374	79,525	1%	795	-
HKD:RMB	671	0.817	2,381	1%	24	-

- D. The total exchange gain arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021 amounted to \$211,787 and (\$48,643), respectively.

Price risk

- A. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- B. The Group's investments in equity securities comprise unlisted shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$45 and \$30, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

The Group's borrowings are mostly with fixed interest rate and variable rate and maturity within one year. Therefore, the Group does not expect to be exposed to significant interest rate risk.

b) Credit risk

- A. Credit risk refers to the risk of financial loss to the Group arising from default by the clients on the contract obligations. The main factor is that counterparties could not repay in full the contract cash flows of accounts receivable, notes receivable and amortized cost financial assets based on the agreed terms.
- B. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of investment grade or above are accepted.

According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilizations of credit limits is regularly monitored. The main credit risk arises from wholesale and retail customers, including outstanding receivables.

- C. There has been a significant increase in credit risk on that instrument since initial recognition, when the contract payments were past due over 30 days.
- D. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- E. The following indicators are used to determine whether the credit impairment has occurred:
 - i. It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - ii. The disappearance of an active market for that financial asset because of financial difficulties;
 - iii. Default or delinquency in interest or principal repayments;
 - iv. Adverse changes in national or regional economic conditions that are expected to cause a default
- F. The Group classifies customers' accounts receivable in accordance with sales area. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis since 2020.
- G. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures.
- H. The Group did not recognize the immaterial impairment losses of accounts receivable and guarantee deposits when applying the modified approach for the years ended December 31, 2022 and 2021.
- I. The Group used the forecast ability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable.

On December 31, 2022 and 2021, the loss rate method for accounts receivable (including related parties) is as follows:

No loss ever occurred (Note 1)

<u>December 31, 2022</u>	<u>Not overdue</u>	<u>Overdue within 30 days</u>	<u>Overdue within 90 days</u>	<u>Overdue within 180 days</u>	<u>Overdue for more than 181 days</u>
Expected loss rate	0.03%	1.00%	5.00%	100.00%	100.00%
Total book value	\$ 1,556,679	\$ 74,438	\$ 21,436	\$ 1,527	\$ 5,613
Loss allowance	\$ 528	\$ 757	\$ 1,086	\$ 1,527	\$ 5,613

	<u>Incurred losses</u>	<u>Individually</u>	<u>Total</u>
<u>December 31, 2022</u>			
Expected loss rate	Note 2	Note 3	
Total book value	\$ -	\$ 26,430	\$ 1,686,123
Loss allowance	\$ -	\$ 26,430	\$ 35,941

No loss ever occurred (Note 1)

<u>December 31, 2021</u>	<u>Not overdue</u>	<u>Overdue within 30 days</u>	<u>Overdue within 90 days</u>	<u>Overdue within 180 days</u>	<u>Overdue for more than 181 days</u>
Expected loss rate	0.03%	1.00%	5.00%	100.00%	100.00%
Total book value	\$ 1,477,449	\$ 33,728	\$ 8,436	\$ 5,359	\$ 3,291
Loss allowance	\$ 448	\$ 337	\$ 422	\$ 5,359	\$ 3,291

	<u>Incurred losses</u>	<u>Individually</u>	<u>Total</u>
<u>December 31, 2021</u>			
Expected loss rate	Note 2	Note 3	
Total book value	\$ -	\$ 31,291	\$ 1,559,554
Loss allowance	\$ -	\$ 31,291	\$ 41,148

Note 1: Based on past experience, it has been shown that the defaults of these customers have been extremely low. Expected credit loss is measured by the number of days overdue at a single loss rate.

Note 2: Based on past experience, debtors from these customers are prepared with expected credit losses of 100%. No such cases were identified in the current period.

Note 3: Impairment losses are made individually for customers that have defaults for specific reasons.

Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable (including related parties) are as follows:

	<u>2022</u>		
	<u>Accounts receivable</u>		
	<u>Accounts receivable</u>	<u>related parties</u>	<u>Total</u>
January 1	\$ 41,127	\$ 21	\$ 41,148
Provision for impairment loss	2,593	17	2,610
Write-offs	(7,817)	-	(7,817)
December 31	<u>\$ 35,903</u>	<u>\$ 38</u>	<u>\$ 35,941</u>

	<u>2021</u>		
	<u>Accounts receivable</u>		
	<u>Accounts receivable</u>	<u>related parties</u>	<u>Total</u>
January 1	\$ 48,112	\$ 14	\$ 48,126
Provision (Reversal) for impairment loss	(6,985)	7	(6,978)
December 31	<u>\$ 41,127</u>	<u>\$ 21</u>	<u>\$ 41,148</u>

c) Liquidity risk

A. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing

facilities.

- B. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- C. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2022	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 400,678	\$ -	\$ -
Notes payable	287	-	-
Accounts payable	406,980	-	-
Other payables	454,519	-	-
Lease liability	1,200	1,850	-
Long-term borrowings	8,107	70,858	-

Non-derivative financial liabilities:

December 31, 2021	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 610,542	\$ -	\$ -
Accounts payable	608,147	-	-
Other payables	450,804	-	-
Lease liability	650	-	-
Long-term borrowings	495	68,972	324

- D. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

- a. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:
- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.
- b. Financial instruments not measured at fair value
- The Group's carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, accounts payable and other payables are approximate to their fair values. The carrying amounts are provided in Note 12(2) A.
- c. The related information of financial and non-financial instruments measured at fair value

by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

a) The related information of natures of the assets and liabilities is as follows:

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 5,357	\$ -	\$ -	\$ 5,357
December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 3,030	\$ -	\$ -	\$ 3,030

b) The methods and assumptions the Group used to measure fair value are as follows:

The instruments the Group used market quoted prices as their fair values (that is, Level 1), the quoted prices are measured by closing price of listed shares.

d. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

d .Others

Due to the impact of COVID-19 pandemic and preventive measures imposed by the government, the Group have no significant impact to the Group's financial condition and financial performance for the year end December 31, 2022.

13. ADDITIONAL DISCLOSURES

(1) Significant transaction information

- Loans to others: Please refer to table 1.
- Provision of endorsements and guarantees to others: Please refer to table 2.
- Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- Derivative financial instruments undertaken for the year ended 2022: None.
- Significant inter-company transactions for the year ended December 31, 2022: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in

Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

- a. Basic information: Please refer to table 8.
- b. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:
 - a) Purchasing amount and percentage and related receivables' percentage and balance at December 31, 2022: Please refer to tables 6.
 - b) Selling amount and percentage and related receivables' percentage and balance at December 31, 2022: Please refer to tables 6.
 - c) Property transaction amounts and gains and loss arising from them: None.
 - d) Balance and purpose of provision of endorsements/guarantees or collaterals at December 31, 2022: Please refer to tables 2.
 - e) Maximum balance, ending balance, interest rate range and interest for financing during the year ended and at December 31, 2022: None.
 - f) Other significant transactions that affected the gains and loss or financial status for the period, i.e., rendering/receiving of service: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. DEPARTMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. The Board of Directors considers the business from a geographic perspective, the mainly income come from sales of wire and Cable, electronic components and electronic materials. Taiwan and other regions are mainly engaged in sales. Eastern China and Southern China are mainly engaged in manufacturing. Other operating segments do not meet reporting requirements, and their operating results are reported in aggregate.

(2) Measurement of segment information

The accounting policies for the Group's operating segments are in agreement with the summary of significant accounting policies mentioned in Note 2 of the consolidated financial statements. The Group's Chief Operating Decision-Maker uses income before tax as the basis to evaluate each segment's performance.

(3) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

For the year ended December 31, 2022

	<u>Southern China</u>	<u>Eastern China</u>	<u>Taiwan</u>	<u>Other regions</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue from external	\$ 32,472	\$ 1,010,299	\$ 4,416,265	\$ 700,451	\$ -	\$ 6,159,487
Inter-segment revenue	<u>2,717,467</u>	<u>1,483,798</u>	<u>377,654</u>	<u>17,909</u>	<u>(4,596,828)</u>	<u>-</u>
Total segment revenue	<u>\$ 2,749,939</u>	<u>\$ 2,494,097</u>	<u>\$ 4,793,919</u>	<u>\$ 718,360</u>	<u>(\$ 4,596,828)</u>	<u>\$ 6,159,487</u>
Segment income	\$ 183,333	\$ 144,038	\$ 759,540	\$ 41,555	(\$ 368,926)	\$ 759,540

For the year ended December 31, 2021

	<u>Southern China</u>	<u>Eastern China</u>	<u>Taiwan</u>	<u>Other regions</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenue from external	\$ 20,160	\$ 1,291,648	\$ 3,587,600	\$ 682,805	\$ -	\$ 5,582,213
Inter-segment revenue	<u>2,406,053</u>	<u>824,235</u>	<u>482,103</u>	<u>15,696</u>	<u>(3,728,087)</u>	<u>-</u>
Total segment revenue	<u>\$ 2,426,213</u>	<u>\$ 2,115,883</u>	<u>\$ 4,069,703</u>	<u>\$ 698,501</u>	<u>(\$ 3,728,087)</u>	<u>\$ 5,582,213</u>
Segment income	(\$ 99,811)	\$ 100,540	\$ 345,312	\$ 220,397	(\$ 221,126)	\$ 345,312

(4) Reconciliation for segment income (loss)

The revenue from external and inter-segment income reported to the chief operating decision-maker is measured in a manner consistent with that in the financial statements. Therefore, a reconciliation is not needed.

Information on products and services.

The information on products and services was as following:

<u>Items</u>	<u>2022</u>	<u>2021</u>
Power cord sets for information and electrical appliances	\$ 5,422,745	\$ 5,012,886
Socket, plug, adapter, combination category	616,768	456,172
Others	<u>119,974</u>	<u>113,155</u>
Total	<u>\$ 6,159,487</u>	<u>\$ 5,582,213</u>

(5) Geographical information

The Group's geographical information for the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Asia	\$ 2,823,402	\$ 2,083,400	\$ 2,924,495	\$ 2,120,842
America	3,173,429	326,654	2,512,381	299,542
Europe	139,481	-	124,606	-
Others	<u>23,175</u>	<u>-</u>	<u>20,731</u>	<u>-</u>
Total	<u>\$ 6,159,487</u>	<u>\$ 2,410,054</u>	<u>\$ 5,582,213</u>	<u>\$ 2,420,384</u>

(6) Major customer information

The income from each customer of the Group reach 10% of the amount of income on the consolidated income statement as follow:

	<u>2022</u>		<u>2021</u>	
<u>Name of customers</u>	<u>Revenue</u>	<u>Segment</u>	<u>Revenue</u>	<u>Segment</u>
HAIER US APPLIANCE SOLUTIONS, INC.	\$ 784,140	Taiwan	\$ 747,365	Taiwan

Well Shin Technology Co., Ltd. and Subsidiaries
Loans to others
Year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

<u>No.</u>	<u>Creditor</u>	<u>Borrower</u>	<u>General ledger account</u>	<u>Is a related party</u>	<u>Maximum outstanding balance during the year ended December 31, 2022</u>	<u>Balance at December 31, 2022 (Note 1)</u>	<u>Actual amount drawn</u>	<u>Interest rate</u>	<u>Nature of loan (Note 2)</u>	<u>Amount of transactions with the borrower</u>	<u>Reason for shortterm financing</u>	<u>No. Creditor</u>	<u>Allowance for doubtful accounts</u>	<u>Collateral</u>	<u>Limit on loans granted to a single party (Note 3)</u>	<u>Ceiling on total loans granted (Note 3)</u>	<u>Footnote</u>
0	The Company	Conntek	receivables - related parties	Y	\$154,656 (USD4,800 thousand)	\$147,408 (USD4,800 thousand)	147,298	3.50%	1	413,317	-	-	None	-	413,317	1,318,274	
0	The Company	Conntek	Other receivables - related parties	Y	\$77,225 (USD2,500 thousand)	\$76,775 (USD2,500 thousand)	-	3.50%	2	-	Turnover of operation	-	None	-	2,636,549	2,636,549	
1	CISKO LLC.	Conntek	Other receivables - related parties	Y	\$193,320 (USD6,000 thousand)	\$184,260 (USD6,000 thousand)	153,550	3.50%	2	-	Turnover of Operation	-	None	-	357,131	357,131	

Note 1: The maximum amount was approved by the Board of Directors' meeting.

Note 2: The code represents the nature for financing as follows:

(1) If there are business transactions, please fill in 1.

(2) If there is a need for short-term funding, please fill in 2.

Note 3: Limit on loans to a single party with business transactions is 20% of the Company's net asset and the amount of business transactions occurred between the creditor and borrower in the current year per borrower. : Limit on loans to a single party for short-term financing is 40% of the Company's net asset and 40% of the Company's net asset per borrower. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is 70% of the Group's net asset.

Well Shin Technology Co., Ltd. and Subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

<u>No.</u>	<u>Endorser/ guarantor</u>	<u>Company name</u>	<u>Party being endorsed/guaranteed</u> <u>Relationship with the endorser/ guarantor</u>	<u>Limit on endorsements/ guarantees provided for a single party (Note 1)</u>	<u>Maximum outstanding endorsement/ guarantee amount as of December 31, 2022 (Note 2)</u>	<u>Outstanding endorsement/ guarantee amount at December 31, 2022</u>	<u>Actual amount drawn Down</u>	<u>Amount of endorsements/ guarantees secured with collateral</u>	<u>Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company</u>	<u>Ceiling on total amount of endorsements/ guarantees provided (Note 1)</u>	<u>Provision of endorsements/ guarantees by parent company to subsidiary (Note 3)</u>	<u>Provision of endorsements/ guarantees by subsidiary to parent company (Note 3)</u>	<u>Provision of endorsements/ guarantees to the party in Mainland China (Note 3)</u>	<u>Footnote</u>
0	The Company	Well Shin Kunshan	Third-tier subsidiary	\$ 3,295,686	132,660	46,065	\$ -	\$ -	2	\$ 3,295,686	Y	-	Y	Note 4
0	The Company	Dongguan Well Shin	Second-tier subsidiary	3,295,686	124,882	120,201	120,201	-	2	3,295,686	Y	-	Y	Note 5

Note 1: Limit on the Company endorsements/guarantees to others is 50% of the Company's net assets. Limit on the Company's endorsements/guarantees to a single party is 20% of the Company's net assets. The sum of endorsements and guarantees granted by the Company and subsidiaries to external parties are capped at 50% of the Company's net worth per endorsed/guaranteed party.

Note 2: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 3: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 4: The maximum outstanding endorsement/guarantee amount as of December 31, 2022 is USD4,500 thousand and the outstanding endorsement/guarantee amount as of December 31, 2022 is USD1,500 thousand.

Note 5: The maximum outstanding endorsement/guarantee amount as of December 31, 2022 is USD3,100 thousand and TWD25,000. The outstanding endorsement/guarantee amount as of December 31, 2022 is USD3,100 thousand and TWD25,000.

Well Shin Technology Co., Ltd. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

<u>Securities held by</u>	<u>Marketable securities</u>	<u>Relationship with the securities issuer</u>	<u>General ledger account</u>	<u>Number of shares</u>	<u>As of December 31, 2022</u>		<u>Fair value</u>	<u>Footnote</u>
					<u>Book value</u>	<u>Ownership</u>		
The Company	HTC Corporation	N/A	Financial assets at fair value through profit or loss - current	12,000	\$ 668	-	\$ 668	None
Dongguan Well Shin	SANY Heavy Industry Co., Ltd	N/A	Financial assets at fair value through profit or loss - current	18,400	1,283	-	1,283	None
Dongguan Well Shin	Luxshare-ICT Co., Ltd.	N/A	Financial assets at fair value through profit or loss - current	10,000	1,402	-	1,402	None
Dongguan Well Shin	Lingyi Itech (Guangdong) Company	N/A	Financial assets at fair value through profit or loss - current	100,000	2,004	-	2,004	None

Well Shin Technology Co., Ltd. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

<u>Purchaser/seller</u>	<u>Counterparty</u>	<u>Relationship with the Counterparty</u>	<u>Purchases (sales)</u>	<u>Transaction</u>		<u>Percentage of total purchases (sales)</u>	<u>Percentage of total purchases (sales)</u>	<u>Differences in transaction terms compared to third party transactions</u>		<u>Notes/accounts receivable (payable)</u>		<u>Footnote</u>
				<u>Amount</u>	<u>Percentage of total purchases (sales)</u>			<u>Unit price</u>	<u>Credit term</u>	<u>Balance</u>	<u>Percentage of total notes/accounts receivable (payable)</u>	
The Company	Cheng Uei	A company that evaluates the Company by the equity method	Sales	(\$ 392,747)	(8%)	Note 1	Note 1	Note 1	Note 1	\$ 126,276	9%	
The Company	Dongguan Well Shin	Second-tier subsidiary	Purchases	2,694,521	67%	Note 2	Note 2	Note 2	Note 2	(550,912)	(61%)	
The Company	Well Shin Kunshan	Third-tier subsidiary	Purchases	962,417	24%	Note 2	Note 2	Note 2	Note 2	(322,581)	(36%)	
The Company	Conntek	Third-tier subsidiary	Sales	(363,809)	(8%)	Note 2	Note 2	Note 2	Note 2	88,339	7%	
Dongguan Well Shin	The Company	Parent Company	Sales	(2,694,521)	(98%)	Note 2	Note 2	Note 2	Note 2	550,912	97%	
Well Shin Kunshan	The Company	Parent Company	Sales	(962,417)	(64%)	Note 2	Note 2	Note 2	Note 2	322,581	62%	
Conntek	The Company	Parent Company	Purchases	363,809	67%	Note 2	Note 2	Note 2	Note 2	(88,339)	(48%)	
Well Shin Kunshan	Well Shin Electric	Affiliate	Sales	(375,289)	(25%)	Note 2	Note 2	Note 2	Note 2	137,930	27%	
Well Shin Kunshan	Well Shin Electric	Affiliate	Purchases	141,852	11%	Note 2	Note 2	Note 2	Note 2	(54,820)	(23%)	
Well Shin Electric	Well Shin Kunshan	Affiliate	Sales	(141,852)	(14%)	Note 2	Note 2	Note 2	Note 2	54,820	12%	
Well Shin Electric	Well Shin Kunshan	Affiliate	Purchases	375,289	40%	Note 2	Note 2	Note 2	Note 2	(137,930)	(99%)	

Note 1: Please refer to Note 7.

Note 2: Based on agreed costs, with payment terms subject to the availability of funds after advances and prepayments have been eliminated.

Well Shin Technology Co., Ltd. and Subsidiaries

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

<u>Creditor</u>	<u>Counterparty</u>	<u>Relationship with the counterparty</u>	<u>Balance as at December 31, 2022</u>		<u>Turnover rate</u>	<u>Overdue receivables</u>		<u>Amount collected subsequent to the balance sheet date</u>	<u>Allowance for Creditor Counterparty doubtful accounts</u>	
						<u>Amount</u>	<u>Action taken</u>			
The Company	Cheng Uei	A company that evaluates the Company by the equity method	\$	126,276	4.23	\$ -	Post-Period Receipts	\$ 88,349	\$	38
Dongguan Well Shin	The Company	Parent Company		550,912	4.17	9,600	Post-Period Receipts	69,441		-
Well Shin Kunshan	The Company	Parent Company		322,581	3.52	104,874	Post-Period Receipts	39,288		-
Well Shin Kunshan	Well Shin Electric	Affiliate		137,930	4.21	1,202	Post-Period Receipts	185,195		

Well Shin Technology Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

						Transaction	Percentage of consolidated total operating revenues or total Assets (Note 3)
No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	
0	The Company	CONNTEK	1	Accounts Receivable	\$ 88,339	Same as that applicable to the general customer Receivables collection as per for the average customer, 120 days	1%
		CONNTEK				Same as that applicable to the general customer Receivables collection as per for the average customer, 120 days	
		Dongguan Well Shin	1	Accounts Payable	550,912	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	6%
		Dongguan Well Shin				Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	
		Well Shin Kunshan	1	Accounts Payable	322,581	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	4%
		Well Shin Kunshan				Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	
				1	Purchases	962,417	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds
1	Well Shin Kunshan	Well Shin Electric	3	Sales	375,289	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	6%
		Well Shin Electric				Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	
		Well Shin Electric	3	Purchases	141,852	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	2%
		Well Shin Electric				Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	
				3	Accounts Payable	54,820	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds
2	Dongguan Well Shin	Well Shin Kunshan	3	Sales	21,570	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	0%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary (second-tier subsidiary).

(2) Subsidiary (Second-tier subsidiary) to parent company.

(3) Subsidiary (Second-tier subsidiary) to subsidiary (second-tier subsidiary).

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Individual transactions not exceeding \$10,000 are not disclosed. Those transactions are shown in assets and revenue. Relative related are not disclosed.

Well Shin Technology Co., Ltd. and Subsidiaries

Information on investees

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

<u>Investor</u>	<u>Investee</u>	<u>Location</u>	<u>Main business activities</u>	<u>Initial investment amount</u>		<u>Shares held as at December 31, 2022</u>				<u>Net profit (loss)</u>	<u>Investment</u>	<u>Footnote</u>
				<u>End of current</u>	<u>End of last year</u>	<u>Number of</u>	<u>Ratio</u>	<u>Carrying amount</u>		<u>of the investee</u>	<u>income(loss)</u>	
				<u>period</u>		<u>shares</u>				<u>for</u>	<u>recognised by the</u>	
										<u>the year ended</u>	<u>Company for the</u>	
										<u>December 31,</u>	<u>year ended December</u>	
										<u>2022</u>	<u>31, 2022</u>	
The Company	PCDT	Samoa	Holding company	\$ 475,412	\$ 475,412	14,250,000	100	\$ 2,449,748		\$ 183,422	\$ 183,422	
The Company	BDT	Belize	Holding company	1,097,168	1,097,168	35,817,060	100	1,518,943		47,595	47,595	
The Company	STT	Samoa	Holding company	734,428	734,428	22,500,000	100	1,517,403		120,954	120,954	
BDT	BPC	Mauritius	Holding company	500,483	500,483	16,297,060	100	787,343		26,944	not applicable	
BDT	PRT	Mauritius	Holding company	-	-	-	-	-		-	not applicable	Note
BDT	WG	Mauritius	Holding company	552,780	552,780	18,000,000	100	807,486		34,175	not applicable	
STT	GHT	Mauritius	Holding company and trading of electronic materials	690,975	690,975	22,500,000	100	1,517,396		120,954	not applicable	
BPC	WSJ	Japan	Sales of cable and electronic components materials	2,981	2,981	198	100	(94)	(128)		not applicable	
WG	CONNTEK	U.S.	Sales of cable and electronic components materials	179,654	179,654	5,850,000	100	297,299		33,009	not applicable	
WG	CISCO	U.S.	Warehouse leasing services	373,127	373,127	-	100	510,187		1,166	not applicable	

Note: The investee was dissolved in June 2021.

Well Shin Technology Co., Ltd. and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business Activities	Paid-in capital	Investment Method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 3)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Dongguan Well Shin	Manufacture of wire and cable, electronic components and sales of electronic materials	\$ 428,190	(Note 1, 2)	\$ 437,618	\$ -	\$ -	\$ 437,618	\$183,333	100	\$ 183,422	\$2,449,761	\$ -	- Note 3
Well Shin Kunshan	Manufacture of wire and cable, electronic components and sales of electronic materials	675,620	(Note 2)	675,620	-	-	675,620	120,954	100	120,954	1,517,351	-	- Note 3
Well Shin Electric	Manufacture of wire and cable, electronic components and sales of electronic materials	405,372	(Note 2)	405,372	-	-	405,372	23,086	100	23,086	729,356	-	-
Dongguan Well Lian Machinery	Manufacture and sales of injection mol machine and its parts and peripheral equipment	-	(Note 2, 4)	22,111	-	-	22,111	-	-	-	-	-	-
Dongguan Plugo	Sales of wire and cable, electronic components and home appliances	92,130	(Note 2)	92,130	-	-	92,130	3,986	100	3,986	58,081	-	-
	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission o										
Company name The Company	\$ 1,632,851	\$ 1,632,851	\$ 3,954,823										

Note 1: Purchase of full shareholding from the original shareholder of Dongguan Well Shin through PCDT.

Note 2: Indirect investment in PRC through the existing company located in the third area. (PCDT, GHT and BPCD)

Note 3: Investment gains or losses were recognized based on audited financial statements.

Note 4: The cancellation was completed in May 2020 and submitted to the Investment Commission of the Ministry of Economic Affairs in June 2020 but was not allowed to deduct the accumulated amount of its investment because Dongguan Well Lian Machinery was loss-making and could not remit its capital to Taiwan.

Well Shin Technology Co., Ltd. and Subsidiaries

Major shareholders information

Year ended December 31, 2022

Table 9

	<u>Name of major shareholders</u>	<u>Number of shares held</u>	<u>Shares</u>	<u>Ownership (%)</u>
Cheng Uei Precision Industry Co., Ltd.		22,282,424		18.84%

5. The company and its related enterprises should disclose the impact on the company's financial condition if there are any financial difficulties in the recent year or up to the date of printing the annual report. There is no such situation.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Well Shin Technology Co., Ltd.

Opinion

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

In our opinion, the accompanying Parent company only financial statement present fairly, in all material respects, the Parent company only financial position of the Company as of December 31, 2022 and 2021, and its Parent company only financial performance and its Parent company only cash flows for 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 Auditing and Attestation of Financial Statements by 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 Parent company only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The key audit matter identified in the Company's Parent company only financial statements for the year ended December 31, 2022 is stated as follows:

Valuation of allowance for inventory valuation losses

Description

Please refer to Note 4(12) for accounting policy on inventory, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for the details of allowance for inventory valuation losses. Please refer to Note 6(6) for the details of investments accounted for using the equity method relating to this key audit matter. Please refer the Table 7 & 8 for the information on investees.

As of December 31, 2022, the Company's inventories and allowance for inventory valuation losses amounted to NT \$225,793 thousand and NT \$21,736 thousand, respectively. As at December 31, 2022, the Company's held investments accounted for using equity method amounting to NT\$5,486,094 thousand including Dongguan Well Shin Electronic Products Co., Ltd., Well Shin Electronic (Kunshan) Co., Ltd and Well Shin Electric (Kunshan) Co., Ltd which are 100% indirect holding owned subsidiaries. The Company is engaged in the manufacture of wire and Cable and electronic components and electronic materials wholesale and retail. Due to the short lifespan of electronic products and fluctuations in market prices, there is a higher risk of inventory losses due from market value decline or obsolescence. The Company recognizes inventories at the lower of cost and net realizable value. Obsolete or slow-moving inventories were assessed individually.

The Company's estimation and determination of the net realizable value of inventories and Dongguan Well Shin Electronic Products Co., Ltd., Well Shin Electronic (Kunshan) Co., Ltd and Well Shin Electric (Kunshan) Co., Ltd accounted for using equity method amounting are subjected to management's judgement, involves a high level of uncertainty and has a material effect on the financial statements. Therefore, it was identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in order to provision on allowance for inventory valuation losses:

1. Assessed the reasonableness of policies relating to the provision of allowance for inventory valuation losses and procedures based on our understanding of the Group's operation and industry, which including deciding the inventory classification based on the net realizable value and soundness for the judgment of outdated inventories.
2. Understood the Company's inventory management procedures, reviewed its annual inventory plan, and participated in its annual inventory check to evaluate the management's judgement and control efficiency of outdated inventories.
3. Verified the accuracy of the inventory cost and net realizable value report in order to confirm that the information in the reports were consistent with the Company's inventory policies.
4. Checked the appropriateness of the estimation basis adopted by the Company for the evaluation of the net realizable value, verified the accuracy of inventory selling and purchase prices, and recalculated and evaluated the reasonableness of allowance for inventory valuation losses.

Appropriateness of cut-off of warehouse operating revenue

Description

Please refer to Note 4(28) for accounting policy on revenue recognition, Note 6(6) for the details of investments accounted for using the equity method and Table 7 & 8 for the information on investees.

As at December 31, 2022, the Company held investments accounted for using equity method amounting to NT\$5,486,094 thousand including Dongguan Well Shin Electronic Products Co., Ltd., Well Shin Electronic (Kunshan) Co., Ltd and Well Shin Electric (Kunshan) Co., Ltd which are 100% indirect holding owned subsidiaries. The Company's sales can be divided into two categories, products shipped to clients directly and products for pick-up at outsourced warehouse, depending on sales terms and shipment terms. For pick-ups, the revenue is recognized whenever risk and rewards are transferred. The Company recognizes sales revenue based on movements of inventories contained in the statements or other information provided by the warehouse's custodians. As the warehouses are located around the world, include America, with numerous custodians, the frequency and contents of statements provided by custodians vary, and the process of revenue recognition involves numerous manual procedures, these factors may potentially result in inaccurate timing of sales revenue recognition and discrepancy between physical inventory quantities in the warehouse and quantities as reflected in accounting records. Therefore, we determined that the appropriateness of cut-off of warehouse operating revenue as one of the key audit matters for this fiscal year.

How our audit addressed the matter

Our key audit procedures performed in respect to the above matter included:

1. Obtained an understanding and tested the timing of sales revenue recognition procedures between the Company and the customers to verify the effectiveness of the internal control for warehouse operating revenue recognition.
2. Performed cut-off test on the transactions of warehouse operating revenue around the period of balance sheet date, including verifying the supporting documents of warehouse custodian, the movement of accounted inventory, and related records of cost of goods sold generated to evaluate the timing appropriateness of warehouse operating revenue recognition.
3. Performed sampling checking to confirm the inventory quantities and agreed the results to accounting records. In addition, inspected the reason for the difference between the confirmation replies or physical inventory count observation and accounting records and tested the reconciling items made by management.

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

Management is responsible for the preparation and fair presentation of the Parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by

Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of Parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Parent company only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the Parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the

Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Parent company only financial statements, including the disclosures, and whether the Parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the Parent company only financial statements. We are responsible for the 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 Parent company only financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Xiao-zi, Zhou and Yi-zhang, Liang.

PricewaterhouseCoopers, Taiwan
Republic of China
March 24, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Well Shin Technology Co., Ltd.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

CODE	ASSETS	NOTES	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
CURRENT ASSETS						
1100	Cash and cash equivalents	6(1)	\$ 800,084	9	\$ 825,415	10
1110	Financial assets at fair value through profit or loss – Current	6(2)	668	-	3,030	-
1150	Notes receivable, net	6(4)	532	-	2,443	-
1170	Accounts receivable, net	6(4)	1,084,900	12	1,023,015	12
1180	Accounts receivable from related parties, net	6(4) and 7	217,032	3	410,869	5
1200	Other receivables		2,773	-	4,364	-
1210	Other receivables from related parties	7	147,298	2	430	-
130X	Inventories	6(5)	204,057	2	221,291	3
1410	Prepayments		11,340	-	15,866	-
11XX	Total current assets		2,468,684	28	2,506,723	30
NON-CURRENT ASSETS						
1535	Financial assets measured at amortized cost – Non-current	6(3) and 8	10,000	-	10,000	-
1550	Investments accounted for using equity method	6(6)	5,486,094	62	4,985,498	60
1600	Property, plant and equipment	6(7) and 8	678,729	8	681,288	8
1755	Right-of-use assets	6(8) and 7	3,013	-	641	-
1760	Investment properties	6(10) and 8	180,038	2	181,232	2
1840	Deferred income tax assets	6(24)	21,302	-	30,526	-
1900	Other non-current assets		529	-	376	-
15XX	Total non-current assets		6,379,705	72	5,889,561	70
1XXX	TOTAL		\$ 8,848,389	100	\$ 8,396,284	100

(Continued)

Well Shin Technology Co., Ltd.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY		NOTES	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
CURRENT LIABILITIES						
2100	Short-term borrowings	6(11)	\$ 400,000	5	\$ 610,000	7
2170	Accounts payable		22,867	-	39,150	-
2180	Accounts payable – related parties	7	873,493	10	965,022	11
2200	Other payables	6(13)	184,630	2	178,471	2
2230	Current tax liabilities		71,194	1	50,683	1
2280	Lease liabilities – Current	7	1,180	-	648	-
2320	Long-term borrowings - current portion	6(12)	7,088	-	-	-
2399	Other current liabilities		38,761	-	44,597	1
21XX	Total current liabilities		<u>1,599,213</u>	<u>18</u>	<u>1,888,571</u>	<u>22</u>
NON-CURRENT LIABILITIES						
2540	Long-term borrowings	6(12)	69,830	1	68,350	1
2570	Deferred income tax liabilities	6(24)	571,349	7	476,614	6
2580	Lease liabilities – Non-current	7	1,839	-	-	-
2600	Other non-current liabilities	6(14)	14,786	-	14,955	-
25XX	Total non-current liabilities		<u>657,804</u>	<u>8</u>	<u>559,919</u>	<u>7</u>
2XXX	Total liabilities		<u>2,257,017</u>	<u>26</u>	<u>2,448,490</u>	<u>29</u>
EQUITY						
	Share Capital	6(15)				
3110	Capital Stock		1,182,579	13	1,182,579	14
	Capital surplus	6(16)				
3200	Capital surplus		1,745,790	20	1,745,781	21
	Retained earnings	6(17)				
3310	Legal reserve		912,090	10	877,398	10
3320	Special reserve		375,056	4	339,912	4
3350	Unappropriated earnings		2,630,585	30	2,177,180	26
	Other equity					
3400	Other equity		(254,728)	(3)	(375,056)	(4)
3XXX	Total equity		<u>6,591,372</u>	<u>74</u>	<u>5,947,794</u>	<u>71</u>
SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS		9				
SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD		11				
3X2X	TOTAL		<u>\$ 8,848,389</u>	<u>100</u>	<u>\$ 8,396,284</u>	<u>100</u>

The accompanying notes are an integral part of the Parent company only financial statements.

Well Shin Technology Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Item	Notes	2022		2021	
			Amount	%	Amount	%
4000	OPERATING REVENUE	6(18) and 7	\$ 4,793,919	100	\$ 4,069,703	100
5000	OPERATING COSTS	6(5)(22)(23) and 7	(4,050,594)	(84)	(3,412,904)	(84)
5900	GROSS PROFIT		743,325	16	656,799	16
	OPERATING EXPENSES	6(22)(23)				
6100	Selling and marketing expenses		(162,632)	(3)	(152,307)	(4)
6200	General and administrative expenses		(96,714)	(2)	(73,900)	(2)
6300	Research and development expenses		(29,864)	(1)	(29,137)	-
6450	Expected credit loss		(992)	-	(2,977)	-
6000	Total operating expenses		(290,202)	(6)	(258,321)	(6)
6900	PROFIT FROM OPERATIONS		453,123	10	398,478	10
	NON-OPERATING INCOME AND EXPENSES					
7100	Interest income	6(3)(19)	6,881	-	3,655	-
7010	Other income	6(10)(20)	9,329	-	10,034	-
7020	Other gains and losses	6(21)	130,894	3	32,213	(1)
7050	Finance costs		(6,185)	-	(4,225)	-
7070	Share of profit/(loss) of subsidiaries, associates and joint ventures accounted for using equity method	6(6)				
			351,971	7	62,993	2
7000	Total non-operating income and expenses		492,890	10	40,244	1
7900	INCOME BEFORE INCOME TAX		946,013	20	438,722	11
7950	INCOME TAX EXPENSE	6(24)	(186,473)	(4)	(93,410)	(2)
8200	NET PROFIT FOR THE YEAR		\$ 759,540	16	\$ 345,312	9
	OTHER COMPREHENSIVE INCOME (LOSS)					
	Items that will not be reclassified subsequently to profit or loss:					
8311	Remeasurement of defined benefit plans	6(14)	\$ 272	-	\$ 2,012	-
8349	Income tax related to items that will not be reclassified subsequently	6(24)	(55)	-	(402)	-
8310	Component not be reclassified to profit or loss		217	-	1,610	-
	Items that may be reclassified subsequently to profit or loss:					
8361	Exchange differences on translation of the financial statements of foreign operations	6(6)	148,625	3	(43,290)	(1)
8399	Income tax relating to the items that may be reclassified subsequently to profit or loss	6(24)	(28,297)	(1)	8,145	-
8360	Component not be reclassified to profit or loss		120,328	2	(35,145)	(1)
8300	OTHER COMPREHENSIVE INCOME		\$ 120,545	2	(\$ 33,535)	(1)
8500	TOTAL COMPREHENSIVE INCOME -Net		\$ 880,085	18	\$ 311,777	8
	Basic earnings per share					
9750	Total basic earnings per share	6(25)	\$ 6.42		\$ 2.92	
	Diluted earnings per share					
9850	Total diluted earnings per share	6(25)	\$ 6.37		\$ 2.91	

The accompanying notes are an integral part of the Parent company only financial statements.

Well Shin Technology Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

		Retained Earnings					Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
	Notes	Share Capital	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings		
<u>2021</u>								
BALANCE AT JANUARY 1, 2021		\$ 1,182,579	\$ 1,745,774	\$ 834,689	\$ 366,189	\$ 2,142,335	(\$ 339,911)	\$ 5,931,655
Profit for the year		-	-	-	-	345,312	-	345,312
Other comprehensive loss for the year		-	-	-	-	1,610	(35,145)	(33,535)
Total comprehensive income (loss)		-	-	-	-	346,922	(35,145)	311,777
Appropriation and distribution of 2020 earnings:	6(17)							
Legal reserve		-	-	42,709	-	(42,709)	-	-
Special reserve		-	-	-	(26,277)	26,277	-	-
Cash dividends to shareholders		-	-	-	-	(295,645)	-	(295,645)
Dividends not collected by shareholders after the deadline	6(16)	-	7	-	-	-	-	7
BALANCE AT DECEMBER 31, 2021		\$ 1,182,579	\$ 1,745,781	\$ 877,398	\$ 339,912	\$ 2,177,180	(\$ 375,056)	\$ 5,947,794
<u>2022</u>								
BALANCE AT JANUARY 1, 2022		\$ 1,182,579	\$ 1,745,781	\$ 877,398	\$ 339,912	\$ 2,177,180	(\$ 375,056)	\$ 5,947,794
Profit for the year		-	-	-	-	759,540	-	759,540
Other comprehensive loss for the year		-	-	-	-	217	120,328	120,545
Total comprehensive income (loss)		-	-	-	-	759,757	120,328	880,085
Appropriation and distribution of 2021 earnings:	6(17)							
Legal reserve		-	-	34,692	-	(34,692)	-	-
Special reserve		-	-	-	35,144	(35,144)	-	-
Cash dividends to shareholders		-	-	-	-	(236,516)	-	(236,516)
Dividends not collected by shareholders after the deadline	6(16)	-	9	-	-	-	-	9
BALANCE AT DECEMBER 31, 2022		\$ 1,182,579	\$ 1,745,790	\$ 912,090	\$ 375,056	\$ 2,630,585	(\$ 254,728)	\$ 6,591,372

The accompanying notes are an integral part of the Parent company only financial statements.

Well Shin Technology Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Income before income tax		\$ 946,013	\$ 438,722
Adjustments for:			
Adjustments to reconcile profit (loss)			
Depreciation expense (including depreciation charges on right-of-use assets and investment property)	6(7)(8)(10)(21)(22)	16,919	14,144
Amortization expense	6(22)	79	91
Expected credit loss		992	2,977
(Gain) loss on financial assets at fair value through profit or loss	6(2)(21)	738	(2,009)
Finance costs		6,185	4,225
Inventory valuation loss	6(5)	4,252	10,601
Interest income	6(19)	(6,881)	(3,655)
Share of profit/(loss) of subsidiaries, associates and joint ventures accounted for using equity method	6(6)		
Loss (gain) on disposal of property, plant and equipment	6(7)(21)	(351,971)	(62,993)
Gain on disposal of investments	6(21)	109	190
Changes in operating assets and liabilities		(368)	-
Changes in operating assets			
Financial assets at fair value through profit or loss - Current		1,992	-
Notes receivable, net		1,911	435
Accounts receivable		(62,860)	(139,622)
Accounts receivable – related parties		193,820	(161,753)
Other receivables		1,592	195
Other receivables – related parties		430	(430)
Inventories		12,982	(151,768)
Prepayments		4,526	(2,774)
Other current assets		(232)	(168)
Changes in operating liabilities			
Notes payable		-	(2,684)
Accounts payable		(16,283)	17,046
Accounts payable – related parties		(91,529)	38,726
Other payables		30,806	3,871
Other current liabilities		(5,836)	2,053
Other non-current liabilities		323	(5,356)
Cash generated from operations		687,709	64
Interest received		6,880	3,655
Income tax paid	6(24)	(90,355)	(53,149)
Interest paid		(6,095)	(4,195)
Net cash generated from operating activities (used in)		598,139	(53,625)

(Continued)

Well Shin Technology Co., Ltd.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Notes	2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(26)	(\$ 36,813)	(\$ 24,805)
Accounts receivable – related parties (increase) decrease		(147,298)	11,739
Net cash used in investing activities		(184,111)	(13,066)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(27)	2,810,000	3,510,000
Repayments of short-term borrowings	6(27)	(3,020,000)	(3,290,000)
Increase in long-term borrowings	6(27)	8,568	42,850
Repayments of lease liabilities	6(27)	(1,200)	(1,200)
Decrease in refundable deposits		(220)	-
Payment of cash dividends	6(17)	(236,516)	(295,645)
Unpaid cash dividends from previous year transferred to capital reserve	6(16)	9	7
Net cash used in financing activities		(439,359)	(33,988)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(25,331)	(100,679)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		825,415	926,094
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		\$ 800,084	\$ 825,415

The accompanying notes are an integral part of the Parent company only financial statements.

Well Shin Technology Co., Ltd.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Well Shin Technology Co., Ltd. ("The Company") was incorporated under the provisions of the Company Law of the Republic of China (R.O.C) on September 3, 2002 and commenced business on November 1, 2002. The Company is mainly engaged in the manufacture of wire and Cable and electronic components and electronic materials wholesale and retail. The Company was approved to be listed on the Taiwan Stock Exchange on September 20, 2007.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved and authorized for issue by the Company's board of directors on March 24, 2023.

3. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

- (2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company
New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

- (3) IFRSs issued by IASB but not yet endorsed by the FSCE

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17 "First time application between IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- a. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
 - a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - b) Defined benefit liabilities recognized based on the net amount of pension fund assets plus less present value of defined benefit obligations.
- b. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional and presentation currency.

Foreign currency transactions and balances

- a. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- b. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(4) Classification of current and non-current items

- a. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - b) Assets held mainly for trading purposes;
 - c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be

exchanged or used to settle liabilities more than twelve months after the balance sheet date.

The company classifies all assets that do not meet the aforementioned criteria as non-current.

- b. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - a) Liabilities that are expected to be settled within the normal operating cycle;
 - b) Liabilities arising mainly from trading activities;
 - c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The company classifies all assets that do not meet the aforementioned criteria as non-current.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above criteria and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

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

- a. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized or fair value through other comprehensive income.
- b. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- c. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- d. The Company recognizes the dividend income when the right to receive payments is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortized cost

- a. Financial assets at amortized cost are those that meet all of the following criteria:
 - a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - b) The assets' contractual cash flows represent solely payments of principal and interest.
- b. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- c. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- d. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

- a. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- b. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment

provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognized a financial asset when one of the following conditions is met:

- a. The contractual rights to receive the cash flows from the financial asset expire.
- b. The contractual rights to receive the cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- c. The contractual rights to receive the cash flows of the financial asset have been transferred and the Company has not retained control of the financial asset.

(11) Leasing arrangements (lessor) – operating lease

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

(12) Inventories

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

(13) Investments accounted for using equity method / subsidiaries

- a. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- b. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- c. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss in a subsidiary equal or exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.
- d. As long as the change in shareholding in the subsidiaries does not lead to loss of control (transactions with non-controlling interest), it is to be treated as equity, which are transactions between the owners. The difference between non-controlling equity adjustment amount and the fair value of payment and receipt is to be recognized as equity.
- e. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be

required if all the related assets or liabilities were disposed of. That is, other comprehensive income in relation to the subsidiary should be reclassified to profit or loss.

- f. According to Regulations Governing the Preparation of Financial Statements by Securities Issuers, "Profit for the year" and "Total other comprehensive income for the year" reported in the parent company only statement of comprehensive income, shall equal to "Profit for the year" and "Total other comprehensive income" attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in the parent company only financial statements shall equal to equity attributable to owners of parent reported in the consolidated financial statements.

(14) Property, plant and equipment

- a. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- b. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- c. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- d. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	10 - 53 years
Machinery and equipment	5 - 10 years
Transportation equipment	5 years
Office equipment	3 - 5 years
Other equipment	5 years

(15) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- a. Leases are recognized as a right-of-use asset at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- b. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are included fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The

lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- c. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- a) Any lease payments made at or before the commencement date;
- b) Any initial direct costs incurred by the lessee; and
- c) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(17) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3-10 years.

(18) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

- a. Accounts payable are liabilities for purchases of, goods or services and notes payable are those resulting from operating and non-operating activities.
- b. The short-term notes and accounts payable without loading interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(22) Offsetting financial instruments

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

(23) Employee benefits

a. Short-term employee benefits

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

b. Pensions

a) Defined contribution plans

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

b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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

c. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Employee share-based payment

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

- on the number of equity instruments that eventually vest.
 - b. For cash-settled share-based payments, a liability is recognized for the services acquired, measured at the fair value of the liability incurred. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss.
- (25) Income tax
- a. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
 - b. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
 - c. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
 - d. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
 - e. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- (26) Share capital
- Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- (27) Dividends
- Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares

on the effective date of new shares issuance.

(28) Revenue recognition

The Company is engaged in the manufacture and sales of related products of wire and cable, electronic components and electronic material. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' 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 customers, and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

a. Critical judgements in applying the Company's accounting policies
None.

b. Critical accounting estimates and assumptions

Evaluation of inventories

Evaluation of inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation. As of December 31, 2022, the Company's carrying amount of inventories was \$204,507.

6. EXPLANATION OF MAJOR ACCOUNTING ITEMS

a. Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 515	\$ 475
Checking accounts and demand deposits	553,889	589,851
Time deposits	245,680	235,089
Total	<u>\$ 800,084</u>	<u>\$ 825,415</u>

(1) The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(2) For details on cash and cash equivalents (table presents financial assets measured at amortized cost) provided as a pledge or collateral, please refer

to Note 8.

b. Financial assets at fair value through profit or loss

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 6,546	\$ 8,170
Financial asset held for trading		
Valuation adjustment - stocks	(5,878)	(5,140)
	<u>\$ 668</u>	<u>\$ 3,030</u>

- (1) The gain (loss) recognized in relation to financial assets at fair value through profit or loss were (\$370) and \$2,009 for the years ended December 31, 2022 and 2021, respectively.
- (2) The Company has no financial assets at fair value through profit or loss pledged to others.
- (3) Information relating to price risk of financial assets at fair value through profit or loss is provided in Note 12(2)(3).

c. Financial assets measured at amortized cost

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Pledged deposit	<u>\$ 10,000</u>	<u>\$ 10,000</u>

- (1) Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	<u>2022</u>	<u>2021</u>
Interest income	<u>\$ 12</u>	<u>\$ 10</u>

- (2) As at December 31, 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Company was \$10,000.
- (3) The Company has not pledged financial assets at amortized cost to others as collateral provided in Note 8.
- (4) Information relating to credit risk and fair value of financial assets at amortized cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality so the Company expects that the probability of counterparty default is remote.

d. Notes and accounts receivable (Include related parties)

<u>December 31, 2022</u>	<u>December 31, 2021</u>
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Notes receivable	\$ 532	\$ 2,443
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	\$ 1,113,673	\$ 1,058,630
Less: Allowance for doubtful accounts	(28,773)	(35,615)
	<u>\$ 1,084,900</u>	<u>\$ 1,023,015</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable - related parties	\$ 217,070	\$ 410,890
Less: Allowance for doubtful accounts	(38)	(21)
	<u>\$ 217,032</u>	<u>\$ 410,869</u>

- (1) The ageing analysis of accounts receivable (Include related parties) and notes receivable is as follows:

	<u>December 31, 2022</u>			<u>December 31, 2021</u>		
	<u>Accounts receivable</u>	<u>Accounts receivable – related parties</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Accounts receivable – related parties</u>	<u>Notes receivable</u>
Without past due	\$1,016,504	\$146,562	\$ 532	\$1,001,877	\$323,571	\$ 2,443
Up to 30 days	52,701	25,568	-	16,654	19,022	-
31-90 days	17,398	44,940	-	5,212	68,297	-
91-180 days	1,063	-	-	4,163	-	-
Over 181 days	<u>26,007</u>	<u>-</u>	<u>-</u>	<u>30,724</u>	<u>-</u>	<u>-</u>
	<u>\$1,113,673</u>	<u>\$217,070</u>	<u>\$ 532</u>	<u>\$1,058,630</u>	<u>\$410,890</u>	<u>\$ 2,443</u>

The above ageing analysis was based on past due date.

- (2) As at December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2021, the balance of receivables from contracts with customers amounted to \$1,138,364.
- (3) As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was \$532 and \$2,443; \$1,301,932 and \$1,433,884, respectively.
- (4) The Company does not hold any collateral as security.
- (5) Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

e. Inventories

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 110,940	(\$ 14,076)	\$ 96,864
Work in process	8,018	(6)	8,012
Finished goods	104,366	(5,185)	99,181
Goods	<u>2,469</u>	<u>(2,469)</u>	<u>-</u>

Total	\$	<u>225,793</u>	(\$	<u>21,736)</u>	\$	<u>204,057</u>
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December 31, 2021

	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 120,448	(\$ 10,092)	\$ 110,356
Work in process	30,964	(649)	30,315
Finished goods	84,893	(4,284)	80,609
Goods	<u>2,470</u>	<u>(2,459)</u>	<u>11</u>
Total	\$ <u>238,775</u>	(\$ <u>17,484)</u>	\$ <u>221,291</u>

The cost of inventories recognized as expense for the year:

	<u>2022</u>	<u>2021</u>
Cost of goods sold	\$ 4,052,368	\$ 3,408,503
Loss on decline in market value	4,252	10,601
Others	(6,026)	(6,200)
	<u>\$ 4,050,594</u>	<u>\$ 3,412,904</u>

f. Investments accounted for using equity method

	<u>2022</u>	<u>2021</u>
January 1	\$ 4,985,498	\$ 4,965,795
Share of profit or loss of Investments accounted for using equity method	351,971	62,993
Change in other equity	<u>148,625</u>	<u>(43,290)</u>
December 31	<u>\$ 5,486,094</u>	<u>\$ 4,985,498</u>

- (1) Please refer to Note 4(3) of the Company's consolidated financial statements for the years ended December 31, 2022 for the subsidiaries' information.
- (2) The investment income for the years ended December 31, 2022 and 2021 accounted for under the equity method was based on their financial statements for the corresponding periods, which were audited by other auditors. The investment income recognized for the years ended December 31, 2022 and 2021 was \$351,971 and \$62,993, respectively.

g. Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Construction in progress</u>	<u>Total</u>
January 1 2022								
Cost	\$403,920	\$285,977	\$71,169	\$3,430	\$2,199	\$2,361	\$2,212	\$771,268
Accumulated depreciation	-	(73,895)	(13,217)	(652)	(1,354)	(862)	-	(89,980)
	<u>\$403,920</u>	<u>\$212,082</u>	<u>\$57,952</u>	<u>\$2,778</u>	<u>\$ 845</u>	<u>\$1,499</u>	<u>\$2,212</u>	<u>\$681,288</u>
<u>2022</u>								
January 1	\$403,920	\$212,082	\$57,952	\$2,778	\$ 845	\$1,499	\$2,212	\$681,288
Additions	-	-	965	-	52	740	10,333	12,090
Disposals	-	-	(18)	-	(60)	(31)	-	(109)
Depreciation charge	-	(6,280)	(6,795)	(652)	(352)	(461)	-	(14,540)
December 31	<u>\$403,920</u>	<u>\$205,802</u>	<u>\$52,104</u>	<u>\$2,126</u>	<u>\$ 485</u>	<u>\$1,747</u>	<u>\$12,545</u>	<u>\$678,729</u>
December 31 2022								
Cost	\$403,920	\$285,977	\$71,768	\$3,430	\$1,053	\$2,485	\$12,545	\$781,178
Accumulated depreciation	-	(80,175)	(19,664)	(1,304)	(568)	(738)	-	(102,449)
	<u>\$403,920</u>	<u>\$205,802</u>	<u>\$52,104</u>	<u>\$2,126</u>	<u>\$ 485</u>	<u>\$1,747</u>	<u>\$12,545</u>	<u>\$678,729</u>
	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Construction in progress</u>	<u>Total</u>
January 1 2021								
Cost	\$403,920	\$285,215	\$27,879	\$3,430	\$2,246	\$2,320	\$ -	\$725,010
Accumulated depreciation	-	(67,618)	(11,700)	-	(1,042)	(1,655)	-	(82,015)
	<u>\$403,920</u>	<u>\$217,597</u>	<u>\$16,179</u>	<u>\$3,430</u>	<u>\$1,204</u>	<u>\$ 665</u>	<u>\$ -</u>	<u>\$642,995</u>
<u>2021</u>								
January 1	\$403,920	\$217,597	\$16,179	\$3,430	\$1,204	\$ 665	\$ -	\$642,995
Additions	-	762	35,376	-	218	1,286	2,212	39,854
Disposals	-	-	(124)	-	(12)	(54)	-	(190)
Transfer	-	-	10,396	-	-	-	-	10,396
Depreciation charge	-	(6,277)	(3,875)	(652)	(565)	(398)	-	(11,767)
December 31	<u>\$403,920</u>	<u>\$212,082</u>	<u>\$57,952</u>	<u>\$2,778</u>	<u>\$ 845</u>	<u>\$1,499</u>	<u>\$ 2,212</u>	<u>\$681,288</u>
December 31 2021								
Cost	\$403,920	\$285,977	\$71,169	\$3,430	\$2,199	\$2,361	\$ 2,212	\$771,268
Accumulated depreciation	-	(73,895)	(13,217)	(652)	(1,354)	(862)	-	(89,980)
	<u>\$403,920</u>	<u>\$212,082</u>	<u>\$57,952</u>	<u>\$2,778</u>	<u>\$ 845</u>	<u>\$1,499</u>	<u>\$ 2,212</u>	<u>\$681,288</u>

- (1) The significant components of buildings include buildings which depreciated over 10 to 53 years.
- (2) Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.
- (3) The abovementioned equipment are all assets for its own use

h. Leasing arrangements – lessee

- (1) The Company leases various assets are buildings. Rental contracts are typically made for 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- (2) The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 3,013	\$ 641

	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 1,185	\$ 1,183

- (3) For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$3,556 and \$0, respectively.
- (4) The information on profit and loss accounts relating to lease contracts is as follows:

	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 15	\$ 12

- (5) For the years ended December 31, 2022 and 2021, the Company's total cash outflow for leases were \$12,000.

i. Leasing arrangements – lessor

- (1) The Company leases various assets are land and buildings. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- (2) For the year ended December 31, 2022 and 2021, the Company recognized rent income in the amounts of \$7,870 and \$8,793, respectively, based on the operating lease agreement, which does not include variable lease payments.
- (3) The maturity analysis of the lease payments under the operating lease is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
2022	\$ -	\$ 7,411
2023	7,642	6,238

2024		7,064	5,692
2025		<u>1,558</u>	<u>528</u>
Total		<u>\$ 16,264</u>	<u>\$ 19,869</u>
j. <u>Investment property</u>			
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1, 2022			
Cost	\$ 140,738	\$ 60,890	\$ 201,628
Accumulated depreciation	<u>-</u>	<u>(20,396)</u>	<u>(20,396)</u>
	<u>\$ 140,738</u>	<u>\$ 40,494</u>	<u>\$ 181,232</u>
<u>2022</u>			
January 1	\$ 140,738	\$ 40,494	\$ 181,232
Depreciation charge	<u>-</u>	<u>(1,194)</u>	<u>(1,194)</u>
December 31	<u>\$ 140,738</u>	<u>\$ 39,300</u>	<u>\$ 180,038</u>
At December 31, 2022			
Cost	\$ 140,738	\$ 60,890	\$ 201,628
Accumulated depreciation	<u>-</u>	<u>(21,590)</u>	<u>(21,590)</u>
	<u>\$ 140,738</u>	<u>\$ 39,300</u>	<u>\$ 180,038</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
At January 1, 2021			
Cost	\$ 140,738	\$ 60,890	\$ 201,628
Accumulated depreciation	<u>-</u>	<u>(19,202)</u>	<u>(19,202)</u>
	<u>\$ 140,738</u>	<u>\$ 41,688</u>	<u>\$ 182,426</u>
<u>2021</u>			
January 1	\$ 140,738	\$ 41,688	\$ 182,426
Depreciation charge	<u>-</u>	<u>(1,194)</u>	<u>(1,194)</u>
December 31	<u>\$ 140,738</u>	<u>\$ 40,494</u>	<u>\$ 181,232</u>
At December 31, 2021			
Cost	\$ 140,738	\$ 60,890	\$ 201,628
Accumulated depreciation	<u>-</u>	<u>(20,396)</u>	<u>(20,396)</u>
	<u>\$ 140,738</u>	<u>\$ 40,494</u>	<u>\$ 181,232</u>

(1) Rent income and direct operating expenses of investment property:

	<u>2022</u>	<u>2021</u>
Rental revenue from the lease of the investment property	<u>\$ 7,870</u>	<u>\$ 8,793</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 1,194</u>	<u>\$ 1,194</u>

- (2) The fair value of the investment property held by the Company was \$525,796 and \$525,780 as of December 31, 2022 and 2021, respectively, which was based on the transaction prices of similar properties in the same area. Valuations were categorized within Level 3 in the fair value hierarchy.
- (3) Information about the investment property that was pledged to others as collateral is provided in Note 8.

k. Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unsecured bank borrowings	\$ 400,000	\$ 610,000
Interest rate range	<u>1.56% - 1.66%</u>	<u>0.80% - 0.81%</u>

l. Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Long-term bank borrowings					
Bank borrowings	Borrowing period is from October 7, 2020 to September 15, 2025; interest is repayable monthly; principal is repayable in 24 installments from October 15, 2023.	0.75% - 1.375%	-None	\$ 56,700	\$ 56,700
Bank borrowings	Borrowing period is from February 24, 2021 to February 24, 2027; interest is repayable monthly; principal is repayable in 36 installments from February 15, 2024.	0.6% - 1.225%	-None	20,218	11,650
Less: Current portion				(7,088)	-
				<u>\$ 69,830</u>	<u>\$ 68,350</u>

m. Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Salaries and bonus payable	\$ 104,916	\$ 76,470
Commission payable	46,504	42,718
Payable for equipment	426	25,149
Others	<u>32,784</u>	<u>34,134</u>
	<u>\$ 184,630</u>	<u>\$ 178,471</u>

n. Pensions

- (1) a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method of the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

- b) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 25,198	\$ 25,663
Fair value of plan assets	(11,534)	(12,049)
Net defined benefit liability	<u>\$ 13,664</u>	<u>\$ 13,614</u>

- c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2022			
Balance at January 1	\$ 25,663	(\$ 12,049)	\$ 13,614
Current service cost	292	-	292
Interest expense (income)	178	(85)	93
Payment for benefit	(1,343)	1,343	-
	<u>24,790</u>	<u>(10,791)</u>	<u>13,999</u>
Remeasurements:			
Return on plan assets (excluding amounts of interest income or expense)	-	(680)	(680)
Change in demographic assumptions	2	-	2
Change in financial assumptions	(1,218)	-	(1,218)
Experience adjustments	1,624	-	1,624
	<u>408</u>	<u>(680)</u>	<u>(272)</u>
Pension fund contribution	-	(63)	(63)
Balance at December 31	<u>\$ 25,198</u>	<u>(\$ 11,534)</u>	<u>\$ 13,664</u>

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2021			
Balance at January 1	\$ 27,621	(\$ 6,640)	\$ 20,981
Current service cost	302	-	302

Interest expense (income)	82	(20)	62
Payment for benefit	(510)	510	-
	<u>27,495</u>	<u>(6,150)</u>	<u>21,345</u>
Remeasurements:			
Return on plan assets (excluding amounts of interest income or expense)	-	(180)	(180)
Change in demographic assumptions	59	-	59
Change in financial assumptions	(1,006)	-	(1,006)
Experience adjustments	(885)	-	(885)
	<u>(1,832)</u>	<u>(180)</u>	<u>(2,012)</u>
Pension fund contribution	-	(5,719)	(5,719)
Balance at December 31	<u>\$ 25,663</u>	<u>(\$ 12,049)</u>	<u>\$ 13,614</u>

d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

e) The principal actuarial assumptions used were as follows:

	2022	2021
Discount rate	<u>1.25%</u>	<u>0.70%</u>
Future salary increases	<u>2%</u>	<u>2%</u>
Turnover	<u>0.32%</u>	<u>0.30%</u>

Assumptions regarding future mortality experience are set based on the fifth Taiwan Standard Ordinary Experience Mortality Table.

The impact of changes in the key actuarial assumptions on the present value analysis of defined benefit obligations is as follows:

<u>Discount rate</u>	<u>Future salary increases</u>	<u>Turnover</u>
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	<u>Increase</u> <u>0.25%</u>	<u>Decrease</u> <u>0.25%</u>	<u>Increase</u> <u>0.25%</u>	<u>Decrease</u> <u>0.25%</u>	<u>Increase</u> <u>10%</u>	<u>Decrease</u> <u>10%</u>
December 31, 2022						
Effect on present value of defined benefit	<u>(\$ 526)</u>	<u>\$ 543</u>	<u>\$ 537</u>	<u>(\$ 523)</u>	<u>(\$ 4)</u>	<u>\$ 4</u>
December 31, 2021						
Effect on present value of defined benefit	<u>(\$ 607)</u>	<u>\$ 629</u>	<u>\$ 619</u>	<u>(\$ 601)</u>	<u>(\$ 7)</u>	<u>\$ 7</u>

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2022 amount to \$624.

g) As of December 31, 2022, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	565
1-2 year(s)		668
3-5 years		5,486
Over 5 years		<u>21,326</u>
	\$	<u>28,045</u>

(2) a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

b) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021 were \$7,240 and \$6,949, respectively.

o. Share capital

Subject to the Company's Articles of Incorporation amended by the stockholders' meeting on June 17, 2013, the Company increased authorized capital to \$1,600,000, consisting of 160,000 thousand shares of ordinary stock (including 15,000 shares of employee share options), and as of December 31, 2022, the paid-in capital was \$1,182,579 with a par value of \$10 (in dollars) per share.

The Company's ordinary shares at the beginning of the period are the same with the outstanding shares at the end of the period in 2022 and 2021.

p. Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

2022				
	<u>Share premium</u>	<u>Expired employee stock options</u>	<u>Other</u>	<u>Total</u>
At January 1	\$ 1,744,156	\$ 1,602	\$ 23	\$ 1,745,781
Dividends not received by shareholders	-	-	9	9
At December 31	<u>\$ 1,744,156</u>	<u>\$ 1,602</u>	<u>\$ 32</u>	<u>\$ 1,745,790</u>

2021				
	<u>Share premium</u>	<u>Expired employee stock options</u>	<u>Other</u>	<u>Total</u>
At January 1	\$ 1,744,156	\$ 1,602	\$ 16	\$ 1,745,774
Dividends not received by shareholders	-	-	7	7
At December 31	<u>\$ 1,744,156</u>	<u>\$ 1,602</u>	<u>\$ 23</u>	<u>\$ 1,745,781</u>

q. Retained earnings

- (1) Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve unless the accumulated legal reserve has reached the total capital stock balance. Special reserve shall be appropriated in accordance with related regulations promulgated by competent authorities, and the special reserve along with the accumulated unappropriated retained earnings from previous years is considered as the distributable earnings. The remainder, if any, after considering the operating status, and through a proposition by the Board of Directors and a resolution by the shareholders, shall be retained.
Subject to the Company's Articles of Incorporation amended, the Company authorizes the Board of Directors to approve the distribution of dividends and bonuses or the legal reserve and capital surplus, in whole or in part, in the form of cash with the consent of majority of attending directors which represents more than two-third of all directors and report to the shareholders' meeting. The preceding requirement for a resolution of the shareholders' meeting shall not be applicable.
- (2) The Company's dividend policy is based on the Company's current operation status, future investment environment and capital requirements, long-term operation plan, shareholders' benefits, balanced dividends and the Company's long-term financial plan, etc. The appropriation is proposed by the Board of Directors and then approved by the shareholders during their meeting. Cash dividends shall not be more than 70% of the total dividends distributed to shareholders.
- (3) Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- (4) a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount may be included in the distributable earnings.
b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Gua-Zheng-Fa-Zi Letter No.

1010012865, dated April 6 2012, shall be reversed proportionately when the relevant assets are used, disposed or reclassified subsequently. The Company reversed proportionately the special reserve previously set aside, due to use or disposal of relevant assets. The Company appropriated to the special reserve an amount of \$36,848, the increase in retained earnings on January 1, 2013.

- (5) The appropriation of 2021 earnings as proposed by the shareholders on June 24, 2022 and the appropriation of 2020 earnings as resolved by the shareholders on July 29, 2021 are as follows:

	2021		2020	
	Dividend per share		Dividend per share	
	Amount	(in dollars)	Amount	(in dollars)
Legal reserve	\$ 34,692		\$ 42,709	
Special reserve	35,144		26,277	
Cash dividends	236,516	\$ 2.0	295,645	\$ 2.5

The appropriation of earnings for 2021 was same as proposed at the shareholders' meeting, dated March 25, 2022. Information about the appropriation of earnings by the Company as proposed by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

- (6) The appropriation of earnings for 2022 was proposed by the Board of Directors on March 24, 2023, please refer Note 11.

r. Operating revenue

The Company derives revenue from the transfer of good at a point in time in the following major product lines and operating segments:

	2022	2021
Revenue from contracts with customers:		
Power cord sets for information and electrical appliances	\$ 4,105,990	\$ 3,588,686
Socket plug adapter combination category	614,717	413,901
Others	73,212	67,116
Total	<u>\$ 4,793,919</u>	<u>\$ 4,069,703</u>

s. Interest income

	2022	2021
Interest income from bank deposits	\$ 6,869	\$ 3,645
Interest income from financial assets measured at amortized cost	12	10
	<u>\$ 6,881</u>	<u>\$ 3,655</u>

t. Other income

	2022	2021
Rental income	\$ 7,870	\$ 8,793
Others	1,459	1,241
Total	<u>\$ 9,329</u>	<u>\$ 10,034</u>

u. Other gains and losses

	2022	2021
Net gain (loss) on financial assets at fair value through profit or loss	(\$ 738)	\$ 2,009
Foreign exchange (loss) gain	132,567	(32,838)
Loss on disposal of property, plant and	(109)	(190)

	equipment						
	Gain on disposal of investments			368		-	
	Depreciation expense of investment property		(	1,194)	(	1,194)	
	Total		\$	130,894	(\$	32,213)	
v.	<u>Expenses by nature</u>						
	By function		2022		2021		
		<u>Operating</u>	<u>Operating</u>		<u>Operating</u>		
	By nature	<u>costs</u>	<u>Expenses</u>	<u>Total</u>	<u>costs</u>	<u>Expenses</u>	<u>Total</u>
	Employee benefit expense	\$122,629	\$135,499	\$258,128	\$117,293	\$104,126	\$221,419
	Depreciation expense of property, plant and equipment	11,570	2,970	14,540	8,467	3,300	11,767
	Depreciation expense of right of use assets	1,185	-	1,185	1,183	-	1,183
	Amortization of intangible assets	-	79	79	-	91	91
	Note 1: Non-operating expenses depreciation of investment property in 2022 and 2021 were \$1,194 and \$1,194, respectively.						
	Note 2: As of December 31, 2022 and 2021, the Company had approximately 308 and 311 employees, respectively, including 6 directors for both years.						

w. Employee benefit expense

	2022	2021
Wages and salaries	\$ 221,330	\$ 185,584
Labor and health insurance fees	17,223	17,032
Pension costs	7,625	7,313
Directors' remuneration	733	800
Other personnel expenses	11,217	10,690
	<u>\$ 258,128</u>	<u>\$ 221,419</u>

- (1) In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as directors' remuneration and employees' compensation. The ratio shall not be higher than 0.5% for directors' remuneration and shall be 3% to 12% for employee's compensation. Employee compensation may be distributed to the Company's employees and employees of affiliated companies.
- (2) For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$40,000 and \$19,200, respectively; while directors' remuneration was accrued at \$800 and \$800, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on 4.10% and 0.08% of distributable profit of current year for the year ended December 31, 2022. The employees' compensation and directors' remuneration as resolved by the Board of Directors were \$40,478 and \$790, respectively, and the employees' compensation will be distributed in cash.
The difference of (\$479) between employees' compensation and directors'

remuneration as resolved by the Board of Directors and the amount recognized in the 2021 financial statements of \$18,788, \$733 had been adjusted in profit or loss for 2022.

Information about the appropriation of employees' compensation and directors' remuneration by the Company as proposed by the Board of Directors and resolved will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

x. Income tax

(1) Income tax expense

a) Components of income tax expense:

	2022	2021
Current tax:		
Current tax on profit for the period	\$ 69,166	\$ 44,931
Tax on undistributed earnings	2,028	5,751
Provisional withholding tax	39,105	31,753
Prior year income tax underestimation	567	316
Total current tax	110,866	82,751
Deferred tax:		
Origination and reversal of temporary differences	75,607	10,659
Income tax expense	<u>\$ 186,473</u>	<u>\$ 93,410</u>

b) The income tax (charge)/credit relating to components of other comprehensive income are as follows:

	2022	2021
Currency translation differences	\$ 28,297	(\$ 8,145)
Remeasurement of defined benefit obligations	55	402
Sub total	<u>\$ 28,352</u>	<u>(\$ 7,743)</u>

(2) Reconciliation between income tax expense and accounting profit:

	2022	2021
Tax calculated based on profit before tax and statutory tax rate	\$ 189,202	\$ 87,745
Effect from tax credit that should be excluded according to tax laws	(5,324)	(402)
Tax on undistributed earnings	2,028	5,751
Prior year income tax underestimation	567	316
Income tax expense	<u>\$ 186,473</u>	<u>\$ 93,410</u>

(3) Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for doubtful accounts	\$ 4,183	(\$ 1,083)	\$ -	\$ 3,100
Unrealized gross profit between	15,571	1,453	-	17,024

affiliated companies				
Accrued pension adjustment	2,072	-	-	2,072
Unrealized exchange loss	5,018	(10,412)	-	(5,394)
Employees' unused compensated absences payable	185	(32)	-	153
Others	<u>3,497</u>	<u>850</u>	<u>-</u>	<u>4,347</u>
Sub total	<u>30,526</u>	<u>(9,224)</u>	<u>-</u>	<u>21,302</u>
-Deferred tax liabilities:				
Gain on foreign long-term investments	(531,361)	(66,447)	-	(597,808)
Pensions	2,362	64	-	2,426
Translation differences of foreign operations	53,195	-	(28,297)	24,898
Remeasurement of defined benefit obligations	<u>(810)</u>	<u>-</u>	<u>(55)</u>	<u>(865)</u>
Sub total	<u>(476,614)</u>	<u>(66,383)</u>	<u>(28,352)</u>	<u>(571,349)</u>
Total	<u>(\$446,088)</u>	<u>(\$75,607)</u>	<u>(\$28,352)</u>	<u>(\$550,047)</u>

2021

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for doubtful accounts	\$ 4,190	(\$ 7)	\$ -	\$ 4,183
Unrealized gross profit between affiliated companies	10,972	4,599	-	15,571
Accrued pension adjustment	2,072	-	-	2,072
Unrealized exchange loss	4,154	864	-	5,018
Employees' unused compensated absences payable	151	34	-	185
Others	<u>1,377</u>	<u>2,120</u>	<u>-</u>	<u>3,497</u>
Sub total	<u>22,916</u>	<u>7,610</u>	<u>-</u>	<u>30,526</u>
-Deferred tax liabilities:				
Gain on foreign long-term investments	(514,163)	(17,198)	-	(531,361)
Pensions	3,433	(1,071)	-	2,362
Translation differences of foreign operations	45,050	-	8,145	53,195
Remeasurement of defined benefit obligations	<u>(408)</u>	<u>-</u>	<u>(402)</u>	<u>(810)</u>
Sub total	<u>(466,088)</u>	<u>(18,269)</u>	<u>7,743</u>	<u>(476,614)</u>
Total	<u>(\$443,172)</u>	<u>(\$10,659)</u>	<u>\$ 7,743</u>	<u>(\$446,088)</u>

(4) The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

y. Earnings per share

2022

Amount after	Weighted average	Earnings
--------------	------------------	----------

	Tax	number of ordinary shares outstanding (shares in thousands)	per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$759,540</u>	<u>118,258</u>	<u>\$ 6.42</u>
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>908</u>	
<u>Diluted earnings per share</u>	<u>\$759,540</u>	<u>119,166</u>	<u>\$ 6.37</u>

	2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$345,312</u>	<u>118,258</u>	<u>\$ 2.92</u>
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>501</u>	
<u>Diluted earnings per share</u>	<u>\$345,312</u>	<u>118,759</u>	<u>\$ 2.91</u>

z. Supplemental cash flow information

Investing activities with partial cash payments:

	2022		2021	
Acquisition of property, plant and equipment	\$	12,090	\$	39,854
Add: Opening balance of payable on equipment		25,149		10,100
Less: Ending balance of payable on equipment	(	426)	(	25,149)
Cash paid during the year	\$	<u>36,813</u>	\$	<u>24,805</u>

aa. Changes in liabilities from financing activities

	2022			
	<u>Short-term borrowings</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities-gross</u>

January 1	\$610,000	\$ 68,350	\$ 648	\$ 678,998
Changes in cash flow from financing activities	(210,000)	8,568	(1,200)	(202,632)
Changes in other non-cash items	-	-	3,571	3,571
December 31	<u>\$ 400,000</u>	<u>\$ 76,918</u>	<u>\$ 3,019</u>	<u>\$ 479,937</u>

	2021			
	<u>Short-term borrowings</u>	<u>Long-term Borrowings</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities-gross</u>
January 1	\$390,000	\$ 25,500	\$ 1,836	\$ 417,336
Changes in cash flow from financing activities	220,000	42,850	(1,200)	261,650
Changes in other non-cash items	-	-	12	12
December 31	<u>\$ 610,000</u>	<u>\$ 68,350</u>	<u>\$ 648</u>	<u>\$ 678,998</u>

7. RELATED PARTY TRANSACTION

a. Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Cheng Uei Precision Industry Co., Ltd. (Cheng Uei)	Entities with significant influence
Dongguan Fuqiang Electronics Co., Ltd. (DGFQ)	Other related party
Dongguan Well Shin Electronic Products Co., Ltd. (Dongguan Well Shin)	Second-tier subsidiary
Well Set Enterprise Co., Ltd.(WSE)	Second-tier subsidiary
Well Cord Technology Co., Ltd.(WCT)	Second-tier subsidiary
Well Shin Electronic (Kunshan) Co., Ltd (Well Shin Kunshan)	Third-tier subsidiary
Well Shin Electric (Kunshan) Co., Ltd (Well Shin Electric)	Third-tier subsidiary
Conntek Integrated Solutions Inc.(Conntek)	Third-tier subsidiary
Cisco LLC.(Cisco)	Third-tier subsidiary
Dongguan Plugo Electric Co., Ltd (Dongguan Plugo)	Third-tier subsidiary
Dongguan Well Lian Machinery Co., Ltd. (Well Lian)	Third-tier subsidiary
Well Shin Japan Co., Ltd. (WSJ)	Third-tier subsidiary
Directors, supervisors, general manager, assistant general managers, etc	Directors, supervisors and key management of the Company
HUANG, XIU-HAO	Director's relative within the second degree

Note: For other related parties over which the Company exercises significant influence but with which the Company had no material transaction in 2022 and 2021, please refer to Note 13 for related information.

b. Significant related party transactions and balances

(1) Sales revenue

	2022	2021
Entities with significant influence to the Company:		
Cheng Uei	\$ 392,747	\$ 190,604
Other related parties	1,561	5,843
Third-tier subsidiary:		
Conntek	363,809	473,211
Others	13,845	8,892
	<u>\$ 771,962</u>	<u>\$ 678,550</u>

For related party transactions, the selling price were determined in accordance with mutual agreement since there is no sales transaction with third parties. And the payment terms to related parties were not significantly different from those of sales to third parties.

(2) Purchase

	<u>2022</u>	<u>2021</u>
Second-tier subsidiary:		
Dongguan Well Shin	\$ 2,694,522	\$ 2,379,880
Third-tier subsidiary:		
Well Shin Kunshan	<u>962,417</u>	<u>753,555</u>
	<u>\$ 3,656,939</u>	<u>\$ 3,133,435</u>

- a) In 2022, the Company purchased inventory from Dongguan Well Shin and Well Shin Kunshan, which included \$0 and \$74 of that the Company sold to the respective companies but not included in the sales revenue and cost of the Company.
- b) In 2021, the Company purchased inventory from Dongguan Well Shin and Well Shin Kunshan, which included \$0 and \$116 of that the Company sold to the respective companies but not included in the sales revenue and cost of the Company.
- c) Cables purchased from Dongguan Well Shin and Well Shin Electronic. The Payments are settled in 90 days and paid monthly.

(3) Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Entities with significant influence to the Company:		
Cheng Uei	\$ 126,276	\$ 59,290
Other related parties	489	3,191
Third-tier subsidiary:		
Conntek	88,339	347,210
Others	<u>1,966</u>	<u>1,199</u>
Sub total	217,070	410,890
Allowance for doubtful accounts	<u>(38)</u>	<u>(21)</u>
	<u>\$ 217,032</u>	<u>\$ 410,869</u>

(4) Leasing arrangements – lessee

- a) The Company leases building from HUANG, XIU-HAO. These leases have terms expiring between 2022 and 2025. Monthly rent is \$100 and paid before 10th of each month.
- b) Acquisition of right-of-use assets
The Company acquired right-of-use assets of \$3,556 in July 2022.
- c) Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
HUANG, XIU-HAO	<u>\$ 3,019</u>	<u>\$ 648</u>

The interest expense for lease liabilities in 2022 and 2021 were \$15 and \$12, respectively.

(5) Other receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Second-tier subsidiary – loans to:		

Conntek	\$	147,298	\$	-
Third-tier subsidiary – collect on delivery:				
Well Shin Kunshan		-		430
	\$	<u>147,298</u>	\$	<u>430</u>

Please refer to Note 13(1) for details of loan to third-tier subsidiary.

(6) Payables to related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Second-tier subsidiary:		
Dongguan Well Shin	\$ 550,912	\$ 741,192
Third-tier subsidiary:		
Well Shin Kunshan	<u>322,581</u>	<u>223,830</u>
	<u>\$ 873,493</u>	<u>\$ 965,022</u>

(7) Endorsements and guarantees

Please refer Note 13(1)(2) for the details of information on endorsement and guarantees for the year ended December 31, 2022.

c. Key management compensation

	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	\$ 20,036	\$ 14,718
Post-employment benefits	<u>373</u>	<u>372</u>
Total	<u>\$ 20,409</u>	<u>\$ 15,090</u>

8. PLEDGED ASSETS

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

	<u>Book value</u>		
<u>Pledged assets</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Purpose</u>
Financial Assets	\$ 10,000	\$ 10,000	Payment guarantee
Measured at Amortized Cost (Non-current)			
-time deposits			
Property, plant and equipment	144,706	145,666	Borrowings guarantee for future
Investment property	180,038	181,232	Borrowings guarantee for future

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Contingencies

- (1) As of December 31, 2022, the Company had a receivable of HK\$4,765 thousand from Cyber Power Systems, Inc. ("Cyber Power"). As a result of the late payment, the Company filed a false claim of seizure against Cyber Power in January 2009 and requested payment for the products and interest on the delay, for which a full allowance has been made. According to the judgment of the Shilin District Court on August 23, 2019, Cyber Power should pay HK\$4,639 thousand to the Company after adding the interest. Cyber Power is still in dispute and appealed in accordance with the law. As at the date of reporting, the case was still under trial in the High Court of Taiwan. However, for the purpose of non-interest increment, Cyber Power

was temporarily paid by the amount of HK\$4,639 thousand as indicated in the judgment (other current liabilities were recorded as the proceeds received by the Company). As a result, the Company provided a guarantee in respect of the bearer deposit certificate of \$17,000 thousand in January 2009 in respect of this case which was withdrawn on 1 November 2019.

- b. Commitments
None.

10. LOSSES ON CATASTROPHIC DISASTERS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The appropriations of 2022 earnings had been proposed by the Board of Directors on March 24, 2023. Details are summarized below:

	2022	
	<u>Amount</u>	<u>Dividends per share</u> <u>(Dollar)</u>
Legal reserve	\$ 75,976	
Special reserve	(120,329)	
Cash dividends	473,032	\$ 4.0

As of March 24, 2023, the appropriations of 2022 earnings has not been resolved at the stockholders' meeting.

12. OTHERS

a. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure with reasonable cost of funds. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. Net debt is calculated as total borrowings in the parent company only balance sheet. Total capital is calculated as 'equity' as shown in the parent company only balance sheet plus net debt. In 2022, the Company's strategy, which was unchanged from 2021. The gearing ratios at December 31, 2022 and 2021 were 26% and 29%, respectively.

b. Financial instruments

(1) Financial instruments by category

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 668	\$ 3,030
Financial assets at amortized cost		
Cash and cash equivalents	\$ 800,084	\$ 825,415
Financial assets at amortized cost	10,000	10,000
Notes receivable	532	2,443
Accounts receivable (including related parties)	1,301,932	1,433,884
Other receivables (including related parties)	150,071	4,794

- | | | | |
|---|--|---------------------|---------------------|
| | parties) | | |
| | Guarantee deposits paid | 100 | 100 |
| | | <u>\$ 2,262,719</u> | <u>\$ 2,276,636</u> |
| Financial liabilities | | | |
| Financial liabilities at amortized cost | | | |
| | Short-term borrowings | \$ 400,000 | \$ 610,000 |
| | Notes payable (including related parties) | 896,360 | 1,004,172 |
| | Other accounts payable | 184,630 | 178,471 |
| | Long-term borrowings (including current portion) | 7,088 | - |
| | Long-term borrowings | 69,830 | 68,350 |
| | Guarantee deposits received | 1,122 | 1,342 |
| | | <u>\$ 1,559,030</u> | <u>\$ 1,862,335</u> |
| | Lease liability | <u>\$ 3,019</u> | <u>\$ 648</u> |
- (2) Financial risk management policies
- a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the board of directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units.
- (3) Significant financial risks and degrees of financial risks
- a) Market risk
- Foreign exchange risk
- A. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- B. Management has set up a policy to require departments to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury.
- C. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

<u>December 31, 2022</u>				<u>2022</u>		
Foreign currency amount (In thousands)	<u>Exchange rate</u>	Book value (NTD)	<u>Sensitivity Analysis</u>			
			Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$57,468	30.71	\$1,764,842	1%	\$17,648	\$ -
HKD:NTD	7,226	3.938	28,456	1%	285	-
RMB:NTD	291	4.408	1,283	1%	13	-
JPY:NTD	141,867	0.232	32,913	1%	329	-
EUR:NTD	3,425	32.72	112,066	1%	1,121	-
<u>Long-term equity investment accounted for using equity method</u>						
USD:NTD	\$178,642	30.71	5,486,094	1%	-	54,861
<u>Financial liabilities</u>						

<u>Monetary items</u>						
USD:NTD	\$29,749	30.71	\$ 913,592	1%	\$9,136	\$ -
HKD:NTD	7,162	3.938	28,204	1%	282	-

<u>December 31, 2021</u>				<u>2021</u>		
	Foreign currency amount (In thousands)	<u>Exchange rate</u>	Book value (NTD)	<u>Sensitivity Analysis</u>		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income

(Foreign currency: Functional currency)

Financial assets

Monetary items

USD:NTD	\$70,472	27.68	\$1,950,665	1%	\$19,507	\$ -
HKD:NTD	10,893	3.549	38,659	1%	387	-
RMB:NTD	29,886	4.344	129,825	1%	1,298	-
JPY:NTD	8,286	0.241	1,997	1%	20	-
EUR:NTD	2,793	31.32	87,477	1%	875	-

Long-term equity investment accounted for using equity method

USD:NTD	180,112	27.68	4,985,498	1%	-	49,855
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Financial liabilities

Monetary items

USD:NTD	\$37,819	27.68	\$1,046,830	1%	\$10,468	\$ -
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- D. The total exchange gain arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021 amounted to \$132,567 and (\$32,838), respectively.

Price risk

- A. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- B. The Company's investments in equity securities comprise unlisted shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$7 and \$30, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

The Company's borrowings are mostly with fixed interest rate and variable rate and maturity within one year. Therefore, the Company does not expect to be exposed to significant interest rate risk.

b) Credit risk

- A. Credit risk refers to the risk of financial loss to the Company arising from default by the clients on the contract obligations. The main factor is that counterparties could not repay in full the contract cash

- flows of accounts receivable, notes receivable and amortized cost financial assets based on the agreed terms.
- B. The Company manages their credit risk taking into consideration the entire company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of investment grade or above are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilizations of credit limits is regularly monitored. The main credit risk arises from wholesale and retail customers, including outstanding receivables.
 - C. There has been a significant increase in credit risk on that instrument since initial recognition, when the contract payments were past due over 60 days.
 - D. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
 - E. The following indicators are used to determine whether the credit impairment has occurred:
 - i. It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - ii. The disappearance of an active market for that financial asset because of financial difficulties;
 - iii. Default or delinquency in interest or principal repayments;
 - iv. Adverse changes in national or regional economic conditions that are expected to cause a default.
 - F. The Company applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis since the year ended December 31, 2021 and 2022.
 - G. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures.
 - H. The Company did not recognize the immaterial impairment losses of accounts receivable and guarantee deposits when applying the modified approach for the years ended December 31, 2022 and 2021.
 - I. The Company used the forecast ability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable.

On December 31, 2022, the loss rate method for accounts receivable (including entities with significant influence to the Company) is as follows:

<u>No loss ever occurred (Note 1)</u>					
		<u>Overdue</u>	<u>Overdue</u>	<u>Overdue</u>	<u>Overdue for</u>
		<u>within 30</u>	<u>within 90</u>	<u>within 180 days</u>	<u>more than 181</u>
<u>December 31, 2022</u>	<u>Not overdue</u>	<u>days</u>	<u>days</u>		<u>days</u>
Expected loss rate	0.03%	1.00%	5.00%	100.00%	100.00%
Total book value	\$ 1,143,146	\$52,824	\$ 17,398	\$ 1,063	\$ 1,117
Loss allowance	\$ 343	\$ 528	\$ 870	\$ 1,063	\$ 1,117
	<u>Incurred losses</u>	<u>Individually</u>		<u>Total</u>	

December 31, 2022

Expected loss rate	Note 2		Note 3		
Total book value		\$ -	\$ 24,890	\$	1,240,438
Loss allowance		\$ -	\$ 24,890	\$	28,811

Note 1: Based on past experience, it has been shown that the defaults of these customers have been extremely low. Expected credit loss is measured by the number of days overdue at a single loss rate.

Note 2: Based on past experience, debtors from these customers are prepared with expected credit losses of 100%. No such cases were identified in the current period.

Note 3: Impairment losses are made individually for customers that have defaults for specific reasons.

On December 31, 2021, the loss rate method for accounts receivable (including entities with significant influence to the Company) is as follows:

<u>No loss ever occurred (Note 1)</u>					
<u>December 31, 2021</u>	<u>Not overdue</u>	<u>Overdue within 30 days</u>	<u>Overdue within 90 days</u>	<u>Overdue within 180 days</u>	<u>Overdue for more than 181 days</u>
Expected loss rate	0.03%	1.00%	5.00%	100.00%	100.00%
Total book value	\$ 1,064,317	\$ 16,654	\$ 5,253	\$ 4,163	\$ 950
Loss allowance	\$ 319	\$ 167	\$ 263	\$ 4,163	\$ 950

<u>Incurred losses</u>		<u>Individually</u>		<u>Total</u>	
<u>December 31, 2021</u>					
Expected loss rate	Note 2	Note 3			
Total book value		\$ -	\$ 29,774	\$	1,121,111
Loss allowance		\$ -	\$ 29,774	\$	35,636

Note 1: Based on past experience, it has been shown that the defaults of these customers have been extremely low. Expected credit loss is measured by the number of days overdue at a single loss rate.

Note 2: Based on past experience, debtors from these customers are prepared with expected credit losses of 100%. No such cases were identified in the current period.

Note 3: Impairment losses are made individually for customers that have defaults for specific reasons.

As of December 31, 2022 and 2021, the Company had not recorded an allowance for losses of \$90,305 and \$348,409, respectively, on accounts receivable from investees accounted for using equity method.

J. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable (including related parties) are as follows:

<u>2022</u>		
<u>Accounts receivable</u>	<u>Accounts receivable</u>	<u>Total</u>

		- related parties	
January 1	\$ 35,615	\$ 21	\$ 35,636
Provision for impairment loss	975	17	992
Write-offs	(7,817)	-	(7,817)
December 31	<u>\$ 28,773</u>	<u>\$ 38</u>	<u>\$ 28,811</u>

	2021		
	<u>Accounts receivable</u>		
	<u>Accounts receivable</u>	<u>related parties</u>	<u>Total</u>
January 1	\$ 32,645	\$ 14	\$ 32,659
Provision for impairment loss	<u>2,970</u>	<u>7</u>	<u>2,977</u>
December 31	<u>\$ 35,615</u>	<u>\$ 21</u>	<u>\$ 35,636</u>

c) Liquidity risk

- A. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- B. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits and securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- C. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2022	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 400,678	\$ -	\$ -
Accounts payable (including related parties)	896,360	-	-
Other payables	184,630	-	-
Lease liability	1,200	1,850	-
Long-term borrowings	8,107	70,858	-

Non-derivative financial liabilities:

December 31, 2021	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 610,542	\$ -	\$ -

Accounts payable (including related parties)	1,004,172	-	-
Other payables	178,471	-	-
Lease liability	650	-	-
Long-term borrowings	495	68,972	324

D. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

c. Fair value information

(1) The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

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

Level 3: Unobservable inputs for the asset or liability.

(2) Financial instruments not measured at fair value

The Company's carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, accounts payable and other payables are approximate to their fair values. The carrying amounts are provided in Note 12(2) A.

(3) The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

a) The related information of natures of the assets and liabilities is as follows:

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	<u>\$ 668</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 668</u>

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	<u>\$ 3,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,030</u>

b) The methods and assumptions the Company used to measure fair value are as follows:

The instruments the Company used market quoted prices as their fair values (that is, Level 1), the quoted prices are measured by closing price

of listed shares.

- (4) For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

13. ADDITIONAL DISCLOSURES

a. Significant transaction information

- (1) Loans to others: Please refer to table 1.
- (2) Provision of endorsements and guarantees to others: Please refer to table 2.
- (3) Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- (4) Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- (5) Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- (6) Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- (7) Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- (8) Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 5.
- (9) Derivative financial instruments undertaken for the year ended December 31, 2022: None.
- (10) Significant inter-company transactions for the year ended December 31, 2022: Please refer to table 6.

b. Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

c. Information on investments in Mainland China

- (1) Basic information: Please refer to table 8.
- (2) Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:
 - a) Purchasing amount and percentage and related receivables' percentage and balance at December 31, 2022: Please refer to tables 6.
 - b) Selling amount and percentage and related receivables' percentage and balance at December 31, 2022: Please refer to tables 6.
 - c) Property transaction amounts and gains and loss arising from them: None.
 - d) Balance and purpose of provision of endorsements/guarantees or collaterals at December 31, 2022: Please refer to tables 2.
Maximum balance, ending balance, interest rate range and interest for financing during the year ended and at December 31, 2022: None.
 - e) Other significant transactions that affected the gains and loss or financial status for the period, i.e. rendering/receiving of service: None.

d. Major shareholders information

Major shareholders information: Please refer to table 9.

14. DEPARTMENT INFORMATION

Not applicable.

Well Shin Technology Co., Ltd. and Subsidiaries
Loans to others
Year ended December 31, 2022

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

<u>No.</u>	<u>Creditor</u>	<u>Borrower</u>	<u>General ledger account</u>	<u>Is a related party</u>	<u>Maximum outstanding balance during the year ended December 31, 2022</u>	<u>Balance at December 31, 2022 (Note 1)</u>	<u>Actual amount drawn Down</u>	<u>Interest rate</u>	<u>Nature of loan (Note 2)</u>	<u>Amount of transactions with the borrower</u>	<u>Reason for shortterm financing</u>	<u>No. Creditor</u>	<u>Allowance for doubtful accounts</u>	<u>Collateral</u>	<u>Item</u>	<u>Value</u>	<u>Limit on loans granted to a single party (Note 3)</u>	<u>Ceiling on total loans granted (Note 3)</u>	<u>Footnote</u>
0	The Company	Conntek	receivables - related parties	Y	\$154,656 (USD4,800 thousand)	\$147,408 (USD4,800 thousand)	147,298	3.50%	1	413,317	-	-	None	-			413,317	1,318,274	
0	The Company	Conntek	Other receivables - related parties	Y	\$77,225 (USD2,500 thousand)	\$76,775 (USD2,500 thousand)	-	3.50%	2	-	Turnover of operation	-	-	None	-		2,636,549	2,636,549	
1	CISKO LLC.	Conntek	Other receivables - related parties	Y	\$193,320 (USD6,000 thousand)	\$184,260 (USD6,000 thousand)	153,550	3.50%	2	-	Turnover of Operation	-	-	None	-		357,131	357,131	

Note 1: The maximum amount was approved by the Board of Directors' meeting.

Note 2: The code represents the nature for financing as follows:

(1) If there are business transactions, please fill in 1.

(2) If there is a need for short-term funding, please fill in 2.

Note 3: Limit on loans to a single party with business transactions is 20% of the Company's net asset and the amount of business transactions occurred between the creditor and borrower in the current year per borrower. : Limit on loans to a single party for short-term financing is 40% of the Company's net asset and 40% of the Company's net asset per borrower. Furthermore, for the foreign companies which the Group holds 100% of the voting rights directly or indirectly, limit on loans is 70% of the Group's net asset.

Well Shin Technology Co., Ltd. and Subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2022

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

<u>No.</u>	<u>Endorser/ guarantor</u>	<u>Company name</u>	<u>Party being endorsed/guaranteed</u> <u>Relationship with the endorser/ guarantor</u>	<u>Limit on endorsements/ guarantees provided for a single party (Note 1)</u>	<u>Maximum outstanding endorsement/ guarantee amount as of December 31, 2022 (Note 2)</u>	<u>Outstanding endorsement/ guarantee amount at December 31, 2022</u>	<u>Actual amount drawn Down</u>	<u>Amount of endorsements/ guarantees secured with collateral</u>	<u>Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company</u>	<u>Ceiling on total amount of endorsements/ guarantees provided (Note 1)</u>	<u>Provision of endorsements/ guarantees by parent company to subsidiary (Note 3)</u>	<u>Provision of endorsements/ guarantees by subsidiary to parent company (Note 3)</u>	<u>Provision of endorsements/ guarantees to the party in Mainland China (Note 3)</u>	<u>Footnote</u>
0	The Company	Well Shin Kunshan	Third-tier subsidiary	\$ 3,295,686	132,660	46,065	\$ -	\$ -	2	\$ 3,295,686	Y	-	Y	Note 4
0	The Company	Dongguan Well Shin	Second-tier subsidiary	3,295,686	124,882	120,201	120,201	-	2	3,295,686	Y	-	Y	Note 5

Note 1: Limit on the Company endorsements/guarantees to others is 50% of the Company's net assets. Limit on the Company's endorsements/guarantees to a single party is 20% of the Company's net assets. The sum of endorsements and guarantees granted by the Company and subsidiaries to external parties are capped at 50% of the Company's net worth per endorsed/guaranteed party.

Note 2: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 3: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 4: The maximum outstanding endorsement/guarantee amount as of December 31, 2022 is USD4,500 thousand and the outstanding endorsement/guarantee amount as of December 31, 2022 is USD1,500 thousand.

Note 5: The maximum outstanding endorsement/guarantee amount as of December 31, 2022 is USD3,100 thousand and TWD25,000. The outstanding endorsement/guarantee amount as of December 31, 2022 is USD3,100 thousand and TWD25,000.

Well Shin Technology Co., Ltd. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

<u>Securities held by</u>	<u>Marketable securities</u>	<u>Relationship with the securities issuer</u>	<u>General ledger account</u>	<u>Number of shares</u>	<u>As of December 31, 2022</u>		<u>Fair value</u>	<u>Footnote</u>
					<u>Book value</u>	<u>Ownership</u>		
The Company	HTC Corporation	N/A	Financial assets at fair value through profit or loss - current	12,000	\$ 668	-	\$ 668	None
Dongguan Well Shin	SANY Heavy Industry Co., Ltd	N/A	Financial assets at fair value through profit or loss - current	18,400	1,283	-	1,283	None
Dongguan Well Shin	Luxshare-ICT Co., Ltd.	N/A	Financial assets at fair value through profit or loss - current	10,000	1,402	-	1,402	None
Dongguan Well Shin	Lingyi Itech (Guangdong) Company	N/A	Financial assets at fair value through profit or loss - current	100,000	2,004	-	2,004	None

Well Shin Technology Co., Ltd. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

<u>Purchaser/seller</u>	<u>Counterparty</u>	<u>Relationship with the Counterparty</u>	<u>Purchases (sales)</u>	<u>Transaction</u>		<u>Percentage of total purchases (sales)</u>	<u>Percentage of total purchases (sales)</u>	<u>Differences in transaction terms compared to third party transactions</u>		<u>Notes/accounts receivable (payable)</u>		<u>Footnote</u>
				<u>Amount</u>	<u>Amount</u>			<u>Unit price</u>	<u>Credit term</u>	<u>Balance</u>	<u>Percentage of total notes/accounts receivable (payable)</u>	
The Company	Cheng Uei	A company that evaluates the Company by the equity method	Sales	(\$ 392,747)	(8%)	Note 1	Note 1	Note 1	Note 1	\$ 126,276	9%	
The Company	Dongguan Well Shin	Second-tier subsidiary	Purchases	2,694,521	67%	Note 2	Note 2	Note 2	Note 2	(550,912)	(61%)	
The Company	Well Shin Kunshan	Third-tier subsidiary	Purchases	962,417	24%	Note 2	Note 2	Note 2	Note 2	(322,581)	(36%)	
The Company	Conntek	Third-tier subsidiary	Sales	(363,809)	(8%)	Note 2	Note 2	Note 2	Note 2	88,339	7%	
Dongguan Well Shin	The Company	Parent Company	Sales	(2,694,521)	(98%)	Note 2	Note 2	Note 2	Note 2	550,912	97%	
Well Shin Kunshan	The Company	Parent Company	Sales	(962,417)	(64%)	Note 2	Note 2	Note 2	Note 2	322,581	62%	
Conntek	The Company	Parent Company	Purchases	363,809	67%	Note 2	Note 2	Note 2	Note 2	(88,339)	(48%)	
Well Shin Kunshan	Well Shin Electric	Affiliate	Sales	(375,289)	(25%)	Note 2	Note 2	Note 2	Note 2	137,930	27%	
Well Shin Kunshan	Well Shin Electric	Affiliate	Purchases	141,852	11%	Note 2	Note 2	Note 2	Note 2	(54,820)	(23%)	
Well Shin Electric	Well Shin Kunshan	Affiliate	Sales	(141,852)	(14%)	Note 2	Note 2	Note 2	Note 2	54,820	12%	
Well Shin Electric	Well Shin Kunshan	Affiliate	Purchases	375,289	40%	Note 2	Note 2	Note 2	Note 2	(137,930)	(99%)	

Note 1: Please refer to Note 7.

Note 2: Based on agreed costs, with payment terms subject to the availability of funds after advances and prepayments have been eliminated.

Well Shin Technology Co., Ltd. and Subsidiaries

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2022

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

<u>Creditor</u>	<u>Counterparty</u>	<u>Relationship with the counterparty</u>	<u>Balance as at December 31, 2022</u>		<u>Turnover rate</u>	<u>Overdue receivables</u>		<u>Amount collected subsequent to the balance sheet date</u>	<u>Allowance for Creditor Counterparty doubtful accounts</u>	
			<u>\$</u>			<u>Amount</u>	<u>Action taken</u>		<u>\$</u>	
The Company	Cheng Uei	A company that evaluates the Company by the equity method	\$	126,276	4.23	\$ -	Post-Period Receipts	\$ 88,349	\$	38
Dongguan Well Shin	The Company	Parent Company		550,912	4.17	9,600	Post-Period Receipts	69,441		-
Well Shin Kunshan	The Company	Parent Company		322,581	3.52	104,874	Post-Period Receipts	39,288		-
Well Shin Kunshan	Well Shin Electric	Affiliate		137,930	4.21	1,202	Post-Period Receipts	185,195		

Well Shin Technology Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting periods
Year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

						Transaction	Percentage of consolidated total operating revenues or total Assets (Note 3)
No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	
0	The Company	CONNTEK	1	Accounts Receivable	\$ 88,339	Same as that applicable to the general customer Receivables collection as per for the average customer, 120 days	1%
		CONNTEK				Same as that applicable to the general customer Receivables collection as per for the average customer, 120 days	
		Dongguan Well Shin	1	Sales	363,809	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	6%
		Dongguan Well Shin	1	Accounts Payable	550,912	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	6%
		Dongguan Well Shin	1	Purchases	2,694,521	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	44%
		Well Shin Kunshan	1	Accounts Payable	322,581	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	4%
		Well Shin Kunshan	1	Purchases	962,417	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	16%
1	Well Shin Kunshan	Well Shin Electric	3	Sales	375,289	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	6%
		Well Shin Electric				Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	
		Well Shin Electric	3	Accounts Receivable	137,930	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	2%
		Well Shin Electric	3	Purchases	141,852	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	2%
2	Dongguan Well Shin	Well Shin Kunshan	3	Accounts Payable	54,820	Transaction prices are determined according to the agreements between the parties and the payment terms subject to the availability of funds	1%
		Well Shin Kunshan				3	

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary (second-tier subsidiary).

(2) Subsidiary (Second-tier subsidiary) to parent company.

(3) Subsidiary (Second-tier subsidiary) to subsidiary (second-tier subsidiary).

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Individual transactions not exceeding \$10,000 are not disclosed. Those transactions are shown in assets and revenue. Relative related are not disclosed.

Well Shin Technology Co., Ltd. and Subsidiaries

Information on investees

Year ended December 31, 2022

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

<u>Investor</u>	<u>Investee</u>	<u>Location</u>	<u>Main business activities</u>	<u>Initial investment amount</u>		<u>Shares held as at December 31, 2022</u>			<u>Carrying amount</u>	<u>Net profit (loss) of the investee</u>	<u>Investment income(loss) recognised by the Company for the year ended December 31, 2022</u>	<u>Footnote</u>
				<u>End of current period</u>	<u>End of last year</u>	<u>Number of shares</u>	<u>Ratio</u>			<u>for the year ended December 31, 2022</u>	<u>ended December 31, 2022</u>	
The Company	PCDT	Samoa	Holding company	\$ 475,412	\$ 475,412	14,250,000	100	\$ 2,449,748	\$ 183,422	\$ 183,422		
The Company	BDT	Belize	Holding company	1,097,168	1,097,168	35,817,060	100	1,518,943	47,595	47,595		
The Company	STT	Samoa	Holding company	734,428	734,428	22,500,000	100	1,517,403	120,954	120,954		
BDT	BPC	Mauritius	Holding company	500,483	500,483	16,297,060	100	787,343	26,944	not applicable		
BDT	PRT	Mauritius	Holding company	-	-	-	-	-	-	-	not applicable	Note
BDT	WG	Mauritius	Holding company	552,780	552,780	18,000,000	100	807,486	34,175	not applicable		
STT	GHT	Mauritius	Holding company and trading of electronic materials	690,975	690,975	22,500,000	100	1,517,396	120,954	not applicable		
BPC	WSJ	Japan	Sales of cable and electronic components materials	2,981	2,981	198	100	(94)	(128)	not applicable		
WG	CONNTEK	U.S.	Sales of cable and electronic components materials	179,654	179,654	5,850,000	100	297,299	33,009	not applicable		
WG	CISCO	U.S.	Warehouse leasing services	373,127	373,127	-	100	510,187	1,166	not applicable		

Note: The investee was dissolved in June 2021.

Well Shin Technology Co., Ltd. and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business Activities	Paid-in capital	Investment Method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee as of December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 3)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Dongguan Well Shin	Manufacture of wire and cable, electronic components and sales of electronic materials	\$ 428,190	(Note 1, 2)	\$ 437,618	\$ -	\$ -	\$ 437,618	\$183,333	100	\$ 183,422	\$2,449,761	\$ -	Note - 3
Well Shin Kunshan	Manufacture of wire and cable, electronic components and sales of electronic materials	675,620	(Note 2)	675,620	-	-	675,620	120,954	100	120,954	1,517,351	-	Note - 3
Well Shin Electric	Manufacture of wire and cable, electronic components and sales of electronic materials	405,372	(Note 2)	405,372	-	-	405,372	23,086	100	23,086	729,356	-	
Dongguan Well Lian Machinery	Manufacture and sales of injection mol machine and its parts and peripheral equipment	-	(Note 2, 4)	22,111	-	-	22,111	-	-	-	-	-	
Dongguan Plugo	Sales of wire and cable, electronic components and home appliances	92,130	(Note 2)	92,130	-	-	92,130	3,986	100	3,986	58,081	-	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission o										
The Company	\$ 1,632,851	\$ 1,632,851	\$ 3,954,823										

Note 1: Purchase of full shareholding from the original shareholder of Dongguan Well Shin through PCDT.

Note 2: Indirect investment in PRC through the existing company located in the third area. (PCDT, GHT and BPCD)

Note 3: Investment gains or losses were recognized based on audited financial statements.

Note 4: The cancellation was completed in May 2020 and submitted to the Investment Commission of the Ministry of Economic Affairs in June 2020 but was not allowed to deduct the accumulated amount of its investment because Dongguan Well Lian Machinery was loss-making and could not remit its capital to Taiwan.

Well Shin Technology Co., Ltd. and Subsidiaries

Major shareholders information

Year ended December 31, 2022

Table 9

	<u>Name of major shareholders</u>	<u>Number of shares held</u>	<u>Shares</u>	<u>Ownership (%)</u>	
Cheng Uei Precision Industry Co., Ltd.		22,282,424		18.84%	

Well Shin Technology Co., Ltd.
CASH AND CASH EQUIVALENTS
December 31, 2022

Table 1

Expressed in thousands of New Taiwan dollars

<u>Items</u>	<u>Description</u>	<u>Amount</u>	<u>Remark</u>
Cash on hand and petty cash		\$ 515	
Demand deposit:			
— NTD deposits		157,594	
— Foreign Currency			
deposits	USD7,745; exchange rate 30.71:1	237,862	
	ERU3,284 thousand; exchange rate 32.72:1	107,436	
	Others	50,997	
Time deposit:			
— Foreign Currency	USD8,000 thousand; exchange rate 30.71:1	245,680	
deposits		<u>\$ 800,084</u>	

Well Shin Technology Co., Ltd.
ACCOUNTS RECEIVABLE
December 31, 2022

Table 2

Expressed in thousands of New Taiwan dollars

<u>Customer name</u>	<u>Description</u>	<u>Amount</u>	<u>Remark</u>
Haier US Appliance Solutions, Inc.		\$ 256,449	
Quail Electronics, Inc.		162,842	
Controladora Mabe S.A de C.V		138,393	
Pegatron Corporation		83,010	
Space Exploration Technologies Corp.		73,172	
Others		<u>399,807</u>	None of the individual customer exceeds 5% of this account
		1,113,673	
Less: Allowance for doubtful accounts		(<u>28,773</u>)	
		<u>\$ 1,084,900</u>	

Well Shin Technology Co., Ltd.
CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
Year ended December 31, 2022

Table 3 Expressed in thousands of New Taiwan dollars

<u>Investee</u>	<u>Opening balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Share of profit or loss of the subsidiaries recognized by the equity method</u>	<u>Cumulative translation adjustments amount of movement in the current period</u>	<u>Ending balance</u>		<u>Market price or net value per share</u>			<u>Valuation basis</u>	<u>Collateral or pledged</u>
	<u>Number of shares (per thousand share)</u>	<u>Amount</u>	<u>Number of shares (per thousand share)</u>	<u>Amount</u>	<u>Number of shares (per thousand share)</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Number of shares (per thousand share)</u>	<u>Ownership</u>	<u>Amount</u>	<u>Unit price (in dollar)</u>	<u>Total price</u>	<u>Equity method</u>	<u>None</u>
PCDT	14,250	\$ 2,230,620	-	\$ -	-	\$ -	\$ -	183,422	\$ 35,706	14,250 100%	\$ 2,449,748	171.91	\$2,449,748	Equity method	None
BDT	35,817	1,380,694	-	-	-	-	-	47,595	90,654	35,817 100%	1,518,943	42.41	1,518,943	Equity method	None
STT	22,500	<u>1,374,184</u>	-	-	-	-	-	<u>120,954</u>	<u>22,265</u>	22,500 100%	<u>1,517,403</u>	67.44	1,517,403	Equity method	None
		<u>\$ 4,985,498</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 351,971</u>	<u>\$ 148,625</u>			<u>\$ 5,486,094</u>				

Well Shin Technology Co., Ltd.
CHANGE IN PROPERTY, PLANT AND EQUIPMENT
Year ended December 31, 2022

Table 4

Expressed in thousands of New Taiwan dollars

Item	<u>Opening balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending balance</u>	<u>Collateral</u>	<u>Remark</u>
Cost							
Land	\$ 403,920	\$ -	\$ -	\$ -	\$ 403,920	Partial of borrowings guarantee	
Buildings	285,977	-	-	-	285,977	Partial of borrowings guarantee	
Machinery	71,169	965	(366)	-	71,768	None	
Transportation equipment	3,430	-	-	-	3,430	None	
Office equipment	2,199	52	(1,198)	-	1,053	None	
Other equipment	2,361	740	(616)	-	2,485	None	
Construction in progress	<u>2,212</u>	<u>10,333</u>	<u>-</u>	<u>-</u>	<u>12,545</u>	None	
	<u>\$ 771,268</u>	<u>\$ 12,090</u>	<u>(\$ 2,180)</u>	<u>\$ -</u>	<u>\$ 781,178</u>		
Accumulated Depreciation							
Buildings	(\$ 73,895)	(\$ 6,280)	\$ -	\$ -	(\$ 80,175)		-
Machinery	(13,217)	(6,795)	348	-	(19,664)		-
Transportation equipment	(652)	(652)	-	-	(1,304)		-
Office equipment	(1,354)	(352)	1,138	-	(568)		-
Other equipment	<u>(862)</u>	<u>(461)</u>	<u>585</u>	<u>-</u>	<u>(738)</u>		-
	<u>(\$ 89,980)</u>	<u>(\$ 14,540)</u>	<u>\$ 2,071</u>	<u>\$ -</u>	<u>(\$ 102,449)</u>		
	<u>\$ 681,288</u>				<u>\$ 678,729</u>		

Well Shin Technology Co., Ltd.
INVESTMENT PROPERTY
Year ended December 31, 2022

Table 5

Expressed in thousands of New Taiwan dollars

<u>Item</u>	<u>Opening balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Ending balance</u>	<u>Collateral</u>
Cost						
Land	\$ 140,738	\$ -	\$ -	\$ -	\$ 140,738	Guarantee of future loan amount
Buildings	<u>60,890</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,890</u>	Guarantee of future loan amount
	201,628	-	-	-	201,628	
Less: Accumulated depreciation	<u>(20,396)</u>	<u>(1,194)</u>	<u>-</u>	<u>-</u>	<u>(21,590)</u>	
	<u>\$ 181,232</u>	<u>(\$ 1,194)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,038</u>	

Well Shin Technology Co., Ltd.
SHORT-TERM BORROWINGS
December 31, 2022

Table 6

Expressed in thousands of New Taiwan dollars

<u>Type of borrowings</u>	<u>Description</u>	<u>Ending balance</u>	<u>Period of contract</u>	<u>Range of interest rate</u>	<u>Credit Facility</u>	<u>Collateral</u>	<u>Remark</u>
Unsecured borrowings	Mega Bank	\$ 300,000	2022/11/23~2023/11/22	Note	\$ 350,000	None	
Unsecured borrowings	Cathay United Bank	<u>100,000</u>	2022/3/23~2023/3/31	Note	300,000	None	
		<u>\$ 400,000</u>					

Note: The range of interest rate of the above banks is 1.56% - 1.66%.

Well Shin Technology Co., Ltd.
OPERATING REVENUE
Year ended December 31, 2022

Table 7

Expressed in thousands of New Taiwan dollars

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Remark</u>
Information and power cord sets for electrical and electrical appliances	80,440 thousand PCS	\$ 4,106,054	
Socket, plug, adapter, combination category	27,183 thousand PCS	614,739	
Others	606 thousand PCS	<u>73,212</u>	
		4,794,005	
Less: Sales return		(7)	
Sales discount		(<u>79</u>)	
Net sales revenue		<u>\$ 4,793,919</u>	

Well Shin Technology Co., Ltd.
OPERATING COST
Year ended December 31, 2022

Table 8

Expressed in thousands of New Taiwan dollars

<u>Items</u>	<u>Amount</u>	<u>Remark</u>
Beginning Goods	\$ 2,470	
Add: Purchased in this period	3,515,411	
Less: Ending Goods	(2,469)	
Goods sold in this period	3,515,412	
Beginning raw materials	120,448	
Add: Purchased in this period	352,793	
Less: Transfer expenses	(4,870)	
Less: Loss on raw materials	(332)	
Ending raw materials	(110,940)	
Raw materials used in this period	357,099	
Direct labour	74,147	
Manufacturing overhead	102,237	
Manufacturing cost	533,483	
Add: Beginning Work in process	30,964	
Less: Ending Work in process	(8,018)	
Cost of finished goods	556,429	
Add: Beginning Finished goods	84,893	
Less: Ending Finished goods	(104,366)	
Cost of production and marketing	536,956	
Loss on inventory valuation loss	4,252	
Others	(6,026)	
Operating costs	<u>\$ 4,050,594</u>	

Well Shin Technology Co., Ltd.
MANUFACTURING EXPENSES
Year ended December 31, 2022

Table 9

Expressed in thousands of New Taiwan dollars

<u>Items</u>		<u>Amount</u>	<u>Remark</u>
Wages and salaries	\$	43,513	
Processing fees		13,624	
Depreciation		12,755	
Import and customs fee		8,308	
Others (Note)		<u>24,037</u>	
	\$	<u>102,237</u>	

Note: None of the individual item exceeds 5% of this account

Well Shin Technology Co., Ltd.
OPERATING EXPENSES
Year ended December 31, 2022

Table 10

Expressed in thousands of New Taiwan dollars

<u>Item</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>	<u>Amount</u>
Wages and salaries	\$ 29,634	\$ 72,119	\$ 20,609	\$ 122,362
Commission expenses	78,746	-	-	78,746
Others (Note)	<u>54,252</u>	<u>24,595</u>	<u>9,255</u>	<u>88,102</u>
	<u>\$ 162,632</u>	<u>\$ 96,714</u>	<u>\$ 29,864</u>	<u>\$ 289,210</u>

Note: None of the individual item exceeds 5% of operating expenses.

Well Shin Technology Co., Ltd.
CURRENT EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
Year ended December 31, 2022

Table 11

Expressed in thousands of New Taiwan dollars

Function		Year ended December 31, 2022			Year ended December 31, 2021		
Nature		Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense		\$ 122,629	\$ 135,499	\$ 258,128	\$ 117,293	\$ 104,126	\$ 221,419
Salaries		103,101	118,229	221,330	98,840	86,744	185,584
Labor and health insurance fees		10,232	6,991	17,223	9,702	7,330	17,032
Pension costs		4,225	3,400	7,625	3,983	3,330	7,313
Directors' remuneration		-	733	733	-	800	800
Other employee benefit expense		5,071	6,146	11,217	4,768	5,922	10,690
Depreciation of property, plant and equipment		11,570	2,970	14,540	8,467	3,300	11,767
Amortization of intangible assets		-	79	79	-	91	91
Depreciation of right of use assets		1,185	-	1,185	1,183	-	1,183

Note:

1. As at December 31, 2022 and 2021, the Depreciation of non-operating expenses were \$1,194.
2. As at December 31, 2022 and 2021, the Company had average 308 and 311 employees. Both are including 6 non-employee directors.
3. (1) As at December 31, 2022 and 2021, the average employee benefit expense were \$853 and \$723, respectively.
(2) As at December 31, 2022 and 2021, the average employee salaries were \$734 and \$608, respectively.
(3) Adjustments of average employees' salaries was 20.7% in 2022.
- (4) Please state the Company's policies, standards, and packages for payment of remuneration (including directors, supervisors, general manager and employees)

The Company's policies, standards, and packages for payment of remuneration, and the procedures for determining remuneration are mainly implemented in accordance with personnel-related regulations of the Company and the Remuneration Committee Charter. Remuneration to Directors and employees are distributed in accordance with the Articles of Incorporation. These are submitted to the Remuneration Committee for resolution, approved by the Board of Directors and then reported at the shareholders' meeting. The remuneration of directors and managing officers of the Company takes into consideration industry standards, as well as the reasonableness of the connection between remuneration and individual performance, the Company's business performance, and future risk exposure. As for employee remuneration, it takes into account industry standards, as well as competitiveness of the Company's talents among the industry. The Company's overall business performance and profit, budget planning and performance review of various units, and future operational risk evaluations are all important bases for distribution.

6. If the company and its affiliated companies had any financial or turnover difficulties in the most recent year and as of the date of publication of this annual report, the impact on the Company's financial status must be listed in detail: None.

VII. Review and analysis of financial status and financial performance and risk issues:

1. Financial status

Comparative analysis of financial status

Unit: NT\$ thousand

Items \ Year	2021	2022	Difference	
			Amount	%
Current assets	5,842,419	6,236,329	393,910	6.74
Property, plant and equipment	2,010,463	1,967,058	(43,405)	(2.16)
Intangible assets	6,489	4,665	(1,824)	(28.11)
Other assets	466,636	475,073	8,437	1.81
Total assets	8,326,007	8,683,125	357,118	4.29
Current liabilities	1,811,697	1,426,591	(385,106)	(21.26)
Non-current liabilities	566,516	665,162	98,646	17.41
Total liabilities	2,378,213	2,091,753	(286,460)	(12.05)
Share capital	1,182,579	1,182,579	0	0.00
Capital reserve	1,745,781	1,745,790	9	0.00
Retained earnings	3,394,490	3,917,731	523,241	15.41
Other interests	(375,056)	(254,728)	120,328	(32.08)
Total equity attributable to owners of the parent company	5,947,794	6,591,372	643,578	10.82
Total equity	5,947,794	6,591,372	643,578	10.82
1. Description of change analysis: (if the change reaches 20%) (1) The decrease in intangible assets is mainly due to the decrease in the cost of computer software in 2022. (2) The decrease in current liabilities is mainly due to the decrease in short-term borrowings and accounts payable in 2022. (3) The increase in Other interests is mainly due to the increase in Foreign exchange differences arising from the translation of financial statements of overseas operating entities. borrowings in 2022. 2. Future response plan: the company will strive to maintain the stable growth of operating income and overall profit.				

2. Comparative analysis of financial performance

Comparative analysis of financial performance

Unit: NT\$1,000

Year Items	2021	2022	Increase (decrease) amount	Ratio of change (%)
Operating revenue	5,582,213	6,159,487	577,274	10.34
Gross profit	1,068,612	1,408,624	340,012	31.82
Operating Profit	443,621	734,070	290,449	65.47
Non-operating income/expense	55,702	264,212	208,510	374.33
Net profit before tax of continuing business units	499,323	998,282	498,959	99.93
Total income tax expense	(154,011)	(238,742)	(84,731)	55.02
Net income	345,312	759,540	414,228	119.96
Other comprehensive income, net of tax	(33,535)	120,545	154,080	459.46
Total comprehensive income	311,777	880,085	568,308	182.28
1. Description of change analysis: (if the change reaches 20%) (1) The increase in operating gross profit and operating profit is mainly due to the decrease in the operating cost rate in 2022 compared to 2021. (2) The increase in non-operating income and expenses is mainly due to exchange rate fluctuations. The amount of foreign currency exchange benefits recognized in 2022 increased, compared with 2021. (3) The increase in pre-tax net profit and income tax expenses of the continuing business department is mainly due to the increase in revenue and cost rate control in 2022, compared to 2021. (4) The increase in the net after-tax amount of other comprehensive (profit) gains in the current period is mainly due to the recognition of exchange benefits from the translation of financial statements of foreign operating institutions in 2022. (5) The increase in the total comprehensive income for the current period is mainly due to the increase in net profit for the current period in 2022 and the net after-tax amount of other comprehensive (profit) losses for the current period. 2. The reason for the change of the Company's main business content: No major changes, not applicable. 3. The expected sales volume in the coming year and the main factors affecting the Company's expected sales volume to continue to grow or decline: It is expected that the market competition will be fierce in the coming year, and sales will only grow slightly.				

3. Analysis of cash flow:

1. Cash flow analysis for the current year

Unit: NT\$ thousand

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 plan	Financial plan
1, 819, 734	701, 666	(539, 419)	1, 981, 981	-	-
1. Analysis of cash flow changes in 2022: (1) Business activities: The increase in net cash inflow is mainly due to the increase in net profit in 2022 and the decrease in inventory compared with the previous period. (2) Investment activities: The increase in net cash outflow is due to the decrease in the price of real estate, plant and equipment in 2022 compared with the previous period and the increase in the amount of financial assets measured by amortized cost compared with the previous period. (3) Fundraising activities : The increase in net cash outflow is mainly due to the decrease in the amount of new short-term loans in 2021 compared with the previous period. 2. Remedial measures and liquidity analysis for cash insufficiency: Not applicable.					

2. Cash flow analysis for the coming year

Unit: NT\$ thousand

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 plan	Financial plan
1, 981, 981	250, 000	(400, 000)	1, 831, 981	-	-
1. Analysis of cash flow changes in 2022: (1) Business activities: It is expected that 2023 will be profitable, and operating activities will be net cash inflow. (2) Investment activities: It is estimated that the purchase of equipment, new construction and renovation of factory buildings in 2023 will result in a net cash outflow of about NT\$150,000thousand. (3) Fundraising activities : It is estimated that the distribution of cash dividends, remuneration of directors and supervisors, and the amount of new loans in 2023 will result in a cash outflow of about NT\$250,000 thousand. 2. Remedial measures and liquidity analysis for cash insufficiency: Not applicable.					

4. The impact of major capital expenditures on financial business in the most recent year:

1. The use of major capital expenditures and their funding sources:

Unit: NT\$ thousand

Project	Actual or expected source of funds	Actual or expected completion date	Total funds required	The use of actual or planned funds				
				2019	2020	2021	2022	2023
Plant and equipment	Private capital	111	713, 165	266, 813	109, 316	78, 908	108, 128	150, 000

2. Impacts on financial business:

The purchase of plant and equipment is to expand the scale of production and sales, and the Company's revenue and profit also continue to grow steadily with the business volume.

5. The reinvestment policy and the main reasons for profit or loss in the most recent year, and its improvement plan and investment plan for the next year:

1. The Company's reinvestment policy

The Company conducts its reinvestment based on operating needs or factors that measure the Company's future growth, and keeps track of the operating status of the invested enterprise.

2. The main reasons for the profit or loss of reinvestment in 2022 and its improvement plan

The Company reinvested in 2022 and recognized investment interests of NT\$183,422 thousand in Power Cord Designing Technology Co., Ltd., NT\$47,595 thousand in Smart Think Technology Co., Ltd., and NT\$120,954 thousand in Bright Designing Technology Co., Ltd. The main reason is that the epidemic situation in the United States and mainland China has slowed down, especially the demand for orders from the sales base in the United States has increased, and the reinvestment benefits have reached its economic scale, and the benefits are showing. In the future, the Company will continue to strengthen the control of the reinvestment company.

3. Investment plan for the coming year

In order to strengthen the overall market competitiveness and reduce costs, the investment plan for the coming year will focus on capacity expansion.

6. Risk management and assessment:

(1) Risk factors

1. The impact of changes in interest rates, exchange rates, and inflation on the Company's profit and loss for the most recent year and as of the date of publication of this annual report, and countermeasures:

- (1) The impact of interest rate changes on the Company's profit and loss and countermeasures

Unit: NT\$ thousand

Item/year	2021	2022
Interest Income (A)	21,411	17,252
Interest expenditure (B)	5,633	6,557
Operating revenue (C)	5,582,213	6,159,487
Interest income/Operating revenue (A)/(C)	0.38%	0.28%
Interest expenditure/Operating revenue(B)/(C)	0.10%	0.11%

The Company's interest income and interest expenses in 2022 and 2021 accounted for less than 1% of its annual revenue, and changes in interest rates did not have a significant impact on the Company. In the future, according to the loan amount and interest rate trend, the Company will adjust the use of long-term and short-term funds in a timely manner, and replace short-term mobile interest rate funds with long-term fixed-rate funds to reduce the risk of interest rate changes.

- (2) The impact of exchange rate changes on the Company's profit and loss and countermeasures

Unit: NT\$ thousand

Item/year	2021	2022
Exchange (loss) gain (A)	(48,643)	211,787
Operating revenue (B)	5,582,213	6,159,487
Exchange (loss) gain/Operating revenue (A)/(B)	(0.87%)	3.44%

The Company's current purchase and sales are mainly quoted in US dollars. Through the result of offsetting purchases and sales, it produces a natural hedging effect in US dollars and reduces the impact of exchange rate changes on profit and loss. The company's 2022 and 2021 exchange (loss) gains accounted for 3.44% and (0.87%) of the annual revenue respectively. In the future, in addition to natural risk avoidance to reduce the impact of exchange rates, it will always pay attention to the changes in the purchase and sale of foreign currency receipts and payments, and consider the trend of the exchange rate market. And under the principle of conservatism and prudence, spot and forward foreign exchange instruments are used to conduct hedging operations in a timely manner to reduce the risk of exchange rate fluctuations.

- (3) The impact of inflation on the Company's profit and loss and countermeasures

At present, inflation does not have a significant impact on the Company's profit and loss. However, the Company will pay attention to changes at any time in the face of inflation in the global economic boom, and adjust product prices and raw material inventory in a timely manner to reduce its impact.

2. Policies on engaging in high-risk, high-leverage investments, capital lending to others, endorsement guarantees, and derivatives transactions, the main reasons for their profits or losses, and countermeasures:

- (1) The Company focuses on its own business operations, and its financial operations are

based on the principle of being conservative and prudent, and does not engage in high-risk, high-leverage investments.

- (2) In 2022 and as of the publication date of this annual report, the Company's external capital loans are mainly for reinvestment in its grandson companies, and it is also necessary for financial integration due to business needs. This is handled in accordance with the "Procedures for Lending Funds to Others" stipulated by the Company.

As of April 30, 2023; unit: thousand yuan

Name of the company to which the funds are loaned	Relationship with the Company	Amount of funds loaned	Reason for the loan
Conntek Integrated Solutions Inc.	The Company's grandson company	USD 7,300	Operating turnover

- (3) In 2022 and as of the publication date of this annual report, the Company's external endorsement guarantee objects are the Company's grandson companies and great-grandson companies, which are handled in accordance with the Company's "Endorsement Guarantee Implementation Measures". The endorsement guarantee amount for a single subsidiary is also limited to no more than 50% of the Company's current net worth.

As of April 30, 2023; unit: thousand

Name of the endorsed guarantee company	Relationship with the Company	Amount of Endorsement Guarantee	Reason for endorsement guarantee
Well Shin Electric (Kunshan) Co., Ltd.	The Company's great-grandson company	USD 1,500	Financing guarantee Payment guarantee
Dongguan Well Shin Electronic Products Co., Ltd.	The Company's grandson company	USD 3,100 NTD 25,000	Payment guarantee

- (4) The Company's derivative financial product transactions are mainly for the purpose of hedging, and this is handled in accordance with the "Procedures for Acquisition or Disposal of Derivative Products" in the "Procedures for Processing Assets Acquisition or Disposal" stipulated by the Company.

3. Future R&D plans and estimated investment costs:

Unit: NT\$ thousand

Product category	R&D plans	Estimated investment costs
Consumer Electronics and Power Module Products	1. Smart home area network RF control series - security monitoring video (camera) series, environmental protection and energy saving LED lighting series, remote APP action control management. 2. Power supply business travel products are divided into charging transformer series (suitable for multi-country charger modules) and adapter plug series, household and car chargers, car inverters and WiFi sharers. 3. Electric vehicle charging series - electric vehicles and internal wires of electric vehicles, portable AC charging equipment, wall-mounted AC charging equipment, car factory charging equipment wiring harness supply and other electric vehicle charging piles. 4. Power module products for low-orbit satellite starlink cables and communication network cables.	2023 : 5,000 2024 : 5,000 2025 : 5,000
Power cord set	1. To develop modular power cords that are light, thin, short, easy to carry and comply with environmental regulations. 2. To develop wiring harnesses and charging guns for new energy vehicles, AC/DC charging connector power cord sets. 3. To develop 5G special-purpose (building, solar) power cables that comply with regulations.	2023 : 5,000 2024 : 5,000 2025 : 5,000

4. The impact of important domestic and foreign policies and legal changes on the Company's financial business and countermeasures:
As of the publication date of the latest annual report and this year's report, due to the local government's COVID-19 epidemic prevention measures, the company's finances and business have not been affected by important domestic and foreign policy and legal changes. And in response to the new restrictions of EU environmental protection regulations, the company has fully completed its lead-free and chromium-free processes and products, which is in line with the trend of international environmental protection trends.
5. The impact of technological changes (including information security risks) and industrial changes on the Company's financial business and countermeasures:
The Company always pays attention to the changes in relevant technologies in the industry, grasps market trends, and evaluates their impact on the company's operations.
The Company's information security risk management system is led by the information supervisor of the head office to lead the information personnel in each factory area to implement the security management of the computer room, ensure data security and continuous operation of information systems and equipment, and implement various operations of information security policies, and regularly conduct information security audits, and strengthen employee information security education and training.
There have been no major technological changes (including information security risks) in the most recent year and up to the date of publication of this annual report, and no major impact on the Company's financial business.
6. The impact of corporate image changes on corporate crisis management and countermeasures:
Since its establishment, the Company has been committed to its own business operations, strengthening internal management, and improving management quality and efficiency. After the Company went public in 2007, its image has become more positive. In the past two years, it has actively developed high-margin products such as white goods, smart homes, low-orbit satellites, and electric vehicles, and established a brand business division to strengthen its product visibility.
7. Expected benefits, possible risks and countermeasures of mergers and acquisitions: The Company currently has no plans for mergers and acquisitions.
8. Expected benefits, possible risks and countermeasures of plant expansion:
In order to meet the needs of future business growth, the Company will continue to expand the production capacity of each production base and increase market share.
9. Risks and countermeasures for centralized purchase or sales:
Risks of concentrated purchases and countermeasures: Due to the diversification of products and the active development of customer sources, the Company has no risk of concentrated purchases in 2022 and 2021.
Risk of sales concentration and countermeasures: The Company has diversified products and is actively exploring customer sources. According to the sales situation of its top 10 customers in 2022 and 2021, there is no risk of sales concentration.
10. Directors, supervisors or major shareholders holding more than 10% of the shares, the impact, risks and countermeasures of a large number of equity transfers or replacements on the Company:
The Company's directors, supervisors or major shareholders holding more than 10% of the shares have not transferred or replaced a large number of shares in the most recent year and as of the publication date of this annual report.
11. The impact of the change of management right on the Company, possible risks and countermeasures:

In the most recent year and as of the publication date of this annual report, the Company has not had any changes in its management rights, so this is not applicable.

12. Litigation or non-litigation

(1) Regarding the Company's litigation, non-litigation or administrative disputes that have been decided or are still pending in the last two years and as of the publication date of this annual report, the results of which may have a significant impact on shareholders' rights or securities prices need to be revealed. This includes the facts of the lawsuit, the amount of the subject matter, the start date of the lawsuit, the main parties involved in the lawsuit, and the current processing status: None.

(2) The Company's directors, supervisors, general manager, actual person in charge, major shareholders and subsidiaries with a shareholding ratio of more than 10% have been determined by judgment in the last two years and as of the publication date of this annual report, or the litigation, non-litigation or administrative disputes that are still pending, the outcome of which may have a significant impact on the Company's shareholders' equity or securities prices: None.

13. Other important risks and countermeasures: None.

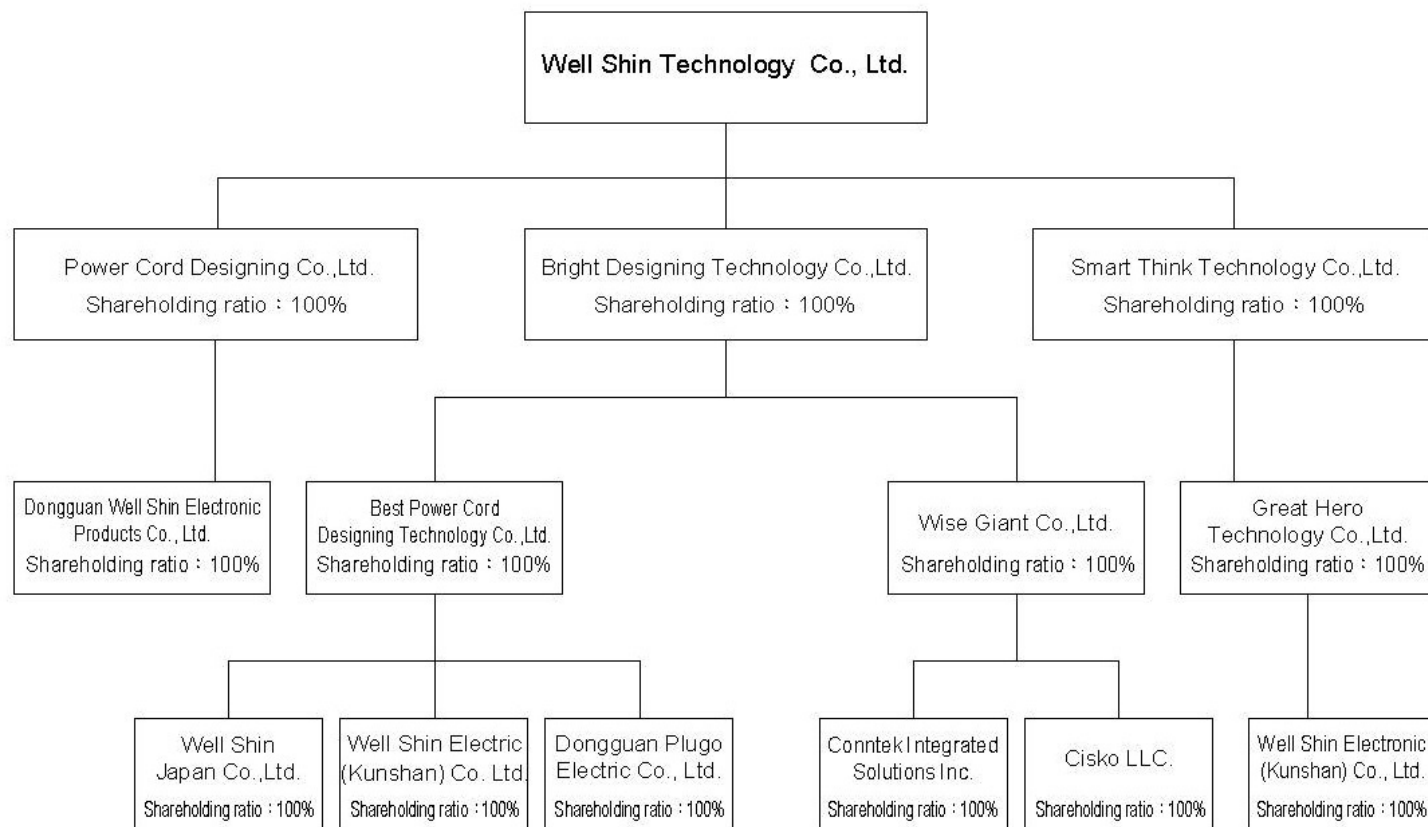
7. Other important matters: None.

Relevant information of affiliated companies:

(1) Relevant information of affiliated companies:

1. The business report of the affiliated companies

(1) Organization chart of affiliated companies: (2022/12/31)



Note 1: Power Root Technology Co., Ltd. completed its deregistration in June 2021.

(2) According to Article 369-3 of the Company Act, it is presumed to have a controlling and subordinate company: None.

(3) Affiliated companies directly or indirectly controlled by the Company in terms of personnel, finance, or business operations in accordance with Article 369-2, Paragraph 2 of the Company Act: None.

2. Basic information of each affiliated company

Company name	Date of establishment	Address	Paid-in capital	Main business or production items
Bright Designing Technology Co., Ltd.	2003.10.06	60 Market Square,P.O.Box 364, Belize City, Belize.	USD35,817,060	Reinvested holding company
Power Cord Designing Technology Co., Ltd.	2003.01.13	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	USD14,250,000	Reinvested holding company
Smart Think Technology Co., Ltd.	2003.09.29	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa.	USD22,500,000	Reinvested holding company
Best Power Cord Designing Technology Co., Ltd.	2003.05.08	Level 3,Alexander House,35 Cybercity, Ebene, Mauritius.	USD16,297,060	Reinvested holding company
Great Hero Technology Co.,Ltd.	2003.10.13	Level 3,Alexander House,35 Cybercity, Ebene, Mauritius.	USD22,500,000	Reinvested holding company and trading of electronic materials
Wise Giant Co., Ltd.	2006.01.10	Level 3,Alexander House,35 Cybercity, Ebene, Mauritius.	USD18,000,000	Reinvested holding company
Conntek Integrated Solutions Inc.	2005.12.07	4640 W Ironwood Dr. Franklin, WI53132. USA	USD5,850,000	Sales of wire and cable, electronic components and materials
Cisko LLC.	2006.08.09	4640 W Ironwood Dr. Franklin, WI53132 .USA	USD12,150,000	Warehouse rental service
Well Shin Japan Co., Ltd.	2008.03.14	4-4 Kubon 2-chome, Takatsu-ku, Kawasaki City 12-1101	JPY9,900,000	Sales of wire and cable, electronic components and materials
Dongguan Well Shin Electronic Products Co., Ltd.	1993.12.22	Changlong Village, Huangjiang Town, Dongguan City	USD14,250,000	Sales of wire and cable, electronic components and materials
Well Shin Electric (Kunshan) Co., Ltd.	2003.11.26	Jinxi Town Development Zone, Kunshan City	USD22,000,000	Sales of wire and cable, electronic components and materials

Company name	Date of establishment	Address	Paid-in capital	Main business or production items
Well Shin Electric (Kunshan) Co., Ltd.	2005.05.27	No. 448, Kunkai Road, Jinxi Town, Kunshan City	USD13,200,000	Sales of wire and cable, electronic components and materials
Dongguan Plugo Electric Co., Ltd.	2011.03.28	Room 301, No. 3, Changdong Street, Huangjiang Town, Dongguan City, Guangdong Province	USD3,000,000	Wire and cable, electronic component materials and sales of household appliances

Note1: All affiliated companies, regardless of their size, should be disclosed.

Note 2: If each affiliated company has a factory, and the sales value of the factory's products exceeds 10% of the controlling company's operating revenue, the name of the factory, date of establishment, address and the main products produced by the factory should be added.

Note 3: If the affiliated company is a foreign company, its business name and address can be expressed in English, the date of establishment can also be expressed in AD, and the paid-in capital can also be expressed in foreign currency (but the exchange rate on the reporting date should be added).

Note 4: The exchange rate between US dollars and Taiwan dollars on December 31, 2022 is 1 : 30. 71.

3. Information on the same shareholders who are presumed to have control and subordination: None.

4. The industry covered by the business of the overall affiliated companies

The Company's business includes: wire and cable, electronic components manufacturing, electronic materials and household appliances wholesale and retail, injection molding machines and their parts, peripheral equipment production and sales etc.

Businesses operated by the company's affiliated companies: Please refer to the main business or production items in the above "Basic Information of Each Affiliated Company".

5. Information on the directors, supervisors and general managers of each affiliated company

Company name	Title (Note 1)	Name or representative	Holding shares (Note 2) (Note 3)	
			Capital contribution	Capital contribution ratio
Bright Designing Technology Co.,Ltd.	Chairman	Well Shin Technology Co., Ltd. Representative: Wu, Jui-Hsiung	USD35,817,060	100%
	Supervisor	None		
	General manager	None		
Power Cord Designing Technology Co., Ltd.	Chairman	Well Shin Technology Co., Ltd. Representative: Wu, Jui-Hsiung	USD14,250,000	100%
	Supervisor	None		
	General manager	None		
Smart Think Technology Co.,Ltd.	Chairman	Well Shin Technology Co., Ltd. Representative: Wu, Jui-Hsiung	USD22,500,000	100%
	Supervisor	None		
	General manager	None		
Best Power Cord Designing Technology Co., Ltd.	Chairman	Bright Designing Technology Co.,Ltd. Representative: Wu, Jui-Hsiung	USD16,297,060	100%
	Supervisor	None		
	General manager	None		
Great Hero Technology Co.,Ltd.	Chairman	Smart Think Technology Co.,Ltd. Representative: Wu, Jui-Hsiung	USD22,500,000	100%
	Supervisor	None		
	General manager	None		
Wise Giant Co., Ltd.	Chairman	Bright Designing Technology Co.,Ltd. Representative: Wu, Jui-Hsiung	USD18,000,000	100%
	Supervisor	None		
	General manager	None		

Company name	Title (Note 1)	Name or representative	Holding shares (Note 2) (Note 3)	
			Capital contribution	Capital contribution ratio
Conntek Integrated Solutions Inc.	Chairman	Wise Giant Co.,Ltd. Representative: Zhou, Huang-Qing	USD5,850,000	100%
	Supervisor	None		
	General manager	Drew Sying Liu		
Cisko LLC.	Chairman	Wise Giant Co.,Ltd. Representative: Zhou, Huang-Qing	USD12,150,000	100%
	Supervisor	None		
	General manager	Drew Sying Liu		
Well Shin Japan Co., Ltd.	Chairman	Well Shin Japan Co., Ltd. Representative: Wu Yanyi	USD97,060	100%
	Supervisor	None		
	General manager	None		
Dongguan Well Shin Electronic Products Co., Ltd.	Chairman	Power Cord Designing Technology Co.,Ltd. Representative: Wu, Jui-Hsiung	USD14,250,000	100%
	Director	Wu, Yan-Ting, Xie, Cheng-Rong		
	Supervisor	Wu, Zhi-Gao		
	General manager	Wu, Jui-Hsiung		
Well Shin Electric (Kunshan) Co., Ltd.	Chairman	Great Hero Technology Co.,Ltd. Representative: Wu, Jui-Hsiung	USD22,000,000	100%
	Director	Wu, Zhong-Xin, Wu, Rui-Wang		
	Supervisor	Chen, Zhi-Yao		
	General manager	Wu, Jui-Hsiung		
Well Shin Electric (Kunshan) Co., Ltd.	Chairman	Best Power Cord Designing Technology Co.,Ltd. Representative: Wu, Jui-Hsiung	USD13,200,000	100%
	Director	Wu, Zhong-Xin, Wu, Rui-Wang		
	Supervisor	Chen, Zhi-Yao		

Company name	Title (Note 1)	Name or representative	Holding shares (Note 2) (Note 3)	
			Capital contribution	Capital contribution ratio
	General manager	Wu, Jui-Hsiung		
Dongguan Plugo Electric Co., Ltd.	Chairman	Best Power Cord Designing Technology Co.,Ltd. Representative: Wu, Jui-Hsiung	USD3,000,000	100%
	Director	None		
	Supervisor	None		
	General manager	Wu, Jui-Hsiung		

Note 1: If the affiliated enterprise is a foreign company, it is necessary to list those whose positions are equivalent.

Note 2: If the invested company is a joint stock limited company, the number of shares and shareholding ratio must be filled in; otherwise, the capital contribution and capital contribution ratio should be filled in and indicated.

Note 3: When the directors and supervisors are legal persons, the relevant information of the representative should be additionally disclosed.

(2) Operation overview of affiliated companies

Financial status and operating results of each affiliated company:

Unit: Unless otherwise specified, the unit is in thousands of NT dollars

Company name	Capital amount	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit (loss)	Profit and loss for the period (after tax)	earnings per share (loss) (NT\$) (after tax)
Power Cord Designing Technology Co., Ltd.	475,412	2,449,748	0	2,449,748	0	0	183,422	12.87
Bright Designing Technology Co., Ltd.	1,097,168	1,518,962	19	1,518,943	0	0	47,595	1.33
Smart Think Technology Co., Ltd.	734,428	1,517,403	0	1,517,403	0	0	120,954	5.38
Best Power Cord Designing Technology Co., Ltd.	500,483	787,343	0	787,343	0	0	26,944	1.65
Wise Giant Co., Ltd.	552,780	807,486	0	807,486	0	0	34,175	1.9
Great Hero Technology Co., Ltd.	690,975	1,517,396	0	1,517,396	0	0	120,954	5.38
Well Shin Japan Co., Ltd.	2,981	904	998	(94)	9,716	(109)	(128)	(646.46)
Conntek Integrated Solutions Inc.	179,654	714,753	417,454	297,299	696,602	48,618	33,009	5.64
Cisko LLC.	373,127	513,748	3,561	510,187	8,332	-9,368	1,166	N/A
Dongguan Well Shin Electronic Products Co., Ltd.	428,190	2,831,148	381,387	2,449,761	2,749,939	132,548	183,333	N/A
Well Shin Electric (Kunshan) Co., Ltd.	675,620	1,872,735	355,384	1,517,351	1,494,995	86,253	120,954	N/A
Well Shin Electric (Kunshan) Co., Ltd.	405,372	914,827	185,471	729,356	999,102	16,331	23,086	N/A
Dongguan Plugo Electric Co., Ltd.	92,130	59,379	1,298	58,081	3,710	2,236	3,986	N/A

Note 1: All affiliated companies, regardless of their size, should be disclosed.

Note 2: If the affiliated company is a foreign company, the relevant figures on the balance sheet are all converted into NT dollars at the exchange rate on the reporting date (US dollar/TWD=30. 71; RMB/TWD=4. 4080). Profit and loss figures are presented by converting the annual average exchange rate (US dollar/TWD=29. 80; RMB/TWD=4. 4219) into New Taiwan dollars.

(3) Consolidated financial statements of affiliated companies: The Company's 2022 (from January 1, 2022 to December 31, 2022) shall be included in accordance with the "Consolidated Business Reports of Related Enterprises Consolidated Financial Statements and Relationship Reports of Related Enterprises". The Company that prepares the consolidated financial statements of affiliated enterprises is the same as the company that

should be included in the preparation of the consolidated financial statements of the parent company and its subsidiaries according to the Financial Accounting Standards Bulletin No. 7. In addition, the relevant information that should be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the consolidated financial statements of the parent and subsidiary companies disclosed above, and the consolidated financial statements of affiliated enterprises will not be prepared separately.

(4) Affiliated company report: None.

2. Handling of private placement of securities in the most recent year and as of the publication date of this annual report: None.

3. In the most recent year and as of the publication date of this annual report, its subsidiaries held or disposed of the Company's stocks: None.

4. Other necessary supplementary explanations: None.

5. In the most recent year and as of the date of publication of this annual report, if any matters that have a significant impact on shareholders' equity or securities prices as stipulated in Subparagraph 2, Paragraph 3, Article 36 of the Securities Exchange Act: None.

WELL SHIN TECHNOLOGY CO., LTD.

Chairman: Wu, Jui-Hsiung