

WANSHIH ELECTRONIC CO., LTD.

2022 Annual Report

Printed on May 19, 2023

I. Spokesperson and Acting Spokesperson:

Title	Spokesperson	Acting Spokesperson
Name	Ping-Che Lee	Wen-Yi Chu
Position	Vice President	Senior Financial Manager
Tel.	(02) 2298-8066	(02) 2298-8066
Email	t3211@wanshih.com.tw	vicky.chu @wanshih.com.tw

II. Address and telephone number of the headquarter and branch offices:

Headquarter and factory: 3F, No. 72 Wugong 6th Rd., Wugu Dist., New Taipei Industrial Park,

New Taipei City

Telephone: (02)2298-8066(Main line)

Branch office: None

III. Stock transfer agent:

Name: Transfer Agency Department, CTBC Bank

Address: 5F, No. 83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City

Tel: (02) 6636-5566

Website: www.chinatrust.com.tw

IV. Independent Auditors:

CPAs: Bo-Chuan Lee and Shu-Chiung Chang

Accounting Firm: PwC Taiwan

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

Tel: (02) 2729-6666

Website: www.pwc.com/tw

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

None (No securities are traded offshore)

VI. Company's Website: www.wanshih.com.tw

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Attachment I: Consolidated Financial Statements

Attachment II: Parent Company Only Financial Statements

Ladies and Gentlemen,

(I) In 2022, the COVID-19 pandemic entered its third year, and its impact on the global economy and society showed no signs of abating over time. The Chinese government persisted with its dynamic "zero-COVID" policy while the Russia-Ukraine war remained deadlocked. Europe and the U.S. suffered from inflationary effects, compounded by the persistent weakness of Asian currencies. Moreover, the risk of geopolitical conflicts and outbreaks grew increasingly, exerting a profound influence on global industries and the overall economic situation. During the first half of the year, we made stock preparation aimed at risk management for key customers in response to the high and volatile prices and uncertain sources of raw materials. However, due to fluctuations in market demand, the slow consumption of raw material inventory, and the increasing capital pressure and operational risks, the company's overall operations faced continuous high-pressure challenges throughout the first half of the year. As we entered the second half of the year, the gradual easing of the pandemic and the relaxation of control policies worldwide led to a rise in the company's markets for automotive, medical, and surveillance video, moving from a stable to an upward trend. There was also a sustained increase in demand for photovoltaic energy storage. Nonetheless, the consumer market remained sluggish, with NB products experiencing a severe decline. After successfully addressing the challenges encountered during the factory construction, Wanshih Vietnam commenced mass production by the yearend. Meanwhile, Draco Electronics, LLC. had achieved full-year profitability and was poised for future expansion as demand from new startup customers continued.

(II) Operating results for 2022:

Unit: NTD Thousands

Item	202	22	202	Increase (decrease)		
Item	Amount	Percentage	Amount	Percentage	%	
Operating Revenue	1,445,754	100	1,673,707	100	(14)	
Gross profit	244,019	17	271,723	16	(10)	
Operating expenses	360,368	25	341,082	20	6	
Profit (loss) from operations	(116,349)	(8)	(69,359)	(4)	(68)	
Profit (loss) before tax	(75,186)	(5)	(40,599)	(2)	(85)	

Note: The Company did not disclose its financial forecast, so there is no need to disclose the budget implementation status.

- (III) Analysis of receipts, expenditures, and profitability
 - 1. Analysis of receipts and expenditures:

Unit: NTD Thousands

		Cint	. IVID Thousands		
Item	2022	2021	Amount increased (decreased)		
Net cash inflow from operating activities	19	47,170	(47,151)		
Net cash inflow (outflow) from investing activities	(245,842)	(56,784)	(189,058)		
Net cash outflow from financing activities	191,803	(12,038)	203,841		
Increase (decrease) in cash	(43,153)	(28,259)	(14,894)		

2. Profitability (%) Analysis

Item	%
Debt to assets ratio (liabilities/total assets)	49.98
Current ratio (current assets/current liabilities)	177.83
Return on equity (after-tax profit/average total equity)	(7.75)
Net profit rate (after-tax profit/net sales)	(4.98)
Earnings per share (after-tax profit/weighted average number of shares issued)	NT\$(0.91)

(IV) Research and development work

The research and development (R&D) expenses for 2022 were \$93 million, a decrease of \$9.95 million as compared to 2021, with R&D expenses accounting for 7% of revenue. The main development direction includes the new product development and the optimization of existing products.

The development of new products encompasses:

A range of items such as electric transportation-related wiring harnesses, wires for high-current automotive applications, ADAS wiring assemblies, high-frequency external wiring harnesses, special specification security products, etc., as well as the integrated SMT modules and whole-vehicle wiring harness design services. The development of new millimeter-wave products includes: Smart cabin and consumer millimeter-wave radar modules and 24GHz and 60GHz radar systems for physiological signal detection and presence sensing.

In addition to new product development and introducing more automated equipment to reduce working hours and labor requirements and to improve production capacity and quality, the main goal for the coming year is to meet the full range of customer needs, driving the company's growth.

(V) 2023 Business plan

As we look ahead to 2023, we acknowledge the persistent uncertainties in the external environment, compounded by an overall economic downturn. Nonetheless, with the pandemic under control, we anticipate a return to normalcy in our operations. Internally, we will continue to promote organizational optimization and manufacturing efficiency improvement. Externally, we will focus on industries such as automotive, medical, high-frequency, surveillance video, photovoltaic energy storage, etc., and continue to deepen our involvement in these particularly essential areas.

Based on the five-year strategic map, Wanshih's future strategic development will revolve around various main axes, such as the ongoing promotion of Wanshih's IPO plan in China, new product development at Draco Electronics, LLC., and stable production and capacity expansion of Wanshih Vietnam.

In the midst of a chaotic and changing external environment, we remain committed to developing high-end differentiated markets. Leveraging its technological and quality capabilities, the company aims to attract more niche customers and increase product orders while constantly pushing forward various corporate transformations, upgrades, and development.

Expected sales volume for the coming year:

Unit:Thousand sets

Product Category	Estimated sales volume in 2023
SMT Modules	1,970
Video Surveillance	4,270
Netcomm Industrial Control	47,211
Computer Wiring	8,058
Automobile Electronics	17,624
TV Products	2,071
Other Products	15,624
Medical Products	348
Total	97,177

The management team would like to thank for your support and encouragement in the past. We look forward to your continuing guidance and advice in the coming year.

The Company will share the results with everyone, based on its past management philosophy and efforts.

We wish you

All the best!

Chairman: Lake Chang



President: Lake Chang



Head-Finance&Accounting: Wen Yi Chu



Two. Introduction of the Company

I. Date of incorporationDate of incorporation: June 4, 1987

II. Company History

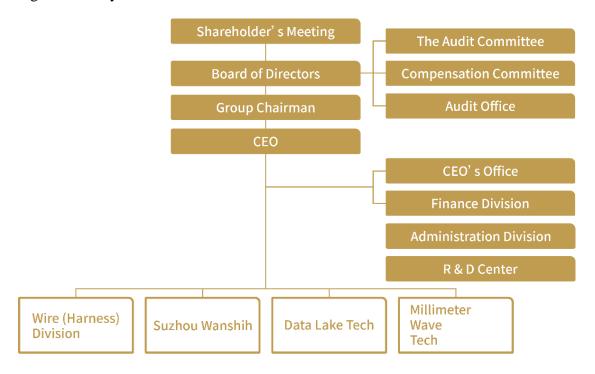
1987	The Company was formally established with a total capital of \$20 million. The factory was set up in Xinzhuang District, New Taipei City, Taiwan. The Company mainly
1989	supplies wiring for TVs, VCRs, computers, OA equipment, and other products. Introduced and developed D-Sub and Din Plug for molding machine, products have been certified with CSA and UL.
1990	Established Asahi Best Base, a joint venture with Japan Asahi, in Malaysia, to set up a wiring assembly plant and established Wanxu Electric (Hong Kong) Co.
1993	Increased capital to \$24 million.
1994	Increased capital to \$34 million. Moved the company and factory to Wantai Building in Wugu Industrial Park, New Taipei City Established Suzhou Wanshih Electronic Element Co., Ltd. as a joint venture with ASAHI Japan. Received the T-Mark mark from Japan Certified with ISO-9002 quality assurance
1997	Capital increased to \$46 million and annual turnover was \$550 million. Certified with ISO-14000 quality assurance.
1998	Increased capital to \$62 million. Signed a technical cooperation contract with Sumitomo Corporation of Japan for the assembly of very fine coaxial wires, and succeeded in mass production in the same year.
1999	Capital increased to \$90 million and annual turnover was \$700 million.
2000	Increased capital to \$150 million. The Securities and Futures Commission of the Ministry of Finance approved the IPO.
2001	Increased capital to \$202 million.
2002	Stock trading over the counter Increased capital to \$265 million. Developed and shipped several Wlan wireless antennas
	Capital increased to \$306 million and revenue exceeded \$1.2 billion
2003	Invested in Suzhou Wanshih Optical Communication Co., Ltd. to produce ultra-thin FPC for cell phones and DVDs
2004	Increased capital to \$390 million. Increased capital of US\$1,501,000 in cash to Suzhou Wanshih Electronic Element Co., Ltd. Increased capital of US\$440 thousand in cash to Wanshih Optical Communication Co., Ltd.
2005	Completed the development of very fine coaxial cable for cell phone and PDA, and started the delivery.
2006	Capital increased to \$540 million, developed very fine coaxial wire for LCD TV and started shipping.
2007	Capital increased to NT\$600 million, increased capital in cash to Suzhou Wanshih Electronic Element Co., Ltd. by US\$5 million. Siyang Wanshih Electronic Element Co., Ltd. was established.
2008	Increased capital to \$657 million. Increased the capital by US\$1 million in cash to Siyang Wanshih Electronic Element Co., Ltd.
2009	Increased capital to \$689.85 million. Increased the capital by US\$6 million in cash to Siyang Wanshih Electronic Element Co., Ltd. Invested in fuel cell product development

	Finished developing HDMI 1.4 very fine signal cable
2010	Developed USB 3.0 signal cable Established R&D ability in fuel cell integration from plate, stack to system
	Increased capital to \$827.82 million.
	Invested US\$900,000 to establish Chongqing Wanshih Electronics Component Co.,
	Ltd.
2011	Increased the capital by US\$2 million in cash to Siyang Wanshih Electronic Element
	Co., Ltd.
	Increased the capital by US\$2 million in cash to Chongqing Wanshih Electronics
	Component Co., Ltd.
	Increased the capital by US\$2 million in cash to Chongqing Wanshih Electronics
2012	Component Co., Ltd.
	The amount of paid-in capital after the capital reduction from treasury stock
2014	cancellation was \$826.8 million.
2014	Increased capital to \$898 million.
	Issued the first domestic secured convertible bonds, the amount of capital after
	conversion was \$928 million.
2016	Increased the capital by US\$1.5 million in cash to Siyang Wanshih Electronic Element Co., Ltd.
	Discontinued the operation of Chongqing Wanshih Electronics Component Co., Ltd.
	Invested US\$100 thousand to establish Thailand Wanshih Electronics Component Co.,
	Ltd
	Issued the first domestic secured convertible bonds, the amount of capital after
	conversion was \$942 million.
2017	Increased capital of US\$1.1 million in cash to Wanshih Optical Communication Co.,
2017	Ltd.
	Invested NT\$5 million in Data Lake Co., Ltd.
2010	Discontinued the operation of Chenzhou Wanshih electronic company.
2018	Reduced the capital of Bright Master Co., Ltd. by US\$700 thousand in cash.
	Increased capital of NT\$6 million in cash to Data Lake Co., Ltd. Increased capital of NT\$4 million in cash to Data Lake Co., Ltd.
	Invested NT\$4 million in Wei Li Innovative Co., Ltd.
2019	Invested US\$100 thousand to establish (Vietnam) Wanshih Electronic Element
	Company Limited.
	Received a grant of NT\$16 million from the Ministry of Economic Affairs under the A ⁺
	Industrial Innovative R&D Program in August.
2020	In November, (1) reduced capital by NT\$267 million, resulting in paid-in capital to
2020	NT\$675 million.
	(2) Received NT\$50 million in private placements, the paid-in capital after the capital
	increase is NT\$725 million.
2021	Increased capital of NT\$4.5 million in cash to Millimeter Wave Tech Co., Ltd.
	Invested US\$600 thousand in Draco Electronics, LLC. established the subsidiary in US.
2022	Increased capital of NT\$10 million in cash to Data Lake Co., Ltd.
	Increased the capital by US\$2 million in cash to (Vietnam) Wanshih Electronic
2022	Element Company Limited.
2023	Increased capital of NT\$5.25 million in cash to Millimeter Wave Tech Co., Ltd.

Three. Corporate Governance Report

I. Organization

(I) Organization System



(II) Tasks of each principal departments

Wire (Harness) Division	Market development, marketing, services, and R&D in external electronic cables for various information products Production flow arrangement and control, material procurement, inventory management, wire processing Existing production lines, process improvement and automatic machine design, quality system planning and maintenance, and various product testings
Suzhou Wanshih Electronic Element Co., Ltd.	Market development, marketing, services, and R&D in external electronic cables for various information products, SMT punching module R&D Production flow arrangement and control, material procurement, inventory management, wire processing Existing production lines, process improvement and automatic machine design, quality system planning and maintenance, and various product testings
Millimeter Wave Tech Co., Ltd.	Market development, marketing, service and R&D of various radar and 5G products
Finance Division	Plan and implement the operation of general accounting, cost accounting and tax accounting Company capital management, investment management, and stock affairs
Administrative Division	Be responsible for personnel, welfare, general affairs and other administrative affairs and human resources, education and training related matters
Auditing Office	Establish, revise and review internal control and audit systems and conduct audits of departmental workflows Comply with relevant laws and regulations and provide regular follow-up and suggestions for improvement

II. Information on the Directors, Supervisors, President, Vice President, Assistant Vice President, the Chiefs of all the Company's Divisions and Branches

(I) Directors and Supervisors

A. Information on directors and supervisors Unit: shares, %, NT\$ thousand

April 11, 2023

Position	Nationalit	Name	Gender/Age	Date Elected (Appointed	Terms	Date First Elected	Shares He		Shares Cur	rently Held	held by t and childs age c	r of shares the spouses ren of minor urrently	under o	of shares held other persons' names	Principal work experience and academic	Position(s) held concurrently in the Company and other companies	Other of superviso or within	Other officers, directors of pervisors who are spouse r within the second degree of kinship		Remarks
	У)			Number of Share	Percentage of Ownership	Number of Share	Percentage of Ownership	of Choro	Percentage of Ownership	Number of Share	Percentage of Ownership	qualifications	Company and other companies	Position	Name	Relation	
Chairman	Taiwan	Lake Chang	Male 44 years old	2021.07.15	3 years	2021.07.15	1,230,000	1.69	1,290,000	1.78	0	0	0	0	EMBA,National Taiwan University	Chairman of Suzhou Wanshih Electronic Element Co., Ltd. Chairman of Siyang Wanshih Electronic Element Co., Ltd. Chairman of Dongguan Humen Wanshih Electronic Co., Ltd. Chairman of Suzhou Wanshih Optical Communication Co., Ltd. Chairman of Wanshih(H.K) Electronic Co., Ltd. Chairman of (Vietnam) Wanshih Electronic Element Company Limited Chairman of Data Lake Co., Ltd. Director of Milliab Co., Ltd. Director of May Ming Investment Co., Ltd. Chairman of Bright Master Co., Ltd. Director of Saga YesFamily Healthcare Co. Director of Saga-Lohas Co., Ltd	Director	Ringo	father and son	Note
		Wonderful Hi- Tech Co., Ltd	Not applicable.	2021.07.15	3 years	1987.06.04	18,309,272	25.23	17,816,272	24.55	Not applicable.									
Director	Taiwan	Representative: Ringo Chang	Male 69 years old	2021.07.15	3 years	1987.06.04	33,930	0.05	33,930	0.05	39,251	0.05	0	0	St. John's University	Chairman of Wonderful Hi-Tech Co., Ltd. Director of Le Hao International Co., Ltd. Director of Lord Hero Company Limitde. Chairman of Wonderful Photoelectricity (Dong-Guan) Co., Ltd. Director of Wonderful Cayman	Chairman	Lake Chang	father and son	Note

Position	Nationalit	Name	Gender/Age	Date Elected	Terms	Date First Elected		eld When	Shares Cur	rently Held	held by t and child	r of shares the spouses ren of minor urrently	spouses of minor ently Number of snares neid under other persons' names		Principal work experience and				e spouses d degree	Remarks
	у			(Appointed)		Elected	Number of Share	Percentage of Ownership	Number of Share	Percentage of Ownership	Number of Share	Percentage of Ownership	Number of Share	Percentage of Ownership	qualifications	company and once companies	Position	Name	Relation	
																Holding Co. Director of Wonderful Cayman International Co. Director of Wonderful Thailand Holding Co. Ltd. Chairman of Thai Wonderful Wire Cable Co., Ltd. Chairman of Wonderful Photoelectricity Co., Ltd. Chairman of Wonderful(Vietnam) Wire & Cable Co., Ltd. Director of Wanshih(H.K) Electronic Co., Ltd. Director of Suzhou Wanshih Electronic Element Co., Ltd. Director of Asahi Best Base Sdn.Bhd Director of P Asahi Best Base Indonesia Chairman of Aba Industry Inc. Chairman of Inga Nano Technology Co., Ltd. Chairman of Actife Hi-Tech Co., Ltd Chairman of Saga YesFamily Healthcare Co.				
		Asahi Communications Co., Ltd.	Not applicable.	2021.07.15	3 years	1987.06.04	13,723,175	18.91	13,723,175	18.91					Not app	olicable.				
Director	Japan	Representative: Kanno Takanobu	Male 55 years old	2021.07.15	3 years	1987.06.04	273,361	0	282,198	0.39	0	0	0	0	Graduated from the Department of Applied Physics, College of Engineering, Tokai University, Japan	President of Asahi Communications Co., Ltd. Director of Asahi Electronics Co., Ltd. Director of Wanshih(H.K) Electronic Co., Ltd. Director of Suzhou Wanshih Electronic Element Co., Ltd. Director of Dongguan Humen Wanshih Electronic Co., Ltd. Director of Bright Master Co., Ltd Supervisor of Pt Asahi Best Base Indonesia	None	None	None	

Position	Nationalit	Name	Gender/Age	Date Elected	Terms	Date First		eld When	Shares Cur	Tently Held	held by to and childr	of shares he spouses ren of minor urrently	under o	of shares held other persons' names	Principal work experience and	Position(s) held concurrently in the Company and other companies	supervisor or within	ficers, dire ors who are the secon of kinship	e spouses d degree	
	У		S	(Appointed		Elected	Number of Share	Percentage of Ownership	Number of Share	Percentage of Ownership	Number of Share	Percentage of Ownership	Number of Share	Percentage of Ownership	academic qualifications	Company and other companies	Position	Name	Relation	
		Japan Automatic Machine Co., Ltd.	Not applicable.	2021.07.15	3 years	2021.07.15	1,620,262	2.23	1,620,262	2.23					1	Not applicable.				
Director	Japan	Representative: Mizuno Masafumi	Male 56 years old	2021.07.15	3 years	2021.07.15	33,892	0	33,892	0.05	0	0	0	0	Graduated from Business School of Waseda University Master's degree from Rensselaer Polytechnic	President, Japan Automatic Machine Co., Ltd. Asahi Best Base Sdn. Director of Bhd	None	None	None	
Director	Taiwan	Ping-Che Lee	Male 60 years old	2021.07.15	3 years	2018.06.20	23,337	0.03	23,337	0.03	0	0	0	0	Graduated from the Department of Electrical Engineering, Chien Hsin University of Science and Technology	Deputy General Manager of Wanshih Electronic Co., Ltd. Director of Suzhou Wanshih Electronic Element Co.,Ltd. Director of Siyang Wanshih Electronic Element Co.,Ltd. Director of Suzhou Wanshih Optical Communication Co.,Ltd.	None	None	None	
Independent Director	Taiwan	Tu-Tsun Tsai	Male 75 years old	2021.07.15	3 years	2015.06.11	0	0	0	0	0	0	0	0	Graduated from the Department of Accounting and Statistics, National Chung Hsing University Master in Accounting, National Taiwan University Ph.D. in Accounting, Jinan University, Guangzhou	Responsible person of Xingyejia Consulting Company. Independent Director of Wonderful Hi- Tech Co., Ltd.	None	None	None	

Position	Nationalit v	Name	Gender/Age	Date Elected (Appointed	Terms	Date First Elected		eld When	Shares Cur	rrently Held	held by and child	r of shares the spouses ren of minor urrently	under o	of shares held other persons' names	Principal work experience and academic	Position(s) held concurrently in the Company and other companies	supervisor or within	rs who are the secon	e spouses d degree	Remarks
	y)		Elected	Number of Share	Percentage of Ownership	Number of Share	Percentage of Ownership	of Share	Percentage of Ownership	Number of Share		qualifications	company and onto companies	Position	Mone None None	Relation	
Independent Director	Taiwan	Jui-Ming Chang	Male 70 years old	2021.07.15	3 years	2021.07.15	0	0	0	0	0	0	0	0	M.B.A., Tulane University, USA Master in Department of Labor and Human Resources, Chinese Culture University BAEP, National Chengchi University	Chief Executive Officer, Ju Fang Management Consultin g Ltd.	None	None	None	
Independent Director	Taiwan	Cheng Ho Hsiao	Male 59 years old	2021.07.15	3 years	2021.07.15	0	0	0	0	0	0	0		EMBA, National Taiwan University Master's degree	Chairman of Chi Shan Long Feng Food Co., Ltd.	None	None	None	
Independent Director	Taiwan	Chao-Hsiang Cheng	Male 63 years old	2021.07.15	3 years	2021.07.15	0	0	0	0	0	0	0	0	Graduated from the Department of Business Administration, National Taiwan University MBA, Chiao Tung University	Director, CY CPAs Director, Taiwan Adventist Foundation Financial Consultant, Chinese Insurance Service Association	None	None	None	

Note: The Chairman of the Board of Directors (President) and Ringo Chang are father and son. This is due to the fact that the Company is a family business with a succession structure for the second generation; in order to make the Company's operation independent, the number of independent directors has been increased to four in response. In addition, a majority of the Company's directors are not also employees or managerial officers.

B. Major Shareholders of the Institutional Shareholder

April 11, 2023

Institutional Shareholder	The names of major shareholders of institutional shareholders (percentage of shareholding over 10% or top 10 shareholders)	Shareholding %
	Ringo Chang	8.20%
	May Ming Investment Co., Ltd.	8.16%
	Wanshih Electronic Co., Ltd.	6.03%
	Lie Ying Investment Co., Ltd.	1.30%
	Ming-Hua Chang	1.25%
Wonderful Hi-Tech Co., Ltd.	Cheng-Bo Chang	1.00%
	Fu San Machinery Co., Ltd.	0.99%
	Chao-Tsun Chan	0.96%
	Lien-Tsai Chung	0.90%
	Ming-Liang Liang	0.82%
	Kanno Takanobu	46.88%
	Kanno Takanoou Kanno Toshio	33.12%
	Kanno Teruko	3.80%
	Kanno Tomo	2.50%
A 11 G 1 1 G 1 1 1	Asahi Corporation	2.11%
Asahi Communications Co., Ltd.	Tanaka Junichi	1.30%
	Akanuma HidetoI	1.25%
	Saito Kimihiko	1.20%
	Sato Yuji	1.10%
	Kubosu Toshiaki	1.10%
	Mizuno Masafumi	20.04%
	Mizuno and Company	12.55%
	Mizuno Yoshitake	10.25%
	Mizuno Narumi	10.23%
Japan Automatic Machine Co., Ltd.	Mizuno Yuko	10.23%
Japan Automatic Macinie Co., Ltd.	ShiraishiI Miko	5.77%
	Employee stock ownership plan	3.48%
	Mizuho Bank, Ltd.	2.85%
	Alps Alpine Co., Ltd.	2.14%
	Sumitomo Mitsui Banking Corporation	2.14%

C. Major Shareholders of the Institutional Shareholder

April 11, 2023

	1	, <u> </u>
Institutional Shareholder	Major Shareholders of the Institutional	Shareholding
mstitutional Shareholder	Shareholder	%
	Cheng-Bo Chang	21.16%
May Ming Investment Co., Ltd.	Lake Chang	19.84%
Way Wing investment Co., Ltd.	Cheng-Ya Chang	19.84%
	Cheng-Min Chang	19.84%
Wanshih Electronic Co., Ltd.	Please refer to page 63(4) of the annual rep major shareholders.	ort for the list of
Asahi Corporation, Mizuno and Company, Employee stock ownership plan, Alps Alpine Co., Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation and Hung Da Investment Development Co., Ltd.	It was not easy to access, so it was not discle	osed.

D. Professional expertise and status of independence of the directors and supervisors:

Requirement Name Lake Chang	Professional qualification Having work experience in the area of commerce, law, finance or accounting, or otherwise	Experience Chairman of Wanshih Electronic Co., Ltd. Special Assistant to the	Independence Status (Note 1)	The number of other listed companies that concurrently serve as independent directors None
Representative of Wonderful Hi-Tech Co., Ltd.: Ringo Chang	necessary for company business. Having work experience in the area of commerce,	Chairman of the Board, NT Pharmaceutical Ltd. Chairman of Wonderful Hi-Tech Co., Ltd. Former Chairman of Wanshih(H.K) Electronic Co., Ltd.	(3).(9).(10).(11). (12)	None
Representative of Asahi Communications Co., Ltd.: Kanno Takanobu	Having work experience in the area of commerce, law, finance or accounting, or otherwise necessary for company business.	President, Japan Automatic Machine Co., Ltd.	(3).(7).(9).(10). (11).(12)	None
Representative of Japan Automatic Machine Co., Ltd.: Mizuno Masafumi	Having work experience in the area of commerce, law, finance or accounting, or otherwise necessary for company business.	Work for Andersen Consulting Work for IBM Japan	(3).(4).(6).(7). (8).(9).(10).(11). (12)	None
Ping-Che Lee	law, finance or	Executive Vice President of Wanshih Electronic Co., Ltd. Section Leader of H.F Hefeng Co., Ltd.	(3).(5).(6).(7). (9).(10).(11).(12)	None
Tu-Tsun Tsai		Executive Vice President, the Institute of Internal Auditors-Chinese Taiwan Director, Computer Audit Association Finance Manager, Ford Lio Ho Motor Company Vice President, Westinghouse Electric Corporation, Taiwan Branch Chief Auditor, Acer Group (possessing finance or accounting expertise)	(1).(2).(3).(4). (5).(6).(7).(8). (9).(10).(11).(12)	None

Requirement Name	Professional qualification	Experience	Independence Status (Note 1)	The number of other listed companies that concurrently serve as independent directors
Jui-Ming Chang	Having work experience in the area of commerce, law, finance or accounting, or otherwise necessary for company business.	Consultant and Lecturer in Strategic Management and Human Resources Senior Director, Administration Division, Siemens Telecommunication Systems Ltd. Salary and Benefits Manager, Tce Television Taiwan, Ltd. Convener of the certification system, Chinese Human Resource Management Association	(1).(2).(3).(4). (5).(6).(7).(8). (9).(10).(11).(12)	None
Cheng Ho Hsiao	Having work experience in the area of commerce, law, finance or accounting, or otherwise necessary for company business.	Home Co., Ltd (Beijing)	(1).(2).(3).(4). (5).(6).(7).(8). (9).(10).(11).(12)	None
Chao-Hsiang Cheng	Having work experience in the area of commerce, law, finance or accounting, or otherwise necessary for company business.	Independent Director, Feng Tay Enterprise Co., Ltd. Partner, Proservace & Co., Cpas. Regional Manager, Nan Shan Life Insurance Company Senior Sales Representative, Principal Financial Securities Co., Ltd. Sales Representative, Far Eastern Securities Co., Ltd. (possessing finance or accounting expertise)	(1).(2).(3).(4). (5).(6).(7).(8). (9).(10).(11).(12)	None

^{*}All directors of the Company do not have any conditions defined in Article 30 of the Company Act.

Note 1:Independence Status of Directors two years prior to the election and during the term of office.

(Those who are eligible are disclosed in the above table)

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or its associates (except for the case where the independent directors appointed in accordance with the Act or the laws and

- regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
- (3)Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4) Not a spouse, or relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer falling under (1), or of any of the persons in (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act (except for the case where the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
- (6) A director, supervisor or employee of other companies who is not controlled by the same person as the majority of the directorships or voting shares of the company (except for the case where the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
- (7) A director (officer), supervisor or employee of other company or institution who is not the same person or spouse as the chairman, president or person holding an equivalent position in the company (except for the case where the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
- (8) A director, supervisor, managerial officer or shareholder holding 5% or more of the shares of a specified company or institution that does not have financial or business relationship with the Company (provided that if the specified company or institution holds more than 20% of the total number of issued shares of the Company and does not exceed 50%, and where the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent)
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. This restriction

does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- (11) Not been a person of any conditions defined in Article 30 of the Company Act.
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

5. Diversity and Independence of the Board of Directors:

(1) Diversity of the Board of Directors:

The Company's elected Board of Directors consists of five directors and four independent directors, and the Company's Board members is composed of experts in the industry and financial accounting fields. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

- (A) Ability to make judgments about operations.
- (B) Accounting and financial analysis skill.
- (C) Operational management skill.
- (D) Crisis management skill.
- (E) Industry knowledge.
- (F) Global market perspective.
- (G) Leadership skill.
- (H) Decision making skill.
- (2) Independence of the Board of Directors: The Company emphasizes the independence of the Board of Directors and has established independent directors to replace the supervisors. The Company has 9 directors, including 4 independent directors (representing 44% of the total directors). The Chairman of the Board, Mr. Lake Chang, and Mr. Ringo Chang, the Representative of the Corporate Director of the Company, Wonderful Hi-Tech Co., Ltd., are relatives within the second degree of kinship. The remaining directors are not spouses or relatives within the second degree of kinship. Therefore, a majority of the current directors are not spouses, relatives within the second degree of kinship to each other as defined in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(II) Information on the company's President, Vice President, Assistant Vice Presidents, and the supervisors of all the company's divisions and branch units

April 11, 2023

Position	Nationality	Name	Gender	Date Elected	Share	holding	spouse ar	shares held by nd children of nor age	under ot	of shares held her persons' ames	Main working (education)	Position(s) held concurrently	related to	ial officer o the spou degree of	se or the	Remarks
1 OSITION	rvationanty	Name	Gender	(Appointed)	Number of Share	Percentage of Ownership	Number of Share	Percentage of Ownership	Number of Share	Percentage of Ownership	experience	in other companies	Position	Name	Relation	
President	Taiwan	Lake Chang	Male	2015.06.11	1,290,000	1.78	0	0	0	0	EMBA, National Taiwan University	Chairman of Suzhou Wanshih Electronic Element Co., Ltd. Chairman of Siyang Wanshih Electronic Element Co., Ltd. Chairman of Dongguan Humen Wanshih Electronic Co., Ltd. Chairman of Suzhou Wanshih Optical Communication Co., Ltd. Chairman of Wanshih(H.K) Electronic Co., Ltd. Chairman of (Vietnam) Wanshih Electronic Element Company Limited Chairman of Data Lake Co., Ltd. Director of Millilab Co., Ltd. Director of My Ming Investment Co., Ltd. Director of Wei Li Innovative Co., Ltd. Chairman of Bright Master Co., Ltd. Director of Saga YesFamily Healthcare Co. Director of Saga-Lohas Co., Ltd	None	None	None	Note 1
Vice President	Taiwan	Ping- Che Lee	Male	2012.07.06	23,337	0.03	0	0	0	0	Graduated from the Department of Electrical Engineering, Chien Hsin University of Science and Technology	Deputy General Manager of Wanshih Electronic Co., Ltd. Director of Suzhou Wanshih Electronic Element Co., Ltd. Director of Siyang Wanshih Electronic Element Co., Ltd. Director of Suzhou Wanshih Optical Communication Co., Ltd	None	None	None	

Position	Nationality	Nama	Condon	Date Elected	Share	holding	spouse ar	f shares held by nd children of nor age	under of	of shares held ther persons'	Main working (education)	Position(s) held concurrently	related to	ial officers the spou degree of	se or the	Remarks
Position	Nationality	Name	Gender	(Appointed)	Number of Share	Percentage of Ownership	Number of Share	Percentage of Ownership	Number of Share	Percentage of Ownership	experience	in other companies	Position	Name	Relation	
Vice President	Taiwan	Li-Hsin Peng	Male	2019.04.01	15,054	0.02	0	0	0	0	University of Science and	Director of Wanshih(H.K) Electronic Co., Ltd. Director of Dongguan Humen Wanshih Electronic Co., Ltd. Director of Siyang Wanshih Electronic Element Co., Ltd. Director of Suzhou Wanshih Optical Communication Co., Ltd.	None	None	None	
Vice President	Taiwan	Jung- Nan Lien	Male	2019.04.01	0	0	15,000	0.02	0	0	Department of Electrical Engineering, National Taiwan Ocean University	Director of Millimeter Wave Tech Co., Ltd.	None	None	None	
Senior Financial Manager.	Taiwan	Wen-Yi Chu	Female	2022.07.01	0	0	0	0	0	0	Department of Accounting, Chang Jung Christian University	Supervisor of Data Lake Co., Ltd. Supervisor of Millilab Co., Ltd.	None	None	None	
Administrative Division Assistant Vice President	Taiwan	Chih- Chuan Kuo	Male	2019.04.01	0	0	0	0	0	0	Graduated from Graduate Institute of Human Resource Management, National Central University	None	None	None	None	
Millimeter Wave Division Assistant Vice President	Taiwan	Yu- Cheng Lin	Male	2019.04.01	0	0	14,186	0.02	0	0	Institute of Communication Engineering, National Chiao Tung University	Director of Millilab Co., Ltd.	None	None	None	
Wire (Harness) Division Assistant Vice President	Taiwan	Howard TU	Male	2023.03.01	30,000	0.04	0	0	0	0	Department of Land Management, Feng Chia University	None	None	None	None	

Note 1: The Chairman of the Board also concurrently serves as the President of the Company. In order to ensure the independence of the Company, the number of independent directors has been increased to four in response. In addition, a majority of the Company's directors are not concurrent employees or managerial officers.

III. The remuneration paid to Directors, Supervisors, President and Vice President in the most recent year

(I) 1. Remuneration paid to general directors and independent directors (disclose the name of each individual and the corresponding remuneration amount)

Unit: NTD Thousands

				R	Remuneration	paid to Dir	ectors						Ren	nuneration	paid to part	-time er	nployee	es		(A+B+	C+D+E+	Gti
.	.,	Remun	eration (A)		ce Pay and ions (B)	remu	rector's ineration te 3) (C)	professio	nses from onal practice (D)		C+D) as a % et Income	i	ation, bonus and xpenses (E)	Pe	ce Pay and nsions (F)	Remune		employees (G)	s (Note 3)		ns a % of ncome	Compensati on Received from Non-
Position	Name	From the	From All Consolidated	From the	From All Consolidated	From the	From All Consolidated	From the	From All Consolidated	From the	From All Consolidated	From the	From All Consolidated	From the	From All Consolidated	Fron Com		Consc	m All olidated tities	From the	From All Consolidat	consolidate d Affiliates or Parent
		Company	Entities	Company	Entities	Company	Entities	Company	Entities	Company	Entities	Company	Entities	Company	Entities	Cash	Stock	Cash	Stock	Company	ed Entities	Company
Chairman	Lake Chang	0	0	0	0	0	0	30	30	NA	NA	3,276	3,276	0	0	0	0	0	0	NA	NA	None
Director	Ringo Chang (Note 1)	0	0	0	0	0	0	30	30	NA	NA	2,200	2,200	0	0	0	0	0	0	NA	NA	None
Director	Kanno Takanobu (Note 2)	0	0	0	0	0	0	25	25	NA	NA	0	0	0	0	0	0	0	0	NA	NA	None
Director	Mizuno Masafumi (Note 3)	0	0	0	0	0	0	15	15	NA	NA	0	0	0	0	0	0	0	0	NA	NA	None
Director	Ping-Che Lee	0	0	0	0	0	0	30	30	NA	NA	2,110	2,110	87	87	0	0	0	0	NA	NA	None
Independent Director	Tu-Tsun Tsai	420	420	0	0	0	0	70	70	NA	NA	0	0	0	0	0	0	0	0	NA	NA	None
Independent Director	Jui-Ming Chang	420	420	0	0	0	0	70	70	NA	NA	0	0	0	0	0	0	0	0	NA	NA	None
Independent Director	Cheng Ho Hsiao	420	420	0	0	0	0	70	70	NA	NA	0	0	0	0	0	0	0	0	NA	NA	None
Independent Director	Chao- Hsiang Cheng	420	420	0	0	0	0	60	60	NA	NA	0	0	0	0	0	0	0	0	NA	NA	None

^{1.} Please state the policy, system, standards and structure for the remuneration paid to independent directors and the linkage to the amount paid in respect of the responsibilities, risks, time and other factors that they are involved in:

The board of directors is authorized to determine the remuneration to the independent directors of the Company based on the level of their participation in the Company's operations, the value of their contribution and the standard of the industry, and may also pay transportation allowance.

Note 1: Representative of Wonderful Hi-Tech Co., Ltd.; Note 2: Representative of Asahi Communications Co. Ltd.; Note 3: Representative of Japan Automatic Machine Co., Ltd.

2.Remuneration paid to supervisors (disclose the name of each individual and the corresponding remuneration amount): Not applicable.

When the Company makes profits, it shall also distribute the profits in accordance with Article 27 of the Company's Articles of Incorporation.

^{2.} Except as disclosed in the preceding table, the remuneration paid to the directors of the Company for services rendered to all companies consolidated in the Financial Report (e.g. as non-employee consultants) in the most recent year: None of the directors listed above has received such remuneration.

3. Remuneration paid to president and vice president (aggregate remuneration information, with the name(s) indicated for each remuneration range) Unit: NTD Thousands

		Sala	nry (A)		nce Pay and ions (B)	-	nus and expenses (C)	Rem	uneration (I		loyees		-D) as a % of Income	Compensation Received from Non-
Position	Name	From the Company	From All Consolidated	From the Company	From All Consolidated	From the Company	From All Consolidated		n the	Consc	n All olidated tities	From the Company	From All Consolidated	consolidated Affiliates or Parent
		1 7	Entities	1	Entities	1,	Entities	Cash	Stock	Cash	Stock		Entities	Company
President	Lake Chang													
Vice President	Ping-Che Lee	6,642	6 642	261	261	2.479	2.479	0	0	0	0	NA	NA	None
Vice President	Li-Hsin Peng		6,642	261	261	2,478	2,478	U	U	U		IVA	NA	none
Vice President	Jung-Nan Lien													

Note: The Company did not distribute remuneration to directors and supervisors and bonuses to employees in 2022.

Remuneration Range Table

Range of Remuneration Paid to Presidents and Vice	Names of the President	dent and Vice President
Presidents	From the Company	From All Consolidated Entities
Under \$2,000,000	Li-Hsin Peng	Li-Hsin Peng
NT\$2,000,000 (inclusive) - NT\$5,000,000 (exclusive)	Lake Chang, Ping-Che Lee and Jung- Nan Lien	Lake Chang, Ping-Che Lee and Jung-Nan Lien
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)		
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)		
Over \$100,000,000		
Total	4 people	4 people

4. A company listed on the TWSE or the TPEx, it shall disclose the remuneration paid to each of its top five management personnel (individual names and remuneration method)

Unit: NTD Thousands

		Sal	lary (A)		nce Pay and sions (B)	-	nus and expenses (C)	Rem	uneration to	o employ	ees (D)	`	-D) as a % of Income	Compensatio n Received from Non-
Position	Name	From the Company	From All Consolidated	From the Company	From All Consolidated	From the Company	From All Consolidated		m the npany	Conse	m All olidated tities	From the Company	From All Consolidate	consolidated Affiliates or Parent
		Company	Entities	Company	Entities	Company	Entities	Cash	Stock	Cash	Stock		d Entities	Company
President	Lake Chang	2,112	2,112	0	0	1,164	1,164							
Vice President	Jung-Nan Lien	1,510	1,510	87	87	440	440							
Vice President	Ping-Che Lee	1,480	1,480	87	87	630	630	0	0	0	0	NA	NA	NA
Assistant Vice President	Yu-Cheng Lin	1,400	1,400	83	83	1,505	1,505							
Assistant Vice President	Howard TU	1,263	1,263	71	71	725	725						From All Consolidate d Entities	

(II) Information on employee profit sharing granted to the management team

Unit: NTD Thousands

	Position	Name	Stock bonus amount (Note 1)	Cash bonus amount (Note 1)	Total	Proportion to Earnings After Tax (%)
	President Vice President	Lake Chang Ping-Che Lee			0	
	Vice President Vice President	Li-Hsin Peng				
	Vice President	Jung-Nan Lien				NA
	Senior manager, Finance Division	Wen-Yi Chu				
Managerial officers	Division Assistant Vice President, Administrative Division	Chih-Chuan Kuo	0	0		
	Division Assistant Vice President, Millimeter Wave Division	Yu-Cheng Lin				

Note 1: The Company did not distribute any employees' compensation in 2022.

(III) An analysis of the proportion of the total remuneration paid to the Directors, Supervisors, President and Vice Presidents of the company and all the companies to the net profit after tax in the last two years, and an explanation of the policy, standard and combination of the remuneration, the procedures for setting the remuneration, and the relevance to the business performance:

Unit: NTD Thousands

			2022		2021				
Item	Total re	muneration	Percentage of net profits after tax		Total ren	nuneration	Percentage of net profits after tax		
Position	From the Company	From All Consolidated Entities	From the Company	From All Consolidated Entities	From the Company	From All Consolidated Entities	From the Company	From All Consolidated Entities	
Director	9,753	9,753	NA	NA	8,181	8,181	NA	NA	
Supervisor	NA	NA	NA	NA	60	60	NA	NA	
President and Vice President	3,908	3,995	NA	NA	3,608	3,608	NA	NA	
Total	13,661	13,748	NA	NA	11,849	11,849	NA	NA	

- (1) Directors and Supervisors of the Company shall be entitled to transportation allowances for their duties regardless of profit or loss., and remuneration of up to 2% of the Company's net profit before tax, less any remuneration to employees and directors and supervisors, shall be provided in accordance with the Company's Articles of Incorporation. However, the Company should reserve the amount to make up for any accumulated losses in advance.
- (2) The Company has established a Remuneration Committee to assist the Board of Directors in determining the compensation of the Company's directors and managerial officers and the Company's compensation policies. The remuneration paid to directors and managerial officers shall be based on the level of their participation in the Company's operations and the value of their contribution, and the potential for future risks shall be minimized in accordance with the Company's Articles of Incorporation, the operation of the Remuneration Committee and the Board of Directors, in order to strike a balance between the Company's sustainability and risk control.

IV. Implementation of Corporate Governance

(I) (1) Information on implementation of Board of Directors

From January 1, 2022 to March 17, 2023, the Board of Directors met 7 times, and the attendance

of directors and supervisors was as follows:

Position	Name	Attendance in person	Attendance by proxy	Attendance rate in person (%)	Remarks
Chairman	Lake Chang	7	0	100%	
Director	Ringo Chang (Note 1)	6	1	85.71%	
Director	Kanno Takanobu (Note 2)	6	1	85.71%	
Director	Mizuno Masafumi (Note 3)	4	3	57.14%	
Director	Ping-Che Lee	7	0	100%	
Independent Director	Tu-Tsun Tsai	7	0	100%	
Independent Director	Jui-Ming Chang	7	0	100%	
Independent Director	Cheng Ho Hsiao	7	0	100%	
Independent Director	Chao-Hsiang Cheng	7	0	100%	

Note 1: Representative of Wonderful Hi-Tech Co., Ltd

Note 2: Representative of Asahi Communications Co., Ltd.

Note 3: Representative of Japan Automatic Machine Co., Ltd.

Other matters that require reporting:

- I. The implementation of the Board of Directors shall state the date and session of the Board meeting, the resolution, the opinions of all independent directors and the Company's response to such opinions, if any of the following circumstances apply:
 - (I) Matters specified in Article 14-3 of Taiwan's Securities and Exchange Act: Please refer to P.49~52 for important resolutions of the Board of Directors.
 - (II) Except for the preceding matters, other Board of Directors resolutions on which the independent directors express objections or reservations that have been included in records or stated in writing:No such situation.
- II. The implementation status of the directors' recusal from a resolution in which they may have interests shall include the directors' names, the contents of the resolution, the reasons for the recusal and the participation in voting:

Time	Director recused	Resolutions	Reasons for the recusal	implementation status and resolution
2022/03/18	Lake Chang	On March 18, 2022, the Remuneration Committee resolved the amount of the year-end bonus for the Company's managerial officers for 2021.	It is related to his/her interests.	As the matter involves the directors' interests, Chairman Lake Chang, Director Ping-Che Lee and CFO Yu-Hsiu Hsu were absent from the meeting to refrain from voting. The independent director, Mr. Jui-Ming Chang, was appointed as the acting chairman. All directors present were consulted and the resolution was passed without objection.
2023/03/17	Chang Ping-Che Lee Wen-Vi	On January 13, 2023, the Remuneration Committee resolved the amount of the year-end bonus for the Company's managerial officers for 2022.	It is related to his/her interests.	As the matter involves the directors' interests, Chairman Lake Chang, Director Ping-Che Lee and CFO Wen-Yi Chu were absent from the meeting to refrain from voting. The independent director, Mr. Jui-Ming Chang, was appointed as the acting chairman. All directors present were consulted and the resolution was passed without objection.

- III. Information on evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors: Please refer to (2) Implementation Status of the Board of Directors' Evaluation.
- IV. Evaluation of targets for strengthening of the functions of the board during the current and immediately preceding fiscal years, and measures taken toward achievement thereof:

The Company applied in advance to establish an audit committee from the 12th term of the Board of Directors. The committee is composed of all independent directors to replace the supervisors in accordance with Article 14-4 of the Securities and Exchange Act, in order to effectively strengthen the functions of the Board of Directors. In addition, in order to strengthen the responsibility of the corporate governance unit in overseeing the financial reporting process, we arrange for two-way communication between the accountants and the governance unit on audit planning and matters to facilitate the implementation of corporate governance matters.

(2) Implementation of Board of Directors Evaluation:

Cycle	Period	Scope	Method	Content
Conduct once a year	January 1 to December 31, 2022	Evaluation Scope for 2022 (1) Board of Directors (2) Individual Board members (3) Functional committees	Method of evaluation for 2022 (1) Internal evaluation of the Board of Directors (2) Self-evaluation by the Board members Performance evaluation	include: (1) Performance evaluation of Board of Directors: There are five major aspects, including Participation in the operation of the company; Improvement of the quality of the Board of Directors' decision making; Composition and structure of the Board of Directors; Election and continuing education of the directors; and Internal control. (2) Performance evaluation of individual Board members: There are six major aspects, including Alignment of the goals and missions of the company; Awareness of the duties of a director; Participation in the operation of the company; Management of internal relationship and communication; Election and continuing education of the directors; and Internal control. (3) Performance evaluation of functional committees: There are five major aspects, including Participation in the operation of the company; Awareness of the duties of the functional committee; Improvement of quality of decisions made by the functional committee; Improvement of quality of decisions made by the functional committee; Makeup of the functional committee and election of its members and internal control.

- (II) Information on operation of Audit Committee or the participation of supervisors in the operation of the Board of Directors:
- 1. Information on the operation of the Audit Committee:

The Audit Committee of the Company consists of 4 independent directors. The Committee operates with the primary purpose of overseeing the following matters:

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

The duties of the Committee are as follows:

- I. Adoption or amendment of an internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- II. Assessment of the effectiveness of the internal control system.
- III. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
- IV. A matter bearing on the personal interest of a director or supervisor.
- V. A transaction involving material asset or derivatives trading.
- VI. A material monetary loan, endorsement, or provision of guarantee.
- VII. The offering, issuance, or private placement of any equity-type securities.
- VIII. The hiring, dismissal or remuneration of an attesting certified public accountant.
- IX. The appointment or dismissal of a financial, accounting, or internal auditing officer.
- X. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the Chairman, managerial officer, and Head-Finance & Accounting
- XI. Any other material matter so determined by the company or the competent authority.

The Company established the Audit Committee on July 15, 2021. From January 1, 2022 to March 17, 2023, the Audit Committee met 7 times (A), and the attendance of the members is as follows:

Position	Name	Attendance in person (B)	Attendance by proxy	Attendance rate in person (%) [B/A]	Remarks
Independent Director	Tu-Tsun Tsai	7	0	100	
Independent Director	Jui-Ming Chang	7	0	100	
Independent Director	Cheng Ho Hsiao	7	0	100	
Independent Director	Chao-Hsiang Cheng	7	0	100	

Other matters that require reporting:

(1) Matters listed in Article 14-5 of the Securities and Exchange Act or the matter was not approved by the audit committee but had the consent of more than two-thirds of all directors, shall state the date of the audit committee meeting, the meeting session, the contents of the proposal, all dissent, reservation or major suggestions of independent directors, the results of the audit committee resolution and the Company's handling of the audit committee's opinion.

				Motter
Date	Meeting Session	Proposals	Matters listed in Article 14-5 of the Securities and Exchange Act	Matter was not approved by the audit committee but had the consent of more than two-thirds of all directors
		 Approved the Company's 2021 financial statements. Approved the 2021 earnings distribution plan. Approved to apply for the renewal of credit facilities of Suzhou Wanshih Electronic Element Co.,Ltd. with the Shanghai Commercial & Savings Bank, Ltd., under the endorsement and guarantee provided by the parent company. 	V	
2022.03.18	The 4th meeting of the 1st term	 Approved the Company's proposal to issue the second domestic secured convertible bonds. Approved to apply for a guarantee amount of NT\$200 million from Chinatrust Bank in preparation for the issuance of the Company's second domestic secured convertible bonds. Approved the Company's proposal to increase its investment in (VIETNAM) Wanshih Electronic Element Company Limited. Approved the evaluation of the independence and suitability of the Company's certified public accountants and their appointment. Approved the 2021 "Statement of Internal Control System" of the Company. Approved the amendments to the Company's "Articles of Incorporation". Approved the amendments to the Company's "Procedures for the Acquisition or Disposal of Assets" 	V	None
2022.05.13	The 5th meeting of the 1st term	 Approved the Company's consolidated financial statements for Q1 2022. Approved the loaning of funds of US\$1 million to the subsidiary (VIETNAM) Wanshih Electronic Element Company Limited 	V	None
2022.06.06	The 6th meeting of the 1st term	 Approve Finance and Accounting Supervisor appointment and dismissal proposal. Approve Auditing Director appointment and dismissal proposal 	V V	None
2022.08.09	The 7th meeting of the 1st term	 Approved the Company's consolidated financial statements for Q2 2022. Approved the loaning of funds of US\$1.5 million to the subsidiary Suzhou Wanshih Electronic Element Co., Ltd . 	V	None
2022.11.11	The 8th meeting of the 1st term	Approved the Company's consolidated financial statements for Q3 2022.		None

Date	Meeting Session	Proposals	Matters listed in Article 14-5 of the Securities and Exchange Act	Matter was not approved by the audit committee but had the consent of more than two-thirds of all directors
2022.12.20	The 9th meeting of the 1st	 Approved to apply for the renewal of credit facilities of Suzhou Wanshih Electronic Element Co., Ltd. with the China Trust Bank, under the endorsement and guarantee provided by the parent company. Increase lease area and amount of right-of-use assets to 		None
	term	related party according to Acquisition or Disposal of Assets Handling Procedure 1. Approved the Company's 2022 financial statements.		
	The 10th	 Approve the Year 2022 loss offset proposal Approved to apply for the renewal of credit facilities of Suzhou Wanshih Electronic Element Co., Ltd. with the Shanghai Commercial & Savings Bank, Ltd., under the endorsement and guarantee provided by the parent 	V	
2023.03.17	meeting of the 1st term	 company. Approved the replacement of the CPA. Approved the evaluation of the independence and suitability of the Company's certified public accountants and their appointment. Approved the 2022 "Statement of Internal Control System" 	V V	None
		of the Company.7. Approved the amendments to the Company's "Procedures for the Acquisition or Disposal of Assets"	V	

- (2) The implementation status of the independent directors' recusal from a resolution in which they may have interests shall include the independent directors' names, the contents of the resolution, the reasons for the recusal and the participation in voting: No such situation.
- (3) Communication between the independent directors and the internal auditors and the independent auditors (including the major issues, methods and results of communication regarding the financial and operating positions of the Company).
 - A. Communication between the independent directors and the internal auditors: The audit unit provides regular audit reports to the independent directors so that they can understand the Company's operations and the implementation status of the audit.
 - B. Communication between the independent directors and the CPA: The CPA communicates with the independent directors regarding the audit plan, risk assessment and key audit issues, implementation and results during the audit planning stage and the auditing process for each year, and the independent directors express no opinion.
- 2. The participation of supervisors in the operation of the Board of Directors: The Company established an Audit Committee to replace the Supervisors.

(III) Information on continuing education of directors and supervisors:

Position	Name	Date	Organizer	Course Name	Continuing Education Hours
Independent Director	Chao- Chao- Institute			Future development of Metaverse and Cryptocurrency Blockchain	3
	Hsiang Cheng	~-		Controlled Foreign Corporation (CFC) tax law and practice	3
Independent Director	Jui- Ming Chang	2023/01/09	Auditors-Chinese	The Relationship between Payroll & Personnel cycle and Employment Law Compliance	6

(IV) The operation of corporate governance and the difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons:

				Implementation Status	Difference from
	Assessed Items	Yes	No	Summary and Explanation	Corporate Governance Practice Principles for TWSE/TPEx Listed Companies and reasons
I.	Does Company follow "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to establish and disclose its corporate governance practices?		V	The Company does not establish its principles.	The Company will establish its Corporate Governance Best Practice Principles based on the actual operating conditions of the Company.
	Shareholding Structure & Shareholders' Rights Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	V		(I) In addition to having a spokesperson and acting spokesperson, the Company also appoints a professional stock transfer agent to handle related matters on behalf of the Company.	No material difference.
(II)	Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	V		(II) In addition to having a spokesperson and acting spokesperson, the Company also appoints a professional stock transfer agent to handle related matters on behalf of the Company.	
(III	Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	V		(III) The Company has established the "Supervision and Management of Subsidiaries" in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" to implement the risk control mechanism for its subsidiaries.	

			Implementation Status	Difference from
Assessed Items	Yes	No	Summary and Explanation	Corporate Governance Practice Principles for TWSE/TPEx Listed Companies and reasons
(IV)Has the Company established internal rules prohibiting insider trading on undisclosed information?	V		(IV) The Company has established Ethical Corporate Management Best Practice Principles for establishing a sound internal mechanism for handling and disclosing material information to avoid any unauthorized disclosure of information.	No material difference.
III. Composition and Responsibilities of the Board of Directors				
(I) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	V		(I) The Article 3 of the Company's "Rules Governing the Election of Directors" clearly stipulates that the overall composition of the Board of Directors shall be taken into consideration in the selection of this Company's directors. The composition of the Board members should be diversified, and an appropriate diversification policy should be formulated. There are currently nine directors, including five general directors and four independent directors. Among the five general directors, all of them possess professional experience and skills related to the operation of the company, except two of them are corporate directors. Among the other four independent directors, Tu-Tsun Tsai has an academic background in financial accounting and auditing; Chao-Hsiang Cheng has a professional background in financial accounting and taxation; Jui-Ming Chang has a professional background in human resources management and strategic development, and Cheng Ho Hsiao has a professional background in corporate management and strategic management of organizational operations.	(I) No material difference.

			Implementation Status	Difference from
Assessed Items	Yes	No	Summary and Explanation	Corporate Governance Practice Principles for TWSE/TPEx Listed Companies
	* 7		M) mi o	and reasons
(II) Other than the Remuneration Committee and the Audit Committee which are required by law, does the Company plan to set up other functional committees?	V		(II) The Company has established a Remuneration Committee as required by law and will establish various other functional committees in the future in accordance with the actual development needs of the Company.	(II) The Company will establish them depending on the actual conditions and future needs of its
(III) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis and on a regular basis, and reported the results of the performance evaluation to the Board of Directors and used them as the reference for individual directors' remuneration and pomination for	V		(III) The Company has established the performance evaluation method for the Board of Directors in accordance with the law and submitted the results of the performance evaluation to the Board of Directors on March 17, 2023.	development. (III) No material difference.
remuneration and nomination for re-election? (IV) Does the Company regularly evaluate its external auditors' independence?	V		(IV) The Company's CPA has an internal rotation system that is in compliance with independence and is appointed by resolution of the Board of Directors. The Company internally assesses the independence of the CPA (as described in Note 1) and, except for the audit fee, the CPA does not serve as a director, managerial officer or exercise significant influence over the Company and has no other financial interests or business relationships, and the members of the CPA family do not violate the independence requirements and meet the independence and suitability requirements. The Board of Directors has evaluated the independence and suitability of the CPAs for the last two years, which were completed on February 25, 2022 and February 20, 2023, respectively.	(IV) No material difference.
IV. For a listed or OTC company, is it		V	Although the Company does not set up a	The Company has
equipped with a competent and			dedicated (part-time) governance unit or	not yet established
appropriate number of corporate			personnel to be responsible for corporate	such a unit.
governance personnel, and has it			governance-related matters, all corporate	Set-up is expected
designated a corporate governance director to be responsible for			governance operations are handled by various departments as per their respective	to be completed by June 30, 2023
corporate governance related			responsibilities.	June 30, 2023
matters (including but not limited				
, ,		1		1

			Implementation Status	Difference from
Assessed Items	Yes	No	Summary and Explanation	Corporate Governance Practice Principles for TWSE/TPEx Listed Companies and reasons
to providing information required by Directors and Supervisors to carry out business, assisting Directors and Supervisors in complying with laws and regulations, managing related matters of the Board of Directors and shareholders' meeting in accordance with laws, taking minutes of the Board of Directors and shareholders' meeting, etc.)?				
V. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	V		The Company has set up a "Stakeholder Zone" on the Company's website to provide a communication channel so that the stakeholders can fully understand the Company's relevant financial and business status. For banks and other creditors, the Company also provides relevant financial and business information to help them understand the actual operation of the Company under the ethical management policy.	No material difference.
VI. Has the Company appointed a professional shareholder service agent for its Shareholders' Meetings?	V		Has the Company appointed a professional shareholder service agent for its Shareholders' Meetings?	No material difference.
VII. Information Disclosure (I) Has the Company established a corporate website to disclose information regarding its financials, business and corporate governance status?	V		(I) The Company has set up a website that contains the latest business development information and financial information, as well as detailed disclosure of corporate governance; other reportable information can also be available on the Market Observation Post System. (http://www.wanshih.com.tw)	No material difference.
(II) Does the Company use other information disclosure channels (e.g. maintaining an Englishlanguage website, designating staff to handle information	V		(II) The Company has set up a website in both English and Chinese and has a dedicated personnel to update relevant information on a regular basis. In addition, a spokesperson and an acting spokesperson	No material difference.

	Implementation Status Difference from						
Assessed Items	Yes	No	Summary and Explanation	Corporate Governance Practice Principles for TWSE/TPEx Listed Companies and reasons			
collection and disclosure,			have been set up to fully disclose the				
appointing spokespersons,			Company's information through the				
webcasting investors conference			implementation of the spokesperson				
etc.)?			system.	The Company is			
(III) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?		V	annual financial statements audited by the CPA, approved by the Board of Directors and ratified by the Supervisors within three months after the end of each fiscal year in accordance with the law. The Company also announces and reports the financial statements reviewed by the CPA and submitted to the Board of Directors within 45 days after the end of the first, second and third quarters of each fiscal year. The monthly operating results are also announced by the tenth day of each	The Company is within the deadline filing of annual financial report. Not ahead of fiscal year within two months after the end report and report annual financial report			
VIII. Has the Company disclosed other	V		month. (I) Implementation status of employee rights	NT			
information to facilitate a better	'			No material difference.			
understanding of its corporate			Please refer to Chapter 5, "V. Labor	difference.			
governance practices (e.g.			Relations" of the Annual Report.				
including but not limited to			(II) Investor relations: The Company places	No material			
employee rights, employee				difference.			
wellness, investor relations,			interests and has designated a dedicated				
supplier relations, rights of			staff to disclose relevant information on				
stakeholders, directors' and			the Company's website and financial				
supervisors' training records, the			operations on the Market Observation				
implementation of risk			Post System so that the investors can fully				
management policies and risk			understand the Company's operations.				
evaluation measures, the			(III) Supplier relations: The Company has	No material			
implementation of customer			totalished a riogulations on Supplier	difference.			
relations policies, and purchasing			Management" and pays close attention to				
insurance for directors and			issues related to				
supervisors)?			environmental/safety/hygiene control to				
			enhance the performance and				
			commitment of each supplier's social				
			responsibility, and also establishes good communication and coordination with				
			suppliers.				

			Implementation Status	Difference from
Assessed Items	Yes	No	Summary and Explanation	Corporate Governance Practice Principles for TWSE/TPEx Listed Companies and reasons
			(IV) Stakeholders' rights: The Company has set up a "Stakeholder Zone" on its website to provide communication channels and relevant information in order to respect the rights of stakeholders.	No material difference.
			(V) Directors and Supervisors' continuing education: The Company reports the latest laws and regulations and issues related to finance, taxation and corporate governance at the Board of Directors' meetings occasionally, and provides information on the continuing education courses to each director, and discloses the "Information on Directors' Continuing Education" in the annual report.	
			(VI) Implementation of risk management policies and risk evaluation measures: Please refer to Chapter 7, "VI. Risk Analysis and Evaluation" of the annual report.	No material difference.
			(VII) Regarding customer policies and implementation: We have improved our R&D process and production management to maintain stable quality and reasonable prices to gain customer satisfaction and long-term trust.	No material difference.
			(VIII) The status of the liability insurance for directors and supervisors: The Company has purchased liability insurance for directors and key managerial officers to support corporate governance and strengthen the protection of shareholders' rights and interests, and has disclosed the above information on the Market Observation Post System.	No material difference

			Implementation Status	Difference from				
				Corporate				
Assessed Items				Governance				
	Yes	Nο	Summary and Explanation	Practice Principles				
		3110	Summary and Explanation	for TWSE/TPEx				
				and reasons				

- IX. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange.
 - I. The results of the Company's 2022 "Corporate Governance Evaluation" are in the range of 66-80% and 66-80% for the 2021 Corporate Governance Review.
 - II. The items that have been improved are listed below:
 - (I) The information security risk management framework has been established, and information security policies, specific management plans, and resources invested in information security management have been formulated, and disclosed in the annual report.
 - (II) The professional qualifications and experience of the audit committee members, annual work priorities and operational status have been disclosed on the company website and annual report.
 - (III) Established the formulation and supervision of corporate integrity policy and plan, in the meantime, to disclose the operation and implementation status on the company prevention website and annual report.
 - III. The following are the measures taken to improve the unscored items:
 - (I) Continuing Education for Board Members: The Company's Board of Directors unit provides information on continuing education courses for directors occasionally, and each director may attend relevant courses as needed.
 - (II) Established the Corporate Governance Officer to be responsible for corporate governance related matters.
 - (III) Established the regulations of corporate governance, and approved by the board of directors.
 - (IV) Prepared and uploaded the English version of the shareholder meeting notice, meeting agenda and meeting supplementary information.
 - (V) Prepared and uploaded the English Annual Report for the Shareholders' Meeting.

Note 1: The Company's Board of Directors reviews the independence of the CPA annually. The evaluation process is as follows:

- (1) In accordance with Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", the Company shall evaluate the independence and suitability of the CPA engaged by the company regularly.
- (2) The Finance Department of the Company reviews the independence and suitability of the certified public accountants by referring to the provisions of The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 "Integrity, Objectivity and Independence."
- (3) As of the issuance date of the review report, no misconduct or breach of independence has been found on the Company's certified public accountants and their related personnel.
- (4) PwC Taiwan has issued a declaration of the independent auditor's role, responsibilities and independence in the "Communication with the Governance Unit".
- (5) After evaluating the independence and suitability of the CPA mentioned above, the Company proposes to continue to appoint CPA Po-Chuan Lin and CPA Chun-Yao Lin as the Company's auditors for the 2023 financial statement and taxation.

Wanshih Electronic Co., Ltd. Independent Auditor Assessment Form Date of assessment: February 20, 2023

I. Basic Information

Independent auditor: Po-Chuan Lin and Chun-Yao Lin

II. Content of assessment

With reference to Article 47 of the Accountants Act and The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10

Item	Please check					
nem	Yes	No	Remarks			
1. No CPA has not been replaced for seven years as of the latest audit work.	V					
2. There is no material financial interest with the client.	V					
3. Avoid any improper relationship with the client.	V					
4. The CPA should ensure the honesty, impartiality and independence of his or her staff.	V					
5. The CPA shall not audit the financial statements from the companies previously worked with in the last two year prior to the commencement of practice.	V					
6. The CPA shall not permit others to practice under his or her name.	V					
7. Does not hold any shares of the Company or its affiliates.	V					
8. Does not engage in any monetary borrowing with the Company and its affiliates.	V					
9. Does not have a joint investment or profit-sharing relationship with the Company or its affiliates.	V					
10. Does not work concurrently with the Company or its affiliates on a regular basis and receives a fixed salary.	V					
11. Does not involve the management functions of the Company or its affiliates in decision making.	V					
12. Does not engage in any other business that may lose its independence.	V					
13. Does not have a spouse, lineal relative by blood or by marriage with the managerial officers of the Company	V					
14. Does not receive any business-related commissions.	V					
15. Up to now, there is no disciplinary action against the CPA or violation of the principle of independence.	V					

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- 1. Completed the audit works on time.
- 2. Provide financial and tax consultation services to the Company from time to time.

IV. Evaluation results:

The CPA meets the independence criteria and is able to provide timely and appropriate financial and tax advice and completes the audit work for the Company.

- (V) The Company shall disclose the following in establishing the Remuneration Committee:
- 1. Information on the members of the Remuneration Committee:

Req Title Nan	uirements	Professional qualification	Experience	Status of Independence	Number of other listed companies concurrently serving as members of remuneration committees
Independent Director (Convener)	Jui-Ming Chang		Consultant and Lecturer in Strategic Management and Human Resources Senior Director, Administration Division, Siemens Telecommunication Systems Ltd. Salary and Benefits Manager, Tce Television Taiwan, Ltd. Convener of the certification system, Chinese Human Resource Management Association	(1).(2).(3). (4).(5).(6). (7).(8).(9). (10).(11). (12)	None
Independent Director	Tu-Tsun Tsai	Having work experience in the area of commerce, law, finance or accounting, or otherwise necessary for company business.	Executive Vice President, the Institute of Internal Auditors-Chinese Taiwan Director, Computer Audit Association Finance Manager, Ford Lio Ho Motor Company Vice President, Westinghouse Electric Corporation, Taiwan Branch Chief Auditor, Acer Group (possessing finance or accounting expertise)	(1).(2).(3). (4).(5).(6). (7).(8).(9). (10).(11). (12)	None
Independent Director	Cheng Ho Hsiao	Having work experience in the area of commerce, law, finance or accounting, or otherwise necessary for company business.	Chairman, Wellcome Taiwan Co., Ltd. Chief Executive Officer, Mannings China General Manager, Orient Home Co., Ltd (Beijing) Vice President, Trust-Mart (China) Store Manager of Carrefour Taiwan Pingtung Store, Tamsui Store and Shiquan Store	(1).(2).(3). (4).(5).(6). (7).(8).(9). (10).(11). (12)	None

^{*}All directors of the Company do not have any conditions defined in Article 30 of the Company Act.

Note 1: Independence Status of Directors two years prior to the election and during the term of office. (Those who are eligible are disclosed in the above table)

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or its associates (except for the case where the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's

- spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4) Not a spouse, or relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer falling under (1), or of any of the persons in (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or that ranks among the top 5 in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act (except for the case where the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
- (6) A director, supervisor or employee of other companies who is not controlled by the same person as the majority of the directorships or voting shares of the company ((except for the case where the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
- (7) A director (officer), supervisor or employee of other company or institution who is not the same person or spouse as the chairman, president or person holding an equivalent position in the company (except for the case where the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent).
- (8) A director, supervisor, managerial officer or shareholder holding 5% or more of the shares of a specified company or institution that does not have financial or business relationship with the Company (provided that if the specified company or institution holds more than 20% of the total number of issued shares of the Company and does not exceed 50%, and where the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent)
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof. This restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.

- (11) Not been a person of any conditions defined in Article 30 of the Company Act.
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.
- 2. Information on the operation of the Remuneration Committee
 - I. The Remuneration Committee consists of 3 members.
 - II. Scope of the Remuneration Committee's Powers:
 - 1. Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers.
 - 2. Periodically evaluate and prescribe the remuneration of directors, supervisors, and managerial officers.
 - III. The term of office of the current members: July 15, 2021 to July 14, 2024. The Remuneration Committee met 3 times in 2022 and up to the date of publication of the Annual Report. The qualifications and attendance of the members are as follows:

Position	Name	Attendance in Person	Attendance by proxy	Attendance Rate in Person (%)	Remarks
Convener	Jui-Ming Chang	3	0	100%	
Committee member	Tu-Tsun Tsai	3	0	100%	
Committee member	Cheng Ho Hsiao	3	0	100%	

Other matters that require reporting:

- 1. If the Board of Directors does not adopt or amend the recommendation of the Remuneration Committee, it shall state the date and period, the content of the resolution, the result of the resolution and the Company's handling of the recommendation of the Remuneration Committee (if the remuneration approved by the Board of Directors is better than the recommendation of the Remuneration Committee, it shall state the difference and the reasons for the difference): None.
- 2. Matters resolved by the Remuneration Committee, where the members expressed objections or reservations on the committee's resolutions, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

 Important resolutions of the Remuneration Committee for the year 2022 up to the date of

publication of the Annual Report:

Date	Meeting Session	Proposals	Opinions of all members of the Remuneration Committee	The Company's handling of the recommendation of the Remuneration Committee
2022.01.21	The 2nd meeting of the 5th term	 Approved the salary adjustment for the senior managerial officers of the Company. Approved the amount of 2021 year-end bonus for the Company's senior managerial officers. 	Resolved by all members.	Resolved by all Directors present at the Board of Directors.
2022.08.09	The 3nd meeting of the 5th term	 Approved the salary adjustment proposal for the newly promoted senior managements in the company. Approved the salary adjustment for the senior managerial officers of the Company. 	Resolved by all members.	Resolved by all Directors present at the Board of Directors.
2023.01.13	The 4nd meeting of the 5th term	Approved the amount of 2022 year-end bonus for the Company's senior managerial officers.	Resolved by all members.	Resolved by all Directors present at the Board of Directors.

3. Information on members of the nomination committee and on its operation: the company does not have a nomination committee

(VI) Sustainable Development Implementation Status and differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons:

			Implementation status	Difference from the
Assessment Item	Yes	No	Summary and Explanation	Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
I. Does the Company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?		V	Although the Company does not set up a dedicated (part-time) governance unit or personnel to be responsible for corporate governance-related matters, all sustainable development matters are handled by various departments as per their respective responsibilities.	The Company has not yet established such a unit, set-up is expected to be completed by June 30, 2023
II. Does the company conduct risk assessments of environmental, social and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy in accordance with the materiality principle?	V		(I) To manage CSR in a sound manner, the Company conducts risk management and strategy related to the Company's operations in accordance with the materiality principle, including: 1. Environmental Issues The Company has set up an energy-saving and carbon-reduction policy to promote environmental protection and to encourage our employees to do the same. Started the greenhouse gas inventory and verification schedule, and regularly report to the board. 2. Social Issues The Company has established and implemented employee welfare measures to meet the organizational goals and HR development. In addition, we have established guidelines for employee promotions and the operating rules for personnel review committees, as well as set up a clear reward and punishment system to encourage employees to share and exchange knowledge and improve their professional skills in order to accomplish their tasks. 1. Corporate Governance Issues The Company has followed the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to	No material difference.

			Implementation status	Difference from the
Assessment Item		No	Summary and Explanation	Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
			establish and disclose its corporate governance best practice principles, as well as to conduct Board of Directors evaluation.	
III. Environmental Issues(I) Has the company established an appropriate environmental management system based on the industry characteristics?	V		(I) We have followed the environmental regulations set by the competent authority to clean up and recycle the waste. The Company has been certified with ISO14001 environmental management system, and has been committed to the environmental policy and regularly implements environmental tidying and cleaning activities, as well as environmental disinfection to maintain a healthy working environment.	No material difference.
(II) Is the Company committed to improving energy use efficiency and using renewable materials with low impact on the environment?	V		(II) Our products are made from materials that comply with ROHS regulations. The manufacturing process of our products also complies with the laws and regulations. We also carry out waste classification and resource recycling in our factory. We have appointed a professional waste disposal company to handle the waste regularly, and we are always ready to promote the importance of caring for the environment. The Company always cherishes the natural resources and protects the environment. We integrate the core business in environmental protection with the customer's trust to create sustainable development and give back to the society. We continue to promote waste reduction and reuse, EX: recycle and reuse packaging materials, implement waste classification, and reduce paper consumption by electronic documentation.	No material difference.
(III) Does the Company assess the potential risks and opportunities of climate change for the enterprise now and in the future and take	V		(III) The Company always cares for energy saving, carbon reduction and greenhouse gas reduction, and carries out temperature control for air conditioners during summer to	No material difference.

			Implementation status	Difference from the
Assessment Item	Yes	No	Summary and Explanation	Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
measures to deal with climate-related issues? (IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	V		effectively utilize energy, which has achieved the purpose of energy saving and carbon reduction. (IV) The Company has not yet compiled statistics, but it has formulated an energy-saving and carbon-reducing policy. The Company has been using LED lighting and actively promoting environmental protection concepts such as turning off lights, conserving water and implementing resource classification to its employees. The company is doing the greenhouse gas inventory and verification schedule, and regularly reports to the board.	No material difference.
IV. Social Issues(I) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	V		(I) The Company follows the Universal Declaration of Human Rights, the United Nations Global Compact, the International Labor Organization's Declaration of Fundamental Principles and Rights at Work, the local laws and regulations, and the United Nations Guiding Principles on Business and Human Rights, and respects the basic human rights recognized worldwide, including freedom of association, care for the disadvantaged, prohibition of child labor, elimination of all forms of forced labor, and elimination of discrimination in employment, and complies with the local labor laws and regulations of the location where the Company operates. The Company cares about human rights, we believe in equal work rights regardless of race, gender or age.	No material difference.
(II) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	V		(II) The Company provides various statutory measures in accordance with the Labor Standards Act. The Company also provides various employee compensation and benefits to stimulate employees' long-term commitment and contribution, and to attract and retain talents by appropriately reflecting operational performance or achievements. The Company also provides many welfare benefits to its	No material difference.

				Implementation status	Difference from the
	Assessment Item	Yes	No	Summary and Explanation	Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
				employees. In addition to the labor insurance, health insurance, pension and parental leave as required by laws and regulations, we also appoint an employee welfare committee to conduct various activities and other welfare measures to promote harmonious labor relations.	
(III)	Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		 (III) The Company is committed to providing a safe and healthy working environment. We plan and inspect workplace safety, and implement education and training as well as annual health checkups and group insurance for each employee. 1. The office premises are secured by the security company, so that employees can work safely. 2. Workplace environmental health: We perform regular environmental disinfection every year to maintain the sanitation in the workplace. 3. Set up proper fire-fighting equipment and cooperate with government units to carry out fire safety inspections every year. 	No material difference.
(IV)	Has the Company established effective career development training plans?	V		(IV) The Company provides comprehensive internal and external education and training, employee training subsidies, and constructs a dual career development system. We are committed to assisting our employees to develop their talents and meet their career development needs and goals.	No material difference.
(V)	Does the Company's products and services comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' or customers' rights and consumer appeal procedures?	V		(V) The Company offers customers comprehensive and standardized procedures for handling customer complaints. The handling standards and timelines are set by the responsible unit, so that the company can regularly monitor the effectiveness of the implementation in order to improve the products and enhance the service process.	No material difference.

			Implementation status	Difference from the
Assessment Item	Yes	No	Summary and Explanation	Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
(VI) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	V		(VI) The Company requires all suppliers to sign the Subcontractor/Supplier Social and Environmental Responsibility Commitment, committing to comply with local mandatory labor, health and safety standards and applicable international conventions and ISO14001, OHSAS18001 and SA8000 standards, and be willing to abide by the Company's Code of Conduct and be audited for corporate social responsibility.	No material difference.
V. Does the Company prepare the sustainability report and other reports that disclose the company's non-financial information in accordance with the international reporting standards or guidelines? Has the said Report acquire 3rd certification party verification or statement of assurance?		V	The Company does not prepare the sustainability report.	The Company will do so in the future according to the Company's development needs and as required by the law.

VI. If the Company has its own sustainable development best practice principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies," please state the implementation status and the differences:

The Company does not establish the Sustainable Development Best Practice Principles.

VII. Any other important information that may help to understand the operation of sustainable development: None.

(VII) Execution status of climate-related information on OTC listings: Not applicable.

(VIII) Performance of ethical corporate management and differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons:

Assessed Items			Implementation Status	Non-implementation and its
Assessed items	Yes	No	Summary and Explanation	reasons
 I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (I) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team? 	V		(I) The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct", which are disclosed on the Company's website, in order to promote the policy of ethical management. The Company's internal management and external business activities are carried out in compliance with Ethical Corporate Management Best Practice Principles.	compliance with Articles 4,
(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	V		relevant laws and regulations specifying the procedures, guidelines for conduct, disciplinary actions and grievance system. The Company also defines misconduct in order to specify the	The Company is in compliance with Articles 2, 6, and 10-14 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(III)Special Assistance: Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	V		(III) The Company has established "Procedures for Ethical Management and Guidelines for Conduct", which are coordinated by the President's Office to prevent the occurrence of any illegal cases and to prevent the occurrence of unethical behavior through mechanisms such as audits by internal auditors and communication channels with external stakeholders. A review is also conducted periodically to revise the aforesaid procedures.	The Company is in compliance with Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

Assessed Items				Implementation Status	Non-implementation and its
		Yes No Summary and Explanation			reasons
II. Ethic Management Practice					
(I) Whether the company has assessed the ethics	V		(I)	We assess the legitimacy of new business contacts and the history	The Company is in
records of whom it has business relationship				of dishonesty before establishing business relationships with	compliance with Article 9 of
with and include business conduct and ethics				others to ensure that they are conducted in a fair and transparent	the Ethical Corporate
related clauses in the business contracts?				manner and do not solicit, offer nor accept bribes. Although it is	Management Best Practice
				not fully included in the contract between the parties, it will be	Principles for TWSE/GTSM
				included in the future when new contracts are signed.	Listed Companies.
(II) Whether the company has set up a unit which	V		(II)	The President's Office is responsible for promoting and	The Company is in
is dedicated to promoting the company's				overseeing the implementation of this policy and reports to the	compliance with Article 17
ethical standards and regularly (at least once a				Board of Directors annually on the status of the Company's	of the Ethical Corporate
year) reports directly to the Board of Directors				ethical management. The Company also discloses the "Ethical	Management Best Practice
on its ethical corporate management policy and				Corporate Management Best Practice Principles" and the	Principles for TWSE/GTSM
relevant matters, and program to prevent				"Procedures for Ethical Management and Guidelines for Conduct"	Listed Companies.
unethical conduct and monitor its				on the Company's website to encourage all employees and related	
implementation?)				parties to implement the ethical management policy.	
(III) Whether the company has established policies	V		(III)	In order to prevent conflicts of interest, the Company has	The Company is in
to prevent conflict of interests, provide				_	compliance with Articles 19
appropriate communication and complaint				Guidelines for Conduct" and the "Rules of Procedure for Board of	
channels and implement such policies					Corporate Management Best
properly?					Practice Principles for
				channels. The director, supervisor and managerial officer of the	TWSE/GTSM Listed
					Companies.
				director, supervisor and managerial officer or juristic person	
				represented by the them are interested party with respect to any	
				proposal for the Board of Directors, the director, supervisor and	
				managerial officer shall state the important aspects of the	
				interested party relationship at the Board of Directors. When	
				the relationship is likely to prejudice the interests of the Company,	
				the director, supervisor and managerial officer may not participate	
				in discussion or voting on that proposal and shall enter recusal	
				during the discussion and voting. The director also may not act as	

Assessed Items			Implementation Status	Non-implementation and its
		No	Summary and Explanation	reasons
			another director's proxy to exercise voting rights on that matter.	
(IV) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	V		(IV) The accounting system and internal control system established by the Company are audited by internal auditors as planned. The Company also performs self-evaluation on the internal control system annually and appoints PwC to perform audits to ensure the effectiveness of the design and implementation of the internal control system.	The Company is in compliance with Article 20 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(V) Does the company provide internal and external ethical conduct training programs on a regular basis?	V		(V) We take the initiative to send our employees to participate in external training and seminars on ethical management, and share successful stories of other companies in our regular meetings to promote and educate our employees on the importance of ethical management.	No material difference.
III. Implementation status of whistleblowing				
procedures (I) Does the company establish specific whistleblowing and reward procedures, set up conveniently accessible reporting channels, and designate responsible personnel to handle the reports received?	V		(I) At the 6th meeting of the 10th term of the Board of Directors on March 16, 2016, the Company resolved to establish "Procedures for Ethical Management and Guidelines for Conduct", which specifies the responsible unit, reporting channels, handling procedures, rewards and punishments, and complaint system. Please refer to the Company's website (http://www.wanshih.com.tw) → Corporate Social Responsibility → Major Internal Regulations. The Company discloses the contact information on the Company's website for anyone who finds that the Company's employee has violated the ethical management policy, he/she can directly report to the Company. The Company also has an internal mailbox for employees and related personnel to report any misconduct.	The Company is in compliance with Article 23 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(II) Whether the company has established standard operation procedures for investigating the	V		(II) The Company's "Procedures for Ethical Management and Guidelines for Conduct" have specified a whistleblowing system.	The Company is in compliance with Article 23

Assessed Items			Implementation Status	Non-implementation and its
Assessed items	Yes	No	Summary and Explanation	reasons
complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?				of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
(III) Does the company adopt proper measures to prevent improper treatment from retaliation for whistleblower?	V		(III) Based on the "Procedures for Ethical Management and Guidelines for Conduct", the Company shall keep the whistleblower's identification and the content of the report confidential, and shall commit to protect the whistleblower from being improperly punished as a result of filing the report.	The Company is in compliance with Article 23 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
IV. Information Disclosure Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?	V		Guidelines for Conduct" on the Company's website. The Company also discloses the implementation status of the ethical management and the measures taken on the Company's website and annual report. The	The Company is in compliance with Article 25 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

- V. If the company has its own ethical corporate management best practice principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please state the differences between its operation and the principles:

 In order to strengthen the ethical corporate culture and sustainable business environment, we have established the "Ethical Corporate Management Best Practice
- Principles" and "Procedures for Ethical Management and Guidelines for Conduct" with reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and relevant laws and regulations, in order to specifically regulate our employees in conducting business. There is no difference in the principle and practice of the regulation.
- VI. Other important information to facilitate better understanding of the company's implementation of ethical corporate management:
 - 1. When a proposal at a given Board of Directors concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, supervisors, managerial officers, and other stakeholders attending or present at the Board of Directors of the Company, the concerned person shall state the important aspects of the relationship of interest at the given Board of Directors. If his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. The directors shall practice self-discipline and must not support one another in improper dealings.
 - - (IX) Disclose the inquiry method if the company has formulated the code of corporate governance and relevant rules and regulations: Please refer to the Company's website (http://www.wanshih.com.tw) → About us → Corporate Social Responsibility → Corporate Governance Structure.
 - (X) 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.

(XI) The implementation status of the company's internal control system:

1. The statement of the Internal Control System of the Company Wanshih Electronic Co., Ltd.

The statement of the Internal Control System of the Company.

Date: March 17, 2023

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2022:

- I. The Company's Board of Directors and managerial officers are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The judgment items of the internal control system adopted in the "Regulations" are the process of management control, and the internal control system is divided into the following five components: 1. control environment, 2. risk assessment, 3. control operation, 4. information and communication, and 5. supervision operation. There are several items in each key components. Please refer to the Regulations for the preceding items.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the findings of such evaluation, the Company believes that, on December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.
- VI. This Statement is an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement has been approved by the Board of Directors of the Company on March 17, 2023. Of the <u>9</u> directors present, there was <u>no</u> objection, and the rest agreed with the contents of this Statement.

Wanshih Electronic Co., Ltd.

Chairman: Lake Chang

President: Lake Chang

- 2. If CPA was engaged to conduct a special audit of internal control system, provide its audit report: None.
- (XII) During the most recent year and up to the date of printing of the annual report, the punishment of the company and its insiders in accordance with the law, the company's punishment on its insiders for violating the provisions of the internal control system, and the major deficiencies and improvement: None.
- (XIII) Important resolutions of shareholders' meetings and Board of Directors in the most recent year and as of the date of printing of the annual report.
 - 1. Important resolutions and implementation status made at the annual regular shareholders' meeting and interim shareholders' meeting in 2022.

Date	Proposals	Implementation status		
2022.06.10 Regular Shareholders Meeting	Adoption of the 2021 Business Report and Financial Statements.	The Company has announced and disclosed the information on MOPS.		
	Adoption of the 2021 Earnings Distribution.	The Company's beginning retained earnings in 2021 were NT\$3,536,818, adding adjustment to retained earnings of NT\$47,492,762 and subtracting the after-tax loss of NT\$39,301,567 for the current period,deduct 10% of statutory surplus reserve according to law and set aside NT\$846,120,and reverse the special reserve of NT\$30,200,257 according to the law, distributable surplus for the current period NT\$41,352,150.		
	Approved the amendments to the Company's "Articles of Incorporation".	The Company has operated in accordance with the amended Articles of Incorporation.		
	Approved the amendments to the Company's "Procedures for the Acquisition or Disposal of Assets".	The Company has operated in accordance with the amended Procedures for the Acquisition or Disposal of Assets.		

2. Important resolutions of the Board of Directors for the year 2022 and up to the publication date of the annual report:

			Matters		Company's
			listed in		Response to
			Article 14-	Opinion	Independent
Date	Meeting	Proposals	3 of the	from all	Director's
Date	Session	Troposais	Securities	independent	Dissenting
			and	directors	Opinion or
			Exchange		Qualified
			Act		Opinion
		1. Approved the Company's 2021 financial			
		statements.			
		2. Approved the 2021 earnings distribution plan.			
	The 5th	3. Approved to set up the regular shareholders'			
2022.03.18	meeting	meeting in 2022.		None	None
	of the	4. Approved to apply for the renewal of credit			
	12th term	facilities of Suzhou Wanshih Electronic	V		
		Element Co., Ltd. with the Shanghai	•		
		Commercial & Savings Bank, Ltd., under the			

Date	Meeting Session	Proposals	Matters listed in Article 14- 3 of the Securities and Exchange Act	Opinion from all independent directors	Company's Response to Independent Director's Dissenting Opinion or Qualified Opinion
		endorsement and guarantee provided by the parent company. 5. Approved the Company's proposal to issue the second domestic secured convertible bonds. 6. Approved the Company's proposal to issue the second domestic secured convertible bonds and applied to Chinatrust Bank for a guarantee amount of NT\$200 million.	V		
		 7.Approved the Company's proposal to increase its investment in (VIETNAM) Wanshih Electronic Element Company Limited. 8.Approved the evaluation of the independence and suitability of the Company's certified public accountants and their appointment. 9. Approved the 2020 "Statement of Internal Control System" of the Company. 	V V		
		 10.On January 21, 2022, the Remuneration Committee resolved the salary adjustment for the Company's senior managerial officers. 11.On January 21, 2022, the Remuneration Committee resolved the amount of the year-end bonus for the Company's managerial officers for 2021. 			
		12.Approved the amendments to the Company's "Articles of Incorporation". 13.Approved the amendments to the Company's "Procedures for the Acquisition or Disposal of Assets".	V		
2022.05.13	The 6th meeting of the 12th term	 Approved the Company's financial statements for Q1 2022. Approved the Company's loaning of funds of US\$1 million to the associate (VIETNAM) Wanshih Electronic Element Company Limited. Approved to apply for credit line and renewal of contract of KGI Bank and Hua Nan Commercial Bank. 	V	None	None
2022.06.16	The 7th meeting of the 12th term	 Approve Finance and Accounting Supervisor appointment and dismissal proposal. Approve Auditing Director appointment and dismissal proposal. 	V V	None	None
2022.08.09	The 8th meeting of the 12th term	 Approved the Company's financial statements for Q2 2022. Approved the Company's loaning of funds of US\$1.5 million to the subsidiary Suzhou Wanshih Electronic Element Co., Ltd. Approved to apply for credit line and renewal 	V	None	None

Date	Meeting Session	Proposals	Matters listed in Article 14- 3 of the Securities and Exchange Act	Opinion from all independent directors	Company's Response to Independent Director's Dissenting Opinion or Qualified Opinion
		of contract of Cathay United Bank and Yuanta Bank. 4. Approve increase Wonderful High-tech equity investment proposal. 5. Approved the salary adjustment proposal for the newly promoted senior managements in the company. 6. Approved the salary adjustment for the senior managerial officers of the Company.			
2022.11.11	The 9th meeting of the 12th term	 Approved the Company's financial statements for Q3 2022. Approved to apply for credit line and renewal of contract of Mega Bank and Shanghai Bank. The amendment to the Company's "Rules of Procedure for Board of Directors Meetings". 		None	None
2022.12.20	The 10th meeting of the 12th term	 Approved to establish the Company's 2023 Business Plan. Approved the extension of credit line from China Trust Bank. Approved to apply for the renewal of credit facilities of Suzhou Wanshih Electronic Element Co., Ltd. with the China Trust Bank, under the endorsement and guarantee provided by the parent company. Approved to establish the Company's 2023 Internal Audit Plan. Approve amendments to "Acquisition or Disposal of Assets Handling Procedures" to increase lease area and amount of use- of-use assets to related party proposal. 	V	None	None
2023.03.17	The 11th meeting of the 12th term	 1.Approved the Company's 2022 financial statements. 2. Approved the Company's 2022 Loss make-up proposal. 3.Approved to set up the regular shareholders' meeting in 2023. 4. Approved to apply for the renewal of credit facilities of Suzhou Wanshih Electronic Element Co., Ltd. with the Shanghai Commercial & Savings Bank, Ltd., under the endorsement and guarantee provided by the parent company. 5.Approved to apply for credit line and renewal of contract of Taiwan Cooperative Bank 6. Approved to apply for replacement of certified public accountant. 7.Approved the evaluation of the independence and suitability of the Company's certified 	V	None	None

Date	Meeting Session	Proposals	Matters listed in Article 14- 3 of the Securities and Exchange Act	Opinion from all independent directors	Company's Response to Independent Director's Dissenting Opinion or Qualified Opinion
		public accountants and their appointment. 8. Approved the 2022 "Statement of Internal Control System" of the Company. 9. Approved the amount of 2022 year-end bonus for the Company's managerial officers. 10. Approved the amendment to the Company's "Rules of Procedures for Shareholders Meetings". 11. Approved the amendments to the Company's "Procedures for the Acquisition or Disposal of Assets". 12. The amendment to the Company's "Rules of Procedure for Board of Directors Meetings".	V		

- (XIV) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.
- (XV) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's personnel related to the financial statement reporting include Chairman, President, Head-Finance & Accounting, Chief Financial Officer, Chief Internal Auditor, Chief Corporate Governance Officer, and Chief Research and Development Officer: None.

Position	Name	Date elected	Date dismissed	Reason for resignations and dismissals
Chief Financial Officer	VII Heili Hell		2022/06/30	Resignations Inter-group position transfer- Wonderful High-tech
Chief Internal Auditor	Wen-Yi Chu	2018/12/20	2022/06/30	Position transfer (Chief Financial Officer appointment)

V. Information Regarding the Company's CPAs

Accounting firm	Name of CPA		Audit period	Remark
PwC Taiwan	Po- Chuan Lin	Shu- Chiung Chang	2022	None

Unit: NTD Thousands

Fe	Professional Fees e Range	Audit Fees	Non-Audit Fees	Total
1	Under \$2,000 thousand		969	969
2	\$2,000 thousand (included) to \$4,000 thousand	2,525		2,525
3	\$4,000 thousand (included) to \$6,000 thousand			
4	\$6,000 thousand (included) to \$8,000 thousand			
5	\$8,000 thousand (included) to \$10,000 thousand			

Unit: NTD Thousands

				Non-Au	ıdit Fees			CPA's	
Accounting firm	Name of CPA	Audit Fees	System (policy) design	Business Registration	Human resource	Others	Subtotal	Andit	Remark
PwC Taiwan	Po- Chuan Lin Shu- Chiung Chang	2,525				969	969	2022	1.Assist in translating in Japanese 2.Issuance of transfer pricing report 3.Tax auditing 4.Accounting treatments for Convertible Corporate Bonds

- (I) The proportion of non-audit fees paid to the attesting certified public accountants and to the accounting firm to which they belong and to any affiliated enterprises is at least one-fourth of the audit fees: No such situation.
- (II) If the accounting firm is changed and the audit fee paid in the year of change is less than that in the year before the change, disclose the amount and percentage of and reason for the reduction inaudit fees: No such situation.
- (III) The audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10% or more, disclose the amount and percentage of and reason for the reduction in audit fees: No such situation.

VI. Information on replacement of certified public accountant: None.

VII. Whether the chairman, president, or managerial officer in charge of financial or accounting affairs of the company has worked in the firm of the CPAs or its affiliated enterprises in the past year: None.

VIII. For the most recent year and as of the publication date of the annual report, equity transfer and equity pledge by directors, supervisors, managerial officers an shareholders with a shareholding ratio of more than 10%

(I) Changes in shareholdings:

Unit: shares

					Unit: snares
		2022		As of Apri	
Position	Name	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman	Lake Chang	50,000	• •	0	0
Director	Wonderful Hi- Tech Co., Ltd.	(1,000,000)	0	0	0
Director	Representative: Ringo Chang	0	0	0	0
Director	Asahi Communications Co., Ltd.	0	0	0	0
	Representative: Kanno Takanobu	0	0	0	0
Director	Japan Automatic Machine Co., Ltd.	0	0	0	0
Director	Representative: Mizuno Masafumi	0	0	0	0
Independent Director	Tu-Tsun Tsai	0	0	0	0
Independent Director	Jui-Ming Chang	0	0	0	0
Independent Director	Chao-Hsiang Cheng	0	0	0	0
Independent Director	Cheng-Ho Hsiao	0	0	0	0
Director/Vice President	Ping-Che Lee	0	0	0	0
Vice President	Li-Hsin Peng	0	0	0	0
Vice President	Jung-Nan Lien	0	0	0	0
Division Assistant Vice President, Finance Division	Yu-Hsiu Hsu(Note 1)	4,797	0	0	0
Division Manager, Finance Division	Wen-Yi Chu(Note 1)	2,005	0	(2,005)	0
Division Assistant Vice President, Administrative Division	Chih-Chuan Kuo	0	0	0	0
Division Assistant Vice President, Wire (Harness) Division	Chih-Hao Tu(Note 2)	0	0	30,000	0
Division Assistant Vice President, Millimeter Wave Division	Yu-Cheng Lin	0	0	0	0

Note 1: The company's personnel changes dated 2022/07/01 only reveal term of service information. Note 2: The company's personnel changes dated 2023/03/01 only reveal term of service information.

(II) Information on the share transfer:

April 11, 2023

Name	Reason for transferring the share	Transaction Date	Trading Counterpart	Relationship between the trading counterpart and the company, the directors, supervisors, managerial officers and shareholders holding more than 10% of the shares	Number of Share	Transaction price
Wonderful Hi-Tech Co., Ltd.	Disposed	2022/01	Sold from OTC	None	1,000,000	-
Lake Chang	Acquired	2022/05	Acquired from OTC	None	50,000	-
Yu-Hsiu Hsu	Acquired	2022/06	Acquired from OTC	None	4,797	-
Wen-Yi Chu	Amendment	2023/02	None	None	2,005	-

(III) Information on the share pledge:

Unit: Thousand Shares

						0 11111 1	iio abaiia	- 211W1 45
Name	Reasons for pledge change	Date of change	Trading Counterpart	Relationship between the trading counterpart and the company, the directors, supervisors, and shareholders holding more than 10 percent of the shares	Number of Share	Shareholding %	Pledge %	Amount pledged
Wonderful Hi-Tech Co., Ltd.	Pledge	2021.06.28	E.SUN Commercial Bank	None	3,584	24.55	20.12	-

IX. Information on the relationship among the top ten shareholders in terms of shareholding ratio who are related persons, spouses or second-tier relatives

April 11, 2023

Name	Number of shares held in person		Number of shares held by spouse and children of minor age		Total number of shares held under other persons' names		The names and relationships of the top ten shareholders who are related parties or are related to each other as a spouse or second degree of kinship	
	Number of Share	Share holding (%)	Number of Share	Share holding (%)	Number of Share	Share holding (%)	Name (or Name)	Relation
Wonderful Hi- Tech Co., Ltd.	17,816,272	24.55	0	0	0	0	None	None
Wonderful Hi- Tech Co., Ltd. Representative: Ringo Chang	33,930	0.05	39,251	0.05	0	0	Lake Chang	father and son
Asahi Communications Co., Ltd.	13,723,175	18.91	0	0	0	0	None	None
Asahi Communications Co., Ltd. Representative: Kanno Takanobu	282,198	0.39	0	0	0	0	None	None
FCN Fullconn Industry Inc.	5,000,000	6.89	0	0	0	0	None	None
Japan Automatic Machine Co., Ltd.	1,620,262	2.23	0	0	0	0	None	None
Representative of Japan Automatic Machine Co., Ltd.: Mizuno Masafumi	33,892	0.05	0	0	0	0	None	None
Lake Chang	1,290,000	1.78	0	0	0	0	Ringo Chang	father and son
Hsiang-Liang Sung	370,000	0.51	0	0	0	0	None	None
Shang-Chi Ruan	300,000	0.41	0	0	0	0	None	None
Kanno Takanobu	282,198	0.39	0	0	0	0	None	None
Hung-Jen Chen	270,000	0.37	0	0	0	0	None	None
Morgan Stanley & Co. International Plc	262,000	0.36	0	0	0	0	None	None

X. The number of shares held by the company, its directors, supervisors, managerial officers and the company's indirectly controlled enterprises in the same reinvested enterprise, and the consolidated shareholding ratio

April 11, 2023 Unit: Thousand Shares; %

					11000	and Shares, 70
Investment Business	Invested by the Company		directors manageria compani	ent made by , supervisors, al officers and es directly or ontrolled by them	Consolidated Investments	
	Number of	Shareholding	Number of	Shareholding		Shareholding
	Share	(%)	Share	(%)	of Share	(%)
Wanshih (H.K) Electronic Co., Ltd.	9,593	53.29	7,987	44.38	17,580	97.67
Suzhou Wanshih Electronic Element Co., Ltd.	-	87.26	-	12.74	-	100.00
Suzhou Wanshih Optical Communication Co., Ltd.	-	87.26	1	12.74	-	100.00
Asahi Best Base Snd. Bhd.	200	0.99	17,068	84.47	17,268	85.46
Bright Master Co., Ltd.	-	100.00	-	-	-	100.00
Siyang Wanshih Electronic Element Co., Ltd.	-	87.26	-	12.74	-	100.00
Dongguan Humen Wanshih Electronic Co., Ltd.	-	53.29	-	44.38	-	97.67
Weicheng Electronic Element Limited.	1	87.26	1	12.74	-	100.00
(Thailand) Wanshih Electronic Element Company Limited.	1	100.00	ı	1	-	100.00
(VIETNAM) Wanshih Electronic Element Company Limited.	-	100.00	1	-	-	100.00
Data Lake Co., Ltd.	1,600	40.00	800	20.00	2,400	60.00
Wei Li Innovative Co., Ltd.	400	22.22	-	-	400	22.22
Millimeter Wave Tech Co., Ltd.	650	65.00	300	30.00	950	95.00
Draco Electronics, LLC.	-	60.00	-	-	-	60.00

Four. Fund Raising Status

I. Capital and Shares

- (I) Source of capital and types of share
 - 1. Source of share capital

April 11, 2023

		Authori	zed capital	Paid-in	capital	Remarks			
3 7 /	Issuance				_		Contribution to		
Year/	price	Shares (in	Amount	Shares (in	Amount	Source of share	share capital		
month	(NTD)	thousand)	(in thousand)	thousand)	(in thousand)	capital	with non-cash	Others	
						-	assets		
						Fund for			
1987/06	10	20	20,000	20	20,000	incorporation:	None	None	
						\$20,000			
						Capital increase			
1993/02	10	24	24,000	24	24,000	from earnings	None	None	
						\$4,000			
						Capital increase			
1994/05	10	34	34,000	34	34,000	from earnings	None	None	
						\$10,000			
						Capital increase			
1997/10	10	46	46,000	46	46,000	from earnings	None	None	
						\$12,000			
						Capital increase			
1998/09	10	62	62,000	62	62,000	from earnings	None	None	
						\$16,000			
						Capital increase			
1999/12	10	90	90,000	90	90,000	from earnings	None	None	
				\$28,000					
						Cash capital			
						increase of			
2000/05	10	20,000	200,000	15 000	150,000	\$30,000	None	None	
2000/03	10	20,000	200,000	15,000	130,000	Capital increase	None	None	
						from earnings			
						\$30,000			
						Cash capital			
						increase of			
2001/06	10	20,800	208,000	20,200	202 000	\$15,000 Capital increase	None	Note 1	
2001/00	10	20,000	208,000	20,200	202,000	Capital increase	None	Note 1	
						from earnings			
						\$37,000			
						Cash capital			
						increase of			
2002/09	10	33,000	330,000	26,500	265,000	\$30,000	None	Note 2	
2002/09	10	33,000	330,000	20,300	203,000	Capital increase	None	Note 2	
						from earnings			
						\$33,000			
						Capital increase			
2003/08	10	33,000	330,000	30,600	306,000	from earnings	None	Note 3	
						\$41,000			

		Authoriz	zed capital	Paid-in	capital		Remarks	
Year/ month	Issuance price (NTD)	Shares (in thousand)	Amount (in thousand)	Shares (in thousand)	Amount (in thousand)	Source of share capital	Contribution to share capital with non-cash assets	Others
2004/08	10	57,000	570,000	39,000	390,000	Capital increase from earnings \$53,400 Capital increase from capital surplus \$30,600	None	Note 4
2006/03	10	57,000	570,000	49,000	490,000	Cash capital increase of \$100,000	None	Note 5
2006/08	10	57,000	570,000	54,000	540,000	Capital increase from earnings \$5,900 Capital increase from capital surplus \$44,100	None	Note 6
2007/08	10	100,000	1,000,000	60,000	600,000	Capital increase from earnings \$60,000	None	Note 7
2008/07	10	100,000	1,000,000	66,900	669,000	Capital increase from earnings \$69,000	None	Note 8
2009/02	10	100,000	1,000,000	65,700	657,000	Capital reduced from treasury shares \$12,000	None	Notes 9 and 10
2009/08	10	100,000	1,000,000	68,985	689,850	Capital increase from earnings \$32,850	None	Note 11
2010/08	10	100,000	1,000,000	82,782	827,820	Capital increase from earnings \$137,970	None	Note 12
2012/04	10	100,000	1,000,000	82,680	826,800	Capital reduced from treasury shares \$1,020	None	Note 13
2014/02	10	100,000	1,000,000	89,800	898,000	Cash capital increase of \$71,200	None	Note 14
2016/11	10	100,000	1,000,000	92,800	928,000	Conversion of new shares from corporate bonds \$30,000	None	Note 14
2017/03	10	100,000	1,000,000	94,271	942,706	Conversion of new shares from corporate bonds \$14,706	None	Note 14

		Authori	zed capital	Paid-in	capital	-	Remarks	
Year/	Issuance						Contribution to	
month	price	Shares (in	Amount	Shares (in	Amount	Source of share	share capital	Others
monui	(NTD)	thousand)	(in thousand)	thousand)	(in thousand)	capital	with non-cash	Others
							assets	
						Capital		
						reduction for		
						offsetting losses		
2020/11	10	150,000	1,500,000	72,580	725,799	\$266,906	None	Note 15
2020/11	10	130,000	1,300,000	72,360	123,133	Issuance of new	None	Note 15
						shares (private		
						placement)		
						\$50,000		

- Note 1: Approved by the Securities and Futures Commission of the Ministry of Finance on April 30, 2001 by Letter (90) Tai-Cai-Zheng-(I)-Zi No. 122380.
- Note 2: Approved by the Securities and Futures Commission of the Ministry of Finance on May 30, 2002 by Letter (91) Tai-Cai-Zheng-(I)-Zi No. 128202.
- Note 3: Approved by the Securities and Futures Commission of the Ministry of Finance on June 19, 2003 by Letter (92) Tai-Cai-Zheng-(I)-Zi No. 0920127284.
- Note 4: Approved by the Securities and Futures Commission of the Ministry of Finance on June 4, 2004 by Letter (93) Tai-Cai-Zheng-(I)-Zi No. 0930124744.
- Note 5: Approved by the Financial Supervisory Commission of the Executive Yuan on January 2, 2006 by the Letter Jin-Guan-Zheng-Yi-Zi No. 0940158755.
- Note 6: Approved by the Financial Supervisory Commission of the Executive Yuan on June 21, 2006 by the Letter Jin-Guan-Zheng-Yi-Zi No. 0950125419.
- Note 7: Approved by the Financial Supervisory Commission of the Executive Yuan on July 2, 2007 by the Letter Jin-Guan-Zheng-Yi-Zi No. 0960033432.
- Note 8: Approved by the Financial Supervisory Commission of the Executive Yuan on June 26, 2008 by the Letter Jin-Guan-Zheng-Yi-Zi No. 0970031879.
- Note 9: Approved by the Financial Supervisory Commission of the Executive Yuan on November 4, 2008 by the Letter Jin-Guan-Zheng-San-Zi No. 0970060132.
- Note 10: Approved by the Financial Supervisory Commission of the Executive Yuan on December 31, 2008 by the Letter Jin-Guan-Zheng-San-Zi No. 0970072108.
- Note 11: Approved by the Financial Supervisory Commission of the Executive Yuan on June 24, 2009 by the Letter Jin-Guan-Zheng-Zi No. 0980031548.
- Note 12: Approved by the Financial Supervisory Commission of the Executive Yuan on June 23, 2010 by the Letter Jin-Guan-Zheng-Fa-Zi No. 0990032296.
- Note 13: Approved by the Financial Supervisory Commission of the Executive Yuan on January 20, 2012 by the Letter Jin-Guan-Zheng-Jiao-Zi No. 1010002962.
- Note 14: Approved by the Financial Supervisory Commission of the Executive Yuan on November 20, 2013 by the Letter Jin-Guan-Zheng-Fa-Zi No. 10200441481.
- Note 15: Approved by the Financial Supervisory Commission of the Executive Yuan on November 5, 2020 by the Letter Jin-Guan-Zheng-Fa-Zi No. 1090372043.

2. Type of shares

April 11, 2023

Type of	A	Authorized capital				
Type of shares	No. of shares outstanding	No. of shares unissued	Total	Remarks		
Common share	72,584,549	77,415,451	150,000,000			

3. Information on Shelf Registration System: Not applicable.

(II) Shareholder structure

April 11, 2023

Shareholder structure Number	Government agencies	Financial institutions	Other legal persons	Individual	Foreign institutions and foreigners	Total
Number of people	0	1	92	10,665	21	10,779
Number of shares held	0	188,148	22,977,714	33,060,240	16,358,447	72,584,549
Shares Ratio	0	0.26%	31.66%	45.54%	22.54%	100%

Note: Primary TWSE and TPEx listed companies and Emerging Stock companies should disclose the shareholding ratio of Mainland Chinese investors. "Mainland Chinese investors" means citizens, legal entities, groups, or other institutions of the Mainland China area, or a company in which the same have invested in a third jurisdiction as provided in Article 3 of the Regulations Governing Permission for People from the Mainland Area to Invest in the Taiwan Area.

(III) Diffusion of ownership of common shares

April 11, 2023

			April 11, 2023
Range of no. of shares held	Number of shareholders	Number of shares held	Shareholding (%)
1 to 999	5,181	603,497	0.83%
1,000 to 5,000	4,533	9,251,464	12.75%
5,001 to 10,000	586	4,596,348	6.33%
10,001 to 15,000	128	1,619,683	2.23%
15,001 to 20,000	104	1,938,438	2.67%
20,001 to 30,000	90	2,354,344	3.24%
30,001 to 40,000	41	1,477,128	2.04%
40,001 to 50,000	25	1,156,020	1.59%
50,001 to 100,000	45	3,252,905	4.48%
100,001 to 200,000	34	4,894,815	6.74%
200,001 to 400,000	7	1,990,198	2.74%
400,001 to 600,000	0	0	0.00%
600,001 to 800,000	0	0	0.00%
800,001~ 1,000,000	0	0	0.00%
1,000,001 or above	5	39,449,709	54.36%
Total	10,779	72,584,549	100.00%

(IV) List of major shareholders

April 11, 2023

Shares Name of major shareholder	Number of shares held	Shareholding (%)
Wonderful High-tech Co., Ltd.	17,816,272	24.55
Asahi Communications Co., Ltd.	13,723,175	18.91
Fullconn Industry Inc.	5,000,000	6.89
Japan Automatic Machine Co., Ltd.	1,620,262	2.23
Lake Chang	1,290,000	1.78
Hsiang-Liang Sung	370,000	0.51
Shang-Chi Ruan	300,000	0.41
Kanno Takanobu	282,198	0.39
Hung-Jen Chen	270,000	0.37
Morgan Stanley & Co. International Plc	262,000	0.36
Total	40,933,907	56.40

(V)Share price, net worth per share, earnings per share, and dividends per share information

Item	Year	2021	2022	As of March 31 of the current year (Note 8)
Chana mai aa	Highest	36.5	33.2	22.04
Share price (Note 1)	Lowest	11.95	15.8	19.6
(Note 1)	Average	25.58	26.01	24.6
Net worth per share	Before distribution	12.30	10.23	10.58
(Note 2)	After distribution	=	-	-
Earnings per share	Weighted average number of shares (thousand shares)	72,580	72,580	72,581
(EPS)	Earnings per share (Note 3)	(0.54)	(0.91)	(0.10)
	Cash dividends	-	0.1	-
D: :1 1 1	Bonus	=	-	-
Dividends per share	shares	-	-	-
	Cumulative unpaid dividends (Note 4)	-	-	-
	Price earnings ratio (Note 5)	NA	NA	NA
Return on investment	Price-dividend ratio (Note 6)	-	260.1	-
	Cash dividend yield (Note 7)	-	0.38%	-

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

- Note 1: List the highest and lowest market price of common shares in each fiscal year and calculate the average market price by weighing transacted prices against transacted volumes in each respective fiscal year.
- Note 2: Calculate the net worth per share based on the number of outstanding shares at yearend.

 Calculate the amount of distribution based on the amount resolved by the board of directors or resolved in the next year's shareholders meeting.
- Note 3: If retrospective adjustments are required because of issuance of stock dividends, the earnings per share should be disclosed in the amounts before and after the retrospective adjustments.
- Note 4: If equity securities are issued with terms that allow undistributed dividends to be accrued and accumulated until the year the Company makes profit, the amount of cumulative undistributed dividends up until the current year should be disclosed separately.
- Note 5: Price/earnings ratio = average closing price per share for the year / earnings per share.
- Note 6: Price / dividend ratio = average closing price per share for the year / cash dividends per share.
- Note 7: Cash dividend yield = cash dividend per share / average closing price per share for the year.
- Note 8: Net worth per share and earnings per share are based on audited (auditor-reviewed) data as at the latest quarter before the publication date of the annual report. For all other fields, calculations

are based on the data for the current year as of the date of publication of the annual report. (VI) Dividend policy and implementation status

1. Dividend policy as stipulated in the Company's Articles of Incorporation: When the Company makes a profit in a year, 2% to 5% of the pre-tax profit before deducting the remuneration to employees and remuneration to directors and supervisors shall be appropriated as employees' compensation and up to 2% as remuneration to directors and supervisors. However, the Company should reserve the amount to make up for any accumulated losses in advance.

The distribution of employees' compensation shall be resolved by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and in addition, thereto a report of such distribution shall be submitted to the shareholders' meeting.

When the Company's annual final accounts show a surplus, the Company shall first pay taxes and make up for accumulated deficits, and then set aside 10% of the legal reserve, except when the legal reserve has reached the Company's total paid-in capital. The Company also sets aside or reverses the special reserve depending on the Company's operating needs and legal regulations, and if there is still a surplus, the Board of Directors shall, proposes a resolution to the shareholders' meeting to distribute the remaining surplus together with the accumulated undistributed surplus from previous years, and the amount of the distribution shall not exceed 75% of the current year's after-tax earnings.

The Company's dividend policy is divided into cash dividends and stock dividends, of which cash dividends shall not be less than 10% of the total dividends, except that if the cash dividend per share is less than \$0.10, stock dividends may be paid instead.

2. The proposed distribution of dividends at the shareholders' meeting is as follows: The Company has proposed the following statement of profit and loss distribution for fiscal 2022 as a result of net loss after tax:



	Син. 111ф
<u>Item</u>	Amount
Unappropriated retained earnings at the beginning of the period	34,094,160
Add: Retained earnings adjustment for fiscal 2022 (Note 1)	(5,872,563)
Add: Net loss after tax for fiscal 2022	(66,109,154)
Deficit yet to be compensated at the yearend	(37,887,557)

Note 1: The actuarial gain of \$274,101 on the benefit plan due to actuarial report adjustments, income taxes related to components of other comprehensive income and loss (\$54,821) and changes in ownership interests in subsidiaries (\$6,091,843).

Chairman: Lake Chang



Managerial officer:

Lake Chang



Head-Finance&Accounting:

Unit: NT\$

Wen-Yi Chu



(VII) Impact of the stock dividend distribution proposed by the shareholders' meeting on the Company's operating performance and earnings per share: There is no stock dividend distribution proposed to this shareholders' meeting, so it is not applicable.

(VIII) Employees' Compensation and Remuneration to Directors and Supervisors

- 1. The information on the employees' compensation and remuneration to directors and supervisors in Articles of Incorporation is as follow:
 - Article 27: When the Company makes a profit in a year, 2% to 5% of the pre-tax profit before deducting the remuneration to employees and remuneration to directors and supervisors shall be appropriated as employees' compensation and up to 2% as remuneration to directors and supervisors.

 However, the Company should reserve the amount to make up for any accumulated losses in advance. The distribution of employees' compensation shall be resolved by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and in addition, thereto a report of such distribution shall be submitted to the shareholders' meeting.
- 2. The basis for estimating the amount of employees' compensation, remuneration to directors and supervisors is to allocate 2% to 5% of the pre-tax profit before deducting employees' compensation and remuneration to directors and supervisors as employees' compensation, and up to 2% as directors' and supervisors' compensation.

 Any difference between the actual distribution amount and the estimated amount is recognized as current expense in the year of distribution.
- 3. Remuneration distribution approved by the Board of Directors: The Company's net loss after tax for 2022 is NT\$66,109,154. In accordance with the Company's Articles of Incorporation, no employee and director compensation will be paid due to the loss for the year.
- 4. The actual distribution of employees' compensation and remuneration to directors and supervisors in the previous year:

Unit: NTD Thousands

	March 18, 2022	June 10, 2022	
Item	Resolved by the	Resolved by the	Difference
	Board of Directors	Board of Directors	
Remuneration to directors and	-	-	-
supervisors			
Employee bonuses are paid in cash	-	-	-
Employee bonuses are paid in stock	-	-	-

(IX) The company's buyback of its shares: None.

II. Issuance of Corporate Bonds:

(I) Issuance of corporate bonds

Corporate bond type	The second domestic secured convertible bond
Issuance (processing) date	June 14, 2022
Face Value	NT\$ 100,000
Issuance and transaction place	Issued domestically and listed on the TPEx
Issue price	NT\$ 116.2300

Total amount		NT\$ 200,000,000		
interest rate		Coupon rate 0%		
Maturity		Three years Maturity date: June 14, 2025		
Gua	rantee institution	CTBC Bank Co., Ltd.		
Tru	stee	The Shanghai Commercial & Savings Bank, Ltd.		
		CTBC Securities Co. Ltd.		
Und	lerwriting institution	Taiwan Cooperative Securities Investment Trust Co., Ltd.		
	· ·	Tachan Securities CO.,Ltd.		
Cer	tified public lawyer	Handsome Attorneys-at-law Attorney Yang-Wen Chiu		
Cer	tified public accountants	PwC Taiwan CPA Po-Chuan Lin, CPA Shu-Chiung Chang		
Repayment Methods		The principal shall be repaid in cash at face value upon maturity, except in cases of conversion by the creditor, early redemption by the Company, early resale by the creditor, or repurchase and cancellation by the Company.		
Out	standing principal	NT\$ 199,900,000		
Cov	venants for redemption or early	Please refer to the prospectus of this convertible bond for		
repa	ayment	further information.		
Res	trictive covenants	None		
	ne of credit rating agency, rating e, rating result of corporate bonds	None		
	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	4,651 shares		
ner ttac	Issuance and conversion, exchange or subscription method	For more details, please refer to the Market Observation Post System (at http://mops.twse.com.tw). Click on investment section/Corporate Bonds and look for company code "6134".		
sub dilu sha	nance and conversion, exchange or scription method, issuing condition attion and impact on existing reholders' equity	Not applicable		
Name of transfer agent for the transfer subject matter		Not applicable		

(II) Information on corporate bond conversion

Corporate bond type		Second domestic secured convertible bonds		
Year Item		2022	Up to April 11, 2023 for the current year	
Market price	Highest	120.05	129	
of the	of the Lowest		108	
corporate bond	Average	113.58	118.25	
Conversion price		21.50 21.50		
Issue date and conversion		June 14, 2022		
price at issuance		21.60		
Performance of conversion obligation method		Issuance of new shares		

- (III) Detailed information on convertible corporate bonds: None.
- (IV) Summary of bonds issues: None.
- (V) Detailed information on corporate bonds with warrants: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of Global Depositary Receipt: None.

V. Exercise of employee share subscription warrants

- (I) Employee subscription warrants: None.
- (II) Names and Acquisition and Subscription Status of Managerial Officers Who Have Acquired Employee Share Subscription Warrants and the Top Ten Employees (Ranked by the Number of Subscribed Shares) Who Have Acquired Share Subscription Warrants: None.

VI. New restricted employee shares: None.

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

VIII. Implementation of the company's capital allocation plans:

(I) The Company issued the 2nd domestic secured convertible corporate bonds which were approved via the letter no. 1110339560 issued by Financial Supervisory Commission dated May 9, 2022. All the funds application and process is completed. Fund application details were as follows:

Unit: NT\$

Plan items	Implementation status		as of 2022	Reasons for over- or under-progress and improvement plans	
	Amount used	Estimated	108,701,000		
Paying off bank loans	Implementation progress %	Actual	100%	Not applicable.	
Strengthen the	Amount used	Estimated	139,942,000		
company's working capital	Implementation progress %	Actual	100%	Not applicable.	
	Amount used	Estimated	248,643,000		
Total	Implementation progress %	Actual	100%		

(II) Implementation status

Basic financial analysis, financial structure and solvency analysis of the Company for the most recent year.

Unit: NTD Thousands

Item		2022	2021	Increase (decrease)
	Current asset	1,057,961	1,101,115	(43,154)
Basic	Current liability	594,923	670,100	(75,177)
financial information	Total liabilities	860,357	746,293	114,064
	Interest expense	10,826	7,337	3,489
	Operating Revenue	1,445,754	1,673,707	(227,953)
	Earnings per share (EPS) (NT\$)	(0.91)	(0.54)	(0.37)
Financial	Debt to assets ratio	49.98%	42.81%	7.17%
structure (%)	Long-term fund to property, plant and equipment ratio	422.36%	381.20%	41.16%
Solvency	Current ratio	177.83%	164.32%	13.51%
(%)	Quick ratio	135.84%	128.10%	7.74%

I. Business Content

- (I) Scope of businesses
 - 1. Major lines of business
 - (1) Cable assembly and related components assembly and sales.
 - (2) Electronics components manufacturing.
 - (3) Finished product assembly service.
 - (4) R&D, design, manufacture and sales of mechanical equipment.
 - (5) R&D, manufacturing and sales of automobile safety management system equipment.
 - (6) The SMT surface mounting and precision processing services and the overall mechanism design, assembly, testing and packaging services.
 - (7) Development and manufacturing of WIFI6(6E) and WiFi 7 antennas.
 - (8) Millimeter wave (mmWave) radar.

2. Revenue proportion

Unit: NTD Thousands

Product Name	Operating revenue in	Weight of operating
Froduct Name	2022	revenue
Video Surveillance	322,237	22%
Automobile Electronics	277,512	19%
Netcomm Industrial Control	269,611	19%
Other Products	158,138	11%
Computer Wiring	142,147	10%
Medical Products	116,280	8%
SMT Modules	97,935	7%
TV Products	61,894	4%
Total	1,445,754	100%

3. The Company's current main products and services

(1) Wire Harness:

Includes internal and external wire harnesses for IT products. The products applied to consumer electronics and smart home products include: NB, tablet PC, smart TV, smart phone, smart control appliance, wearable device, drone, AR/VR smart device, desktop computer, industrial computer, monitor, projector, digital camera, DVD, digital video recorder and other digital products. Cable for medical equipment is used in ultrasound, ECG, endoscopy and other devices. Automobile wire is applied to automobile peripherals, electric vehicles such as surround-view display, window lift, instrumentation, audio-visual entertainment system, digital instrument panel (large screen display), central control system, etc. and electric bicycle related. Wires for the industrial control industry are applied to electrical equipment, smart meters, servers, robotic arms, and waterproof and special specification grade wire sets.

(2) Antenna:

Includes internal and external antenna, MIMO antenna, LTE antenna, WiFi antenna, Bluetooth antenna, Sub6G antenna, for IT products. The applications cover smart home networking devices, smart city networking devices, small base stations,

security monitors, industrial networking devices, medical networking devices, smartphones, NBs, tablets, OCAs, PCs, TVs, and other products.

(3) SMT surface mounting:

Applied to cell phone and NB fingerprint module, camera module, car LCD dashboard, car audio-visual entertainment navigation module, car windows, air conditioner, defogger, gearshift, Buzzers, smart network cards for automotive T-box (telemetric box) and servers and other control modules.

(4) On mmWave:

Including 24GHz/60GHz radar for bio signal detection and presence detection

4. New products planned for development

- (1) USB 4 Gen3 C to C cable (40G) with high-speed transmission cable and PD function, which can reach 5A/20V/100W and has been certified by USB-IF Association. In response to the customization requirements for cable lengths used in consumer applications and AR/VR, we will develop USB 4 Active Cables of long meter lengths to enhance the comprehensiveness of product lineups.
- (2) To respond the demand from consumer displays for internal wirings to provide the high-resolution and high-quality esports graphics in the high-frequency and high-speed environment, we will develop LVDS (Low-Voltage Differential Signaling) cables for high-speed 5G transmission. The accompanying super low-loss materials can also be used in servers, autonomous driving and high-speed data transmission.
- (3) To promote the Xpert Gear brand, in addition to increasing the development of high-speed wire such as USB4 and HDMI 2.1, we also added multi-materials for the new brand products, and introduced bending resistant wire with metal structure to highlight the diversity of customized products. We have launched the Xpert Gear brand on domestic and overseas e-commerce platforms and we plan to introduce the cross-border e-commerce operations to promote new products through the B2C2B model. We will combine GaN (gallium nitride) chargers and peripheral products to expand the breadth and depth of our products and enhance the diversity and added value to our brand.
- (4) The high end gaming market with the major brands of gaming monitors will require more high definition and high resolution monitors, we need to develop lower power consumption cable sets to meet the needs of our clients.
- (5) We will step up the development of electric mirrors cable, parking sensor cables, audio/video all round view cables, blind spot monitoring cables to address the growing demand of automotive electronics and auxiliary devices, and provide customers with more diverse solutions.
- (6) We continue to provide customers with customized wire harnesses and designs for medical devices for different lens modules and equipment.
- (7) Due to the wide adoption of 5G mobile communication systems, Wi-Fi6/6E and SUB6G are now the focus of network product development.
- (8) The next generation Wi-Fi7 is about to come. This will be the focus of network product development.
- (9) We have used the intelligent products to apply to our daily lives, so the demand for applications of these products is increasing. We are developing intelligent products

for control systems, care systems, monitoring systems, energy saving systems and related applications.

(II) Industry Overview:

1. Current status and development of industry

Mobile computing devices (pan-PC/tablet/phone)

The global shipment of laptops in 2022 was only 186 million units, down 24.5% from 2021. The weak demand muted the traditional high season of the four quarter in 2022. Due to the pressure on consumers' disposal income, sales were disappointed even though OEMs provided promotional offers in North America and China. Destocking at the channels is expected to last until the second quarter.

It is worth noting that the lunar new year this year was earlier than usual. The shipment for certain orders was brought forward to the end of 2022. This resulted in the 9.5% quarter-over-quarter decline in shipments during the first quarter of 2023. It is expected to be 35.1 million units only, a record-low level for the same period over the past ten years. That said, shipment is anticipated to increase by 17.8% and 13.7% quarter-over-quarter in the second quarter and the third quarter, respectively. The growth will slow down in the fourth quarter but a 2.2% increase from the third quarter is expected. In sum, the shipment of laptops will accelerate each quarter this year.

Medicare

The global digital medicare market reached US\$211 billion in 2022 and is expected to increase to US\$826 billion by 2030, at a CAGR of 18.6% in 2022-2030. North America as the main market is one of the early adopters for smart medicare solutions in the world, accounting for 44.3% of the global market.

Biotech and medicare is one of the six strategic industries promoted by the Taiwan government. Furthermore, medical equipment is the subsector reporting the highest production value, export ratios and growth in the Taiwanese biotech/medicare industry. There have been continuous innovations in medical equipment in Taiwan over recent years, to meet clinical requirements. Innovative products such as mobile robots, smart diagnosis, automated inspections and high-end medical equipment based on artificial intelligence, cloud computing and mobile sensing technology have achieved great results as validated use cases. The Taiwan medical equipment industry will continue to innovate and create value in the global smart medicare and precision health market.

TV Monitor

The global economy and politics in 2023 remain engulfed in the Russia-Ukraine war and high inflation. The weak economy is bound to affect TV sales in the consumer market. The global TV panel shipment in 2023 is expected to decrease by 2.8% to 264 million units.

Surveillance

The numerous blacklists under the U.S.'s National Defense Authorization Act (NDAA) since May 2020 has placed a ban on the U.S. government's purchase of video surveillance equipment (including semi-finished goods) from China. The NDAA's ban

on installation of the blacklisted products since August 2022 has shifted orders to the Taiwanese surveillance equipment industry.

According to the update by the research company Marketsandmarkets, the video surveillance market is expected to grow from US\$48.7 billion in 2022 to US\$76.4 billion in 2027, at a CAGR of 9.4%. Enhanced camera features, mature technology and functionality and customized systems are among the multiple factors that encourage integrators to upgrade the traditional surveillance systems to meet the safety and operational requirements of end users.

Internet of Things

The global number of connected IoT devices is expected to exceed 43 billion in 2023, to generate, share and collect data and help people to use such data in various ways.

The development and potential impacts of strategic industries such as IoT are increasingly closely watched by countries around the world. The closer integration of artificial intelligence and 5G technology and the continued support of government policies are rapidly expanding the use cases of IoT. As technology gradually matures, the global IoT industry has entered the phase of scaling up and rapid growth.

Electric Vehicle

Electric vehicles accounted for 10% of the global market in 2021, up from approximately 2.5% in 2019 and 4.5% (a record high level then) in 2020. This shows the irreversible trend of electric vehicles gradually replacing internal combustion cars. The market expects the sales of electric vehicles to exceed 30 million in 10 years, at close to 35% penetration. At least more than two thirds of sedans in the world will be vehicles powered by electricity by 2040. Taiwan is also driving towards net zero, aiming for 100% new vehicles in 2050. According this direction of travel, the market size will grow exponentially from US\$96 billion in 2020 to US\$990 billion in 2030 and US\$1,980 billion in 2040. The outlook for this soon-to-be \$2 trillion market is bright as it is set to dwarf the markets for personal computers and mobile phones.

E-bikes

Taiwan is known as Kingdom of Bicycles, with 60% market share in Europe and 30% in the U.S. Export value of e-bikes reached US\$131.4 billion last year, exceeding that of traditional bicycles. It is expected the export volume of e-bikes to be comparable to that of traditional bicycles. It will be the inflection point for Taiwan over the past seven decades.

According to the statistics by Taiwan Bicycle Association, Taiwan's export of e-bikes hit the million unit mark for the first time in 2022. In contrast, the export of traditional bicycles decreased in volume but increased in pricing. In sum, the export volume dropped slightly by 1.65% but the export value grew over 20% due to significantly higher average unit prices.

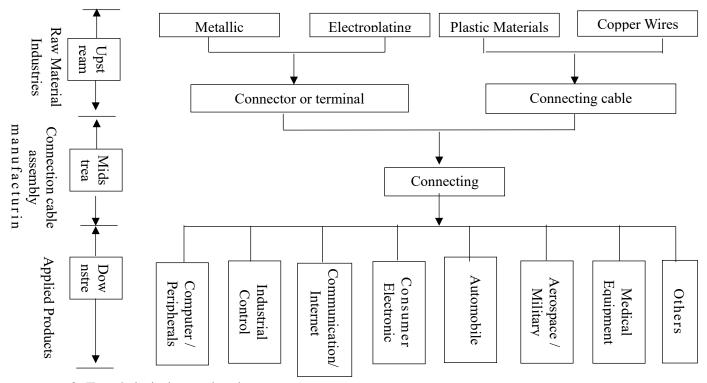
Taiwan exported 1.035 million e-bikes last year, up about 5% year-on-year. The average unit price for e-bikes was close to US\$1,500, an increase of 12.5% from the prior year. Hence, the export value reached US\$1.553 billion, up 18% year-on-year. Both export volume and value hit record-high.

Millimeter wave radar

Millimeter wave radar for IoT and electric vehicles is expected to grow at over 15% p.a. for the next five years.

2. Links between the upstream, midstream, and downstream segments of the industry

The Company's main products include computer wiring, network antenna, cell phone
modules, automobile electronic wiring, industrial wiring and medical equipment wiring. We
purchase wires, connectors, terminals and other electronic components, cut, press, crimp,
assemble and mold them, and then strictly test and inspect them, and sell them directly to
customers or through our distributors. The upstream and downstream of the industry are
briefly described as follows:



3. Trends in industry development

Laptop

The inventory with the six major laptop OEMs remained high in the first quarter of 2023. Destocking for certain brands will continue into the second quarter of 2023.

The global demand for business and consumer laptops has been shrinking since early 2023. The former is due to weakness in the global job market and a lack of procurement momentum for commercial models. The latter is a result of persistent inflation, insufficient motivation for model replacement and suppressed demand for consumer laptops.

Personal computer OEMs have to limit R&D spending on products and technologies as the global laptop shipment is extremely likely to continue the downward trend in 2023 and hamper the growth in the gross margin. The adjustment to current product portfolios is minimalized whilst the strategy continues the 2022 trajectory for products, technologies and marketing. The purpose is to leverage existing advantages and to weather out the destocking climate in the 2023 global laptop market.

TV Monitor

There will be a stark contrast between OLED and LCD for the 2023 TV panel market.

(A) After withdrawing from the LCD market in 2022, Korean panel makers are focusing on OLED in 2023. The shipment of QD (quantum dot) OLED TV panels is expected to grow 26.5% in 2023 year-on-year. This will boost the overall OLED TV panel shipment by 7.8% in the year and increase OLED penetration in the TV panel market slightly to 3.1%.

(B) The LCD TV panel market is mature and for the mass market and hence susceptible to macroeconomic effects. The LCD TV panel shipment in 2023 is forecasted to decline by 3.1% to 256 million units. With large LCD capacities and competitiveness, Chinese panel makers are anticipated to increase the total share to 70.4% in the LCD TV panel market in 2023.

The risk of supply/demand imbalance in 2023 is smaller for TV panels than for IT panels because the total size of TV panels is large enough to effectively utilize capacities. That said, IT panel capacities may switch to the TV market if such capacities are idle for too long. This will have consequences to the TV panel market in due course. To turn losses into profits in 2023, it is essential for panel makers to ensure utilization. If suppliers loss the market discipline, the panel market is unlikely to return to equilibrium this year.

Automotive / electric vehicles

The development of electric vehicles in quality and quantity is centered on energy efficiency, safety and user experience. This is achieved for consumers through the technologies for electricity systems, motor control and electronic control, and smart cockpits. Smart cockpits are essentially the software and hardware integration of invehicle electronics, dashboards and intelligent vehicle systems to connect multiple screens and mobile devices. High-frequency and high-speed wirings are also an important consideration. Electric vehicles combine in-vehicle infotainment, autonomous driving, Internet of Vehicles (IoV), high-current battery packs and auto electronics. Hence, it is necessary to develop safe and stable harnesses for electric vehicles which meet EVSE requirements (electric vehicle supply equipment) and to jointly develop harnesses for ADAS and autonomous driving, including four-in-one radar and audio/video all-round view cables.

In the high-quality audio/video transmission market, 4K resolution has become mainstream and the interface is moving towards 8K specifications. Higher resolution means higher data transmission. The transmission interface needs to increase bandwidths to accommodate constantly growing data. The audio/video transmission interface market is set to welcome another wave of growth, with increasing adoption of 4K/8K for home appliances, IT equipment and even mobile devices. HDMI, DisplayPort and USB standards in different domains and on different devices support 4K+ resolution for high-quality graphics on multiple screens and high-speed data transmission. Meanwhile, fast charging is going mainstream. There are more use cases for automotive specifications, in conjunction with next generation connectivity.

Internet of Things

According to the international market research firm Markets and Markets, the global IoT market is expected to grow from US\$300.6 billion in 2021 to US\$650.5 billion in 2026 at a CAGR of 16.7% due to higher penetration of 5G services, a rapidly increasing installed base of connected devices and rising demand for smart city applications. Currently, Internet of Vehicles (IoV) is the vertical with relatively high growth in the IoT market. We started our IoV business in 2014, starting from the OEM market, the aftermarket and then extended to IoV market. The application fields involved are logistics, transportation, security, energy, medical, construction, manufacturing, home and agriculture.

(A) Intelligent logistics:

With the support of the Internet of Things, big data and artificial intelligence, all parts of logistics can be systematically sensed and comprehensively analyzed and processed. The application in the IoT is focused on warehousing, transportation monitoring, and courier ends. We can monitor the temperature and humidity of the goods, the location of the delivery vehicle, as well as coordinate the delivery site and

the storage location by using the IoT technology. It greatly improves smart level in logistics industry.

(B) Transportation:

The combination of Internet of Things and transportation is mainly realized in closely combining people, vehicles and roads, which improves the transportation environment, ensures traffic safety and improves the utilization of resources to a certain degree. Specific applications include smart buses, shared bicycles, car networking, charging pile monitoring, smart traffic lights, smart parking, etc. Among the businesses in IOT, the more competitive sector is the connected car. Finally, the four mega trends in the global bicycle industry are light-weight, electrification, smartness and connectivity, and the sharing economy and services. In particular, electrification and connectivity are the main development focus for leading bicycle makers.

Taiwan is a major producer of bicycles. The demand for e-bikes has been growing due to the global pursuit of fitness during the past ten plus years and the public's efforts in environmental protection and carbon reduction. The most important components of an E-bike are battery packs, electric motors and controllers. Only with a perfect combination of these three components can an e-bike serve longer and create a more comfortable riding experience.

(C) Security:

The surveillance industry introduces AI monitoring to ensure real-time prevention of major events with powerful AI analytics and playback as evidence. Quality AI-empowered cameras on the front end detect invasion, trespassing and loitering. This is followed with the use of deep search supported with feature searches, scene searches and feature reidentification. It allows the access to footages from tens of thousands of cameras for highly efficient searches, to significantly enhance surveillance efficacy and quality.

(D) Energy and environmental protection:

In terms of energy and environmental protection, the Internet of Things is integrated with water, electricity and gas, as well as environmental protection devices including street lights, well covers and garbage cans. The smart well cover can monitor the water level and the smart water meter can get the reading remotely. By connecting water, electricity and light energy facilities, we can improve utilization and reduce unnecessary losses.

(E) Medical:

The ten mega trends shaping the future of medicare are artificial intelligence, IoT, AR/VR for education and diagnosis, remote patient monitoring (RPM), nanomedicine, remote psychiatric diagnosis, data analytics for prediction and decision-making, automation of clinical flows, cybersecurity and data security, implants and 3D bioprinting. All these technologies are bringing digitalization, AI and intelligence to medicare.

(F) Architecture:

The combination of architecture and the Internet of Things is embodied in energy saving, similar to the management of medical equipment in hospitals, smart buildings are perceived by building equipment, which can save energy while reducing the cost

of operation and maintenance personnel. Specifically, it is applied to electric lighting, fire monitoring, intelligent elevator, and building monitoring.

(G) Manufacturing:

The manufacturing sector covers a wide range of industries. The combination of manufacturing and the IoT is primarily the digital and intelligent factory, featuring mechanical equipment monitoring and environmental monitoring. Environmental monitoring includes temperature and humidity and smoke sensing. Equipment manufacturers are able to remotely upgrade and maintain equipment, understand usage conditions, and collect other information about their products for future product design and after-sales.

(H) Home:

The home and the Internet of things combine together to make many smart home enterprises towards the connection with things. In the development of the smart home industry, the first thing is to connect the single product, the linkage of everything is in the middle stage, and the final stage is the platform integration. By using IoT technology, we can monitor the location, status and changes of home products and analyze the feedback information.

(I) Agriculture:

The integration of agriculture and the Internet of Things is manifested in agricultural farming and livestock breeding. The agriculture industry uses sensors, cameras, and satellites to facilitate the digitization for crops and machinery equipment. Livestock breeding collects data through ear tags, wearable devices, and cameras, then analyzes and uses algorithms to determine the condition of livestock and poultry, and precisely manages the health, feeding, location, and estrus period of livestock and poultry. We can obtain data through Internet of Things technology and analyze and process it by using cloud technology, edge computing and artificial intelligence technology. These technologies can make our life more digitalized and intelligent. The Internet of Things (IoT) has great potential for developing w as a portal to acquire data.

4. Competition

The Company has been developing and manufacturing electronic cables on an economic scale for a long time. In terms of quality, service and price which are the main competitive factors, the Company has the following relative competitive advantages:

- (A) In terms of quality, the Company has been manufacturing electronic cable products for 35 years and has accumulated considerable manufacturing experience and technology. Our quality assurance system has been certified by SGS (UK) to ISO 9001:2000 and ISO 14001. In addition, we have been certified with ISO 13485 for medical wiring and TS/ISO 16949 for automobile wiring, and we have also been certified to the highest standards by Apple.
- (B) When it comes to services, our technological capabilities have led to the creation of customized and specialized services for technical design. In addition, we have adopted a real-time product inventory management system and established production bases in Dongguan, Suzhou, Vietnam, and the United States through our investment companies, so that we can respond to our customers' needs and deliver goods immediately or locally.

(C) In terms of price, the Company has established an automated equipment and highly flexible production outsourcing system, which allows the production cost to be flexibly adjusted according to the size of the orders received; through the highly efficient automated equipment and entrusted overseas subsidiary's processing production, it can not only reduce the production cost, but also provide customers with better prices, and create better profits for the Company. The Company will continue to increase the activation of machine production and move the production of products with more labor to subsidiaries where labor is cheaper, which will effectively reduce production costs and improve the Company's competitiveness.

(III) Technology and R&D status

R&D expenses and technologies and products developed during the year and up to the publication date of the annual report:

Unit:NTD Thousands

Year	R&D expenses	R&D results
2022	93,005	 Development of waterproof and anti-dust wiring assemblies for electric vehicle batteries, motors and central control systems. Development of automated mass production for high-frequency transmission HDMI v2.1. The Xpert Gear brand continues to be promoted in the Taiwan and U.S. markets, and is certified by the MFi Association. Development of harnesses for mmWave radars in automotive applications. Development and mass production of wiring assemblies for stationary energy storage batteries. Development of direct-solder 0.6mm OD X 6C wiring assemblies for endoscope lens modules.
Q1 2023	22,779	 Transmission wiring assemblies for 35.0G bps signals over low earth orbit (LEO) satellites. Development of 150mm2 3000V/450A wiring assemblies for electric vehicles. Development of active long-meter count HDMI 2.1 A to A Cable. AMD ultra micro semiconductor and high frequency testing brige board of multi-Edp ports

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

In order to respond to the industrial development trend and the rapid changes in the domestic and overseas business environment, the Company has adopted various long-term and short-term plans to adjust its corporate structure and enhance its overall competitiveness. A summary of the Company's long- and short-term plans is as follows:

1. Short-term development

Production:

- (1) Improve the production equipment, increase the automation ratio, and reduce the demand for direct labor.
- (2) By utilizing Taiwan's outstanding R&D capabilities and production lines in Taiwan together with the production bases in China and Vietnam, we can achieve the most powerful advantages in quality, efficiency and cost.
- (3) We establish a fast and flexible production model to reduce inventory and reduce the

- risk of inventory decline and obsolescence.
- (4) Development of fully automated equipment to produce antennas at a lower cost and with high yields.
- (5) Increase of R&D equipment to boost competitiveness.
- (6) Review existing suppliers and materials to optimize costs by reducing the variety and quantity of materials.
- (7) Optimize the process capability and reduce the waste of ineffective manpower and man-hours through TQC and introduction of Toyota-style production.
- (8) Reduce the risk of material obsolescence by introducing the PSI (Production/Sales/Inventory) management system.

R&D:

- (1) Development of surveillant security products with special specifications such as wires for use in drones, aerial cameras and outdoor surveillance equipment under harsh environments (high/low temperatures, high humidity and water-resistance).
- (2) Increase the personnel for PCBA design, Layout and testing to strengthen the efficiency of product development.
- (3) Acquire software and hardware for related development needs to shorten development time and reduce possible defects, and upgrade the automated production line process to increase production capacity and maintain the electrical and physical stability of the wire.
- (4) Enhancement of knowledge management and establishment of the "onsite training" mechanism to convert methods, information and experience into the experience of learners.
 - A. Design of fixtures and equipment, measurement of IE work hours and establishment of analytics rules
 - B. Strengthening of professional knowledge in biotech, learning and teaching materials completion, performance reviews and target achievement.
- (5) ODM module integration and mass production, by integrating SMT modules, wiring assembly design services for complete cars, WIFI 6E PCB antenna and WIFI metal antennas, to meet a variety of customer needs.
- (6) We develop WIFI6(E) and Wi-Fi 7 antennas independently to improve the depth and breadth of WiFi antenna products.
- (7) Improvement of simulation capability in patch arrays for antennas of small-cell base stations.
- (8) Development of long-range 24GHz radar to meet the demand of bicycle and e-bike customers.

Marketing:

- (1) Secure the relationship with long-term customers and build up the ability to develop active customers.
- (2) Develop new products and enhance technical services for customers.
- (3) Strengthen marketing in Japan, Europe, the United States, emerging countries and other overseas markets through technical partners and marketing networks with overseas affiliates.

2. Long-term development

Production:

- (1) Produce the niche products with competitive advantage and expand the production capacity in our investees to meet the needs of our customers and to secure the orders from our outbound customers.
- (2) Strengthen the production process management to continuously reduce production costs.
- (3) Continue to increase automated production equipment and strengthen the production process.

R&D:

- (1) Continue to develop new high-frequency cable products, electric vehicle-related cables, medical cables, and other products to meet customer needs.
- (2) Training and development of local technical personnel, to transfer technology to non-China production; operation of processing equipment for wirings/attennas /patch cords and development of manufacturing processes reduction of difficulty in accessing development materials by locally sourcing of materials and support.
- (3) Strengthening of development capability in equipment automation, acceleration in introduction of new equipment and manufacturing processes (high currents, laser welding and next generation production line planning, etc.)
- (4) Development of 60GHz radar for breathing rate and heart rate detection to meet the requirements of medical customers.

Marketing:

- (1) Establish sales offices in major business clusters in order to provide prompt delivery to meet customers' needs.
- (2) We will actively train our sales professionals, enhance our international marketing capabilities, and strive for more cooperation projects with world-class manufacturers.

II. Market, Production and Sales Overview

(I) Market analysis

1. Markets for the Company's main products

Unit: NTD Thousands

Region	Operating revenue in 2022	Percentage (%)	
Asia	888,132	62%	
Europe and America	174,736	12%	
Taiwan	334,347	23%	
Others	48,539	3%	
Total	1,445,754	100%	

2. Main Competitors

- (1) The main competitors in laptop cable assembly and very fine coaxial cable are Luxshare, Golden Bridge, and High-tek.
- (2) The main competitors for external I/O cable sets are Luxshare, BizLink, and Joinsoon.
- (3) The main competitors for automobile cable sets are Lorom, Joinsoon, and Sinbon.
- (4) The main competitors for millimeter wave radar are CUBTEK, and Wistron NeWeb.
- 3. Supply, demand and market growth in the future

The Company's main products are electronic cable products and wireless antennas. The demand for wireless antennas will gradually increase as various consumer products tend to be designed wirelessly. Traditional laptops and 2-in-1 PC are replacing desktops

rapidly. The increasing popularity in smart home appliances (TV/AI speakers/appliances, etc.) and the demand from emerging markets are expected to drive the demand for cable products, which is expected to grow in the coming years.

SMT is a fundamental process for all electronic products and has a huge market opportunity. The surface mount technology market is expected to grow at a CAGR of 7.46% between 2020 and 2025. PCBA is becoming more and more important in the automobile market, and the demand for no failure rate is an important driver for quality control in SMT production lines.

The surface mount technology market is growing rapidly in the Asia Pacific region, mainly due to the availability of various PCB manufacturing facilities in the region. There are many PCB manufacturing facilities in China. AT&S' most important production department is located in Shanghai and specializes in multilayer PCBs. This is because the company has been concentrated on mobile customers in China. The smartphone penetration rate is increasing, and according to the GSM Association, by 2025, four out of five connections will be smartphones. This trend is expected to increase the use of surface mount technology in consumer electronics products in the area.

4. Competitive niches

- (1) Excellent product technology and equipment development capability
 Our R&D and technical team has strong technical capability and experience to launch
 niche products in line with market demand. We have the ability to develop our own
 automatic assembly machines, and can develop production equipment with the best
 process configuration to increase production capacity and reduce manufacturing costs.
- (2) Ability to customize and supply goods quickly We have established companies and factories in Taiwan, China, the U.S. and Vietnam to fully control the rapid changes in the market and to meet the demands of our customers. We provide high value-added products and quality services to our customers through customized research and development, flexible production, immediate delivery and global transportation.
- (3) Comprehensive product line and production line
 We have been in the electronics industry for over 35 years and have built a complete
 production line and are actively developing diversified products, including internal
 and external antennas, surveillance monitors, industrial networking equipment,
 notebooks, tablets, smart TVs, smart phones, ultrasound, endoscopes, automobile
 wiring, and more, to meet our customers' needs.
- (4) Professional and reliable management team

 The Company's management team possesses management capabilities and technical
 experience for many years, and is able to keep up with overall market changes and
 maintain a good competitive advantage.
- 5. Positive and negative factors for development, and responding strategies

Positive factors:

- (1) High flexibility in production and fast delivery capability.
- (2) The mature production technology and excellent quality.
- (3) We have set up manufacturing and marketing bases in Taiwan, China, Thailand, Vietnam, and the U.S. to maintain the competitive advantage by providing goods to

- customers locally and quickly.
- (4) We have established long-term partnership with our customers to maintain close relationship with them.

Negative factors and responding strategies:

(1) Part of the production process relies on a large number of manual labor, labor costs are relatively high

Countermeasures:

- A. Continue to make process improvements and increase the efficiency of automated production to reduce production costs and dependence on labor.
- B. Adopt the international professional division of labor to transfer the mature and large quantity of product manufacturing to the mainland and Vietnam to reduce the cost.
- (2) Impact on order switching due to the relocation of the electronic industry

Countermeasures:

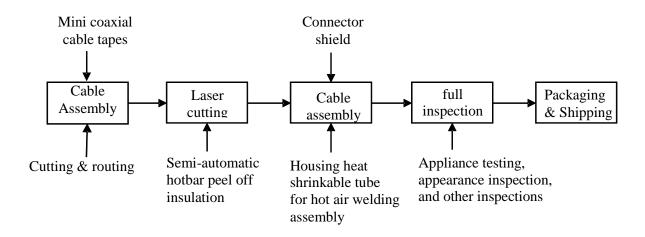
We set up companies in Hong Kong, Dongguan, Suzhou, Thailand, and Vietnam in our customers' business clusters through re-investment to take orders from outbound customers. At the same time, we are also increasing our automated production lines and strengthening our technological capabilities in Taiwan to reduce the impact of industrial migration caused by external environmental and political factors (foundry movement/ trade war, MIT demand/COVID-19 pandemic) on the Company. We provide differentiated services to target niche customers by focusing on high-end wiring processing and antenna needs.

(II) Main utilization and production/manufacturing process of key products:

A. Main utilization of key products

Product Name	Main Applications
Video Surveillance	Cable sets for surveillance, video conferencing, and drone.
Automobile Electronics	Used in the wire harnesses and external cables for automobiles, electric vehicles and electric bicycles (electric auxiliary vehicles); such as: central control system / car network / ADAS advanced driving assistance system / new energy vehicle power system / multiscreen display system / motor drive system.
Netcomm Industrial Control	Reception and transmission of wireless signals on gateways, routers, Smart TV, streaming media equipment and tablets, etc.
Computer Wiring	It is used to make connector wires for the internal electronic connection of consumer electronic devices such as computer/NB/tablet/cell phone and the internal wiring connector for very fine coaxial wires.
Medical Products	It is used in medical equipment, medical monitoring device cable set and variety of disposal wirings for endoscopes; i. e. MRI / ultrasound / ECG / blood pressure / blood glucose equipment connection cable.
SMT Modules	It is used in camera modules and fingerprint modules.
TV Products	Used for connecting the wire harness inside the electronic devices of consumer TVs and to connect the wire harness inside the mini fine coaxial cable.
Other Products	Wire harness and external cables that are not part of the above wiring applications.

B.Product manufacturing process.



(III) Supply Status of Main Raw Materials

Name of main raw	Cumply Courses	Supply
material	Supply Sources	Information
Cable	Wonderful Hi-tech, Wonderful Cabling System, Shanghai San-Kuo, Shanghai San-Chao, and Northwire	Good
Connector	I-PEX, Tarng Yu and ACES	Good
Assembly and SMT processing	Ding-Li, Shzhou an lei cheng and Fuping Ting Dong Electronics	Good

(IV)Names of customers who have accounted for more than 10% of the total purchases (sales) in any of the last two years, their purchases (sales) amount and proportion, and the reasons for the increase or decrease in the above figures. Where the company is prohibited by contract from revealing the name of a client, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

1. Information of Major Suppliers in the last two years

Unit: NTD Thousands: %

	2021			2022			Q1 2023					
Item	Name	Amount	As Percentage of Annual Net Sales (%)	Relation with the issuer	Name	Amount	As Percentage of Annual Net Sales (%)	Relation with the issuer		Amount	As % of total purchases during the most recent quarter of the current year	Relation with the issuer
	Net purchases	1,434,466	100		Net purchases	821,178	100		Net purchases	135,803	100	

Note 1: The Company has no suppliers who provided more than 10% of the total purchases in the last two years, so there is no change.

2. Information of Major Customers in the last two years

Unit: NTD Thousands: % 2021 2022 Q1 2023 As % of total Relation Percentage of Relation Percentage of sales during the Relation Annual Net Name Annual Net with the Name with the Name most recent with the Item Amount Amount Amount Sales (%) Sales (%) issuer quarter of the issuer issuer current year 78,590 5.44 Company A 196,416 11.74 None Company A None Company A None 143,988 8.60 150,691 10.42 33,005 10.48 Company B None Company B None Company B None Others 1,333,303 79.66 Others 1,216,473 84.14 Others 282,071 89.52 1,673,707 100.00 Net sales 1,445,754 100.00 315,076 100.00 Net sales Net sales

Note 1: The Company's customer accounted for more than 10% of the sales in the last two years was Company A. Revenues declined due to reduction in special project demand.

Note 2: The Company's customer accounted for more than 10% of the sales in the last two years was Company B. The increase in sales was due to the increase in the orders for strategic partnerships.

(V) Production volumes and values during the most recent two years

Unit: thousand sets, NTD thousands

Production		2021			2022	
volume/value	Production	Production	Production	Production	Production	Production
Major product	capacity	volume	value	capacity	volume	value
Video Surveillance	3,662	3,590	252,513	5,630	5,520	252,133
Computer Wiring	14,603	14,316	238,481	6,098	5,978	129,251
SMT Modules	25,619	25,116	209,124	3,873	3,797	128,740
Netcomm Industrial	27,199	26,666	185,592	21,742	21,316	210,299
Control	27,199	20,000	103,392	21,742	21,310	210,299
Automobile	14,604	14,318	174,048	12,142	11,904	225,728
Electronics	14,004	14,516	174,046	12,142	11,904	223,726
TV Products	4,558	4,469	137,383	7,631	7,481	50,682
Medical Products	268	263	94,884	14,714	14,425	82,840
Other Products	24,859	24,371	109,959	17,197	16,860	122,061
Total	115,372	113,109	1,401,984	89,027	87,281	1,201,734

Note 1: Production capacity refers to the production volume that the Company can produce under normal operation using existing production equipment after considering necessary shutdowns, holidays, and other factors.

(VI) Sale volumes and values during the most recent two years

Unit: thousand sets, NTD thousands

Sale volumes		2021			2022			
	Domes	tic sales	Exports		Domestic sales		Exports	
and values	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Video Surveillance	651	52,827	2,939	268,426	684	59,741	4,836	262,495
Computer Wiring	802	35,054	13,514	230,233	851	36,594	5,127	105,553
SMT Modules	8	574	25,109	202,921	-	-	3,797	97,935
Netcomm Industrial	2,312	42,405	24,353	202,272	4,960	56,335	16,356	213,276
Automobile Electronics	55	5,468	14,263	198,612	464	43,632	11,440	233,880
TV Products	22	2,603	4,447	153,470	9	1,206	7,472	60,688
Medical Products	59	5,754	204	127,819	21	2,185	14,404	114,095
Other Products	9,721	27,467	14,650	117,802	11,658	49,665	5,202	108,474
Total	13,630	172,153	99,479	1,501,554	18,647	249,358	68,634	1,196,396

Note 2: If the production of each product is substitutable, it can be combined to calculate the production capacity, include a note to explain.

III. Information on the employees

Information on the employees during the most recent two years and as of the print date of the annual report:

Y	Year		2022	May 19, 2023
ΠZ	Direct labor	706	624	608
dw	Indirect labor	394	375	351
Number of Employees	Administrative staff	61	62	59
of	Total	1,161	1,061	1,018
Avera	Average age		40	40
Averag	ge tenure	6.8	7	7
0 I	Doctoral Degree	0.10%	0.2%	0.0%
)ist f ea	Master's degree	1.70%	1.5%	1.0%
tribu duca level	College	16.90%	19.10%	19.90%
Distribution of education level	High school (and under)	81.30%	79.20%	79.10%

Note: Definition of Administrative Staff: Supervisors at the section level or above are included.

IV. Environmental protection expenses

(I) Disbursements for environmental protection: any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

The Company has been constantly working on environmental protection management and pollution prevention, and there are no fines imposed for environmental pollution and violations. We continue to control the quality of our products in compliance with the EU ROHS (Restriction of Hazardous Substances Directive,) and have fulfilled the requirements for environmental regulations in the parts procurement and manufacturing process. We regularly implement cleaning and tidying activities and disinfecting the environment to maintain a healthy working environment.

- (II) In order to ensure the waste disposal flow and ensure that all waste is legally and properly disposed or reused, we appoint qualified professional waste disposal companies to remove the waste in accordance with the regulations and implement the garbage classification.
- (III) Waste water from factories and domestic wastewater: The wastewater treatment is centrally managed in the New Taipei Industrial Park. The Company complies with the environmental policy of the New Taipei Industrial Park Service Center to prevent and control pollution and maintain environmental quality.
- (IV) Countermeasure and estimate of possible expenses that could be incurred in the future: No significant environmental expenses are estimated.

V. Labor Relations

- (I) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:
 - 1. Employee benefit plans and the implementation status:
 - (1) Employees are important assets of the Company. They should not be paid differently on the basis of gender, race, religion, political party, or marital status. To ensure that employees can work safely, the Company provides various benefits and social insurance in accordance with the law. In addition, the Company reviews and improves group insurance coverage year by year based on external market trends and the Company's operating conditions so that employees can live without worries.
 - (2) Welfare measures: The Company conducts health checkups more frequently than required by law. The "Employee Welfare Committee" is established to manage employee welfare matters in accordance with the annual budget.

Benefit item	Target
Lunch provided at the employee cafeteria	All Employees
Labor insurance, national health insurance, pension and employee group insurance	All Employees
Year-end bonuses, performance bonuses, R&D patent bonuses, license and certification awards	All Employees
Paid leave for encouraging employees to participate in physical activities (e.g., road running) and incentive awards	All Employees
Wedding and funeral payments or condolences	All Employees
Employee health checkup	All Employees
Three-holiday bonuses, birthday grant and other gifts	All Employees
Domestic employee travel	All Employees
Holiday activities and monthly tea time	All Employees
Year-End party	All Employees
Comprehensive education and training (New employee orientation and comprehensive professional education—and training plan, etc.)	All Employees
Flexible working hours	Office staff (Non-production line)
Dormitory for Overseas Staff	Overseas employees

- (3) Provide a comfortable working environment for our employees by periodically cleaning and disinfecting, maintaining air conditioners, and water fountains. Fire safety drills are held regularly to raise the safety awareness among the employees.
- 2. Continuing education and training status:

We plan the career development for various positions and executives at all levels in accordance with our overall talent development policy. The following is a summary of all general education courses, employee training for various positions and executive development:

- (1) General Education Course: Job skills training courses required by employees in each department.
- (2) Training for various duties: New employee orientation, professional training for various positions, legal compliance, risk management and other related courses.
- (3) Executive Talent Development: Develop international perspective and strategic decision-making skills for middle and senior-level executives.
- (4) The actual status of continuing education are as follows:

Туре	Course content	Hours	Amount (NTD)
	Junior Green Environmental Technology Manager Certification.	6	7,000
	The mmWave system design courses of long-term care and medical treatment.	80	160,000
	TECA High Frequency Microwave Measurement Technology Seminar.	30	13,500
	Efficient warehousing operations and inventory management practices.	6	2,700
T. 1 : 101:11	Techniques and applications of deconstructing supplier prices and costs.	6	2,700
Technical Skills	Radiation Protection Course 2022 annual retraining 3 hours.	6	3,200
	ISO 14001 (2015 version) Environmental Management System education training.		6,800
	Procurement price and cost analysis skills and practices.	6	3,143
	14001 Environmental Regulations Training Course.	6	6,000
	ISO1497 Education & Training	100	25,000
	ISO13485 Education & Training	80	20,000
Audit	Costs for the training courses for the first-time internal auditors of the company.	36	19,400
	Senior management professional education.	60	230,000
	The Metaverse and Cryptocurrency.	4	3,000
Operation	(Suzhou Wanshih) Strategy Map Education & Training	7	51,500
management	(Taipei Wanshih) Strategy Map Education & Training	7	51,500
C	Annual forum of the board.	4	4,000
	Controlled Foreign Corporation (CFC) tax law and practice	3	2,000
Occupational safety	Retraining for fire management personnel.	6	1,600
Finance	Continuing education for and Head Finance & Accounting	24	19,500
Language	Vietnamese Language Education & Training	30	34,000

3. Pension system and implementation status:

Apply for old system:

- (1) The Company's pension plan was stipulated in accordance with the Labor Standards Act and the Labor Pension Fund Supervisory Committee was established in June 1991.
- (2) The Company's pension fund is allocated to the pension account in the Trust Department

of Bank of Taiwan at a certain percentage of the total salary every month in accordance with the law, and the committee is responsible for the management and utilization of the pension fund. The Company estimates the balance of the Labor Retirement Reserve Fund before the end of each year. If the balance is not sufficient to pay the estimated amount of pension benefits to the retired employees in the following year, the difference should be withdrawn in one lump sum before March of the following year.

- (3) All employees of the Company have the right and obligation to comply with the pension system.
- (4) The criteria for payment of worker pensions under the Labor Standards Act are two bases given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The length of service is calculated as half year when it is less than six months and as one year when it is more than six months;

Apply for new system:

The Company has adopted a defined contribution pension plan since July 1, 2005 in accordance with the Labor Pension Act (hereinafter referred to as the "new system"). The Company contributes at least 6% of the statutory monthly wages to the pension fund and deposits it in individual labor pension accounts established by the Labor Insurance Bureau for employees who have elected to be covered by the new system or who have joined the Company after the implementation of the new system.

4. Agreements between management and employees and measures to protect employees' rights and interests:

Labor relations are based on mutual trust between the two parties. The Company elects labor representatives from its employees and negotiates with the management on a regular basis. Both parties not only strive to create an atmosphere of mutual trust between the management and the employees, but also focus on internal communication by using internal meetings, announcements and relevant electronic platforms/communication software to establish multiple channels of communication. So far, labor relations have been very harmonious since the Company was founded. We have not suffered any losses or disputes due to labor disputes and do not expect any such losses in the future.

5. Employee Code of Conduct or Ethical Guidelines

- (1) The Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, the Company has adopted the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and relevant laws and regulations governing the operations of Wanshih Electronic and its group companies and organizations, and has prepared a "Declaration of Ethical Management for Conduct" to be signed by all employees.
- (2) The Company has adopted Procedures for Handling Material Inside Information and shall conduct educational campaigns to promote awareness among all directors, supervisors, managerial officers, and employees with respect to these Procedures and related laws and regulations in order to establish sound mechanisms for the handling

and disclosure of material inside information to prevent improper information disclosures and to ensure the consistency and accuracy of information released by the Company to the public.

- 6. Working Environment and Personal Safety Protection Measures
 - (1) Formulate a safety and health codes to provide safety management rules for employees to follow.
 - (2) To plan and supervise the labor safety and health management, labor safety and health education and training, and safety and health inspection of each department in accordance with labor safety and health related laws and regulations.
 - (3) Equipment safety
 - A. Establish detailed instructions for the safe operation for all kinds of machines and equipment, and prepare work safety equipment and configurations, and train operators to properly manage and use them properly.
 - B. The elevator is regularly inspected by a professional contractor and the inspection results are recorded.
 - C. The contractors shall be informed about safety and environmental protection at the time of signing the contract.

(4) Environmental Health

In order to maintain a clean workplace, the following measures should be taken: workplaces should be kept clean at all times, garbage should be cleaned and removed daily, water supply and drainage should be maintained and kept free of obstruction, toilets and bathrooms should be kept clean, dining rooms and rest areas should be kept clean, ventilation and lighting should be paid attention to, and the environment should be cleaned and disinfected regularly.

- (5) Medical care
 - Newly hired employees shall have a medical examination done when they are on board; current employees shall have a health examination in accordance with the Labor Health Protection Rules.
- (6) Fire safety
 - Install a complete fire protection system in accordance with the Fire Protection Act, and regularly inspect and implement fire safety protection drills.
- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:
 - The Company's HR regulations are in compliance with or better than the Labor Standards Act. The management and employees are harmonious, so there are no losses caused by labor disputes.
- (III) The estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:
 - The Company always places great importance on the employees' welfare. We provide excellent working environment and emphasize on two-way communication with employees to make the relationship between management and employees harmonious. In addition, we have established working rules and regulations in accordance with laws and regulations stipulated by the government, and we have comprehensive rules on salary, working hours, vacation, and pension. We have also taken welfare measures such as safety and health, education and training. Therefore, there are no major labor disputes so far, and the possibility of future losses from labor disputes is extremely low.

VI. Cyber security management

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management. The Company has established relevant procedures for handling computer and information system in order to implement internal control systems and maintain cyber security policies. The Company also evaluates its security regulations and procedures through annual reviews to ensure their appropriateness and effectiveness. The following are the key points of our cyber security policy:

(1) Staff education and training

External learning: Each information system administrator regularly arranges professional training courses on cyber security every year to fully understand the latest information security control technology and to assess and deal with various types of information risks accordingly.

Internal promotion:Regularly conduct cyber security education for internal employees to inform them of various potential risks and teach each employee to follow the company's cyber security policy when operating computers and information systems to avoid any possible damage to data or systems.

(2) Stable service operation

- All kinds of servers and personal computer are managed by dedicated personnel and cannot be arbitrarily used, disassembled or changed.
- It is prohibited to use unauthorized or unknown hardware or software to respect intellectual property rights.
- Anti-virus software is installed on all types of computers. The virus codes are updated regularly.
- We have updated all computers in accordance with the system vendor's update notice to reduce system vulnerabilities.
- Sign a maintenance service contract with SI professional vendors to ensure that when the server breaks down, it can be solved immediately to reduce service downtime.
- System files and data are backed up locally and off-site on a daily basis. System data
 ecovery tests and drills are performed annually to ensure system operation and data
 protection, so that the risk of data loss due to unpredictable natural and man-made
 disasters can be reduced.

(3) Outsourcing Service Management

- For all kinds of system installation and maintenance personnel, the system and data scope that they can access are regulated and limited. If, based on actual operational needs, short-term and temporary system accounts and passwords may be issued for their use, and their access privileges will be revoked immediately after use.
- When contractors install or maintain important software and hardware facilities, they should only do so under the supervision and accompaniment of our system administrators.

(4) Network Security Management

- Except for the Company's external website, which may be accessed by external parties, all other information services are only accessible through the internal network. The external network is isolated from direct access and multiple network security systems have been adopted. The firewall, intrusion detection system, and mail content security control system installed at the front end of the network are responsible for filtering the content of incoming and outgoing network connections, preventing external network attacks, and immediately blocking the latest malware, harmful website links, spam emails, and other threats.
- The Company's external website is limited to publicly accessible information and may not contain information or documents that are confidential or sensitive.
- Visitors to the company are not allowed to connect to the intranet unless they have

applied in advance. Authorized users may only access network resources within the scope of the authorization and may not deliver the relevant usage information to others for use.

(5) System access control

User accounts and privileges are set according to each business scope and authority. Access to data is subject to the approval and application process by each responsible supervisor before use and change. The user's account and privileges will be revoked as soon as the user leaves his or her original position in order to prevent unauthorized use. Each unit is required to periodically review the appropriateness of its personnel's access authority and adjust it immediately according to the actual usage requirements.

(II) List any losses suffered by the securities firm in the most recent fiscal year and up to the publication date of the annual report due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VII. Important Contracts

Contract nature	Client	Contract start and end dates	Main content	Restrictions
House Lease	Wonderful Hi-Tech Co., Ltd.	2022.01.01-2027.12.31	Office Lease	None
House Lease	Flowery International Investment Co., Ltd.	2022.02.10-2026.02.10	Office Lease	None
House Lease	Suzhou Shuangzhou Electronics Limited	2018.06.01-2026.05.31	Office Lease	None

I. Condensed Balance Sheet and Statement of Comprehensive Income for the Last Five Years

(I) Condensed Balance Sheet and Statement of Comprehensive Income - IFRS

1. Condensed Balance Sheet

Unit: NTD Thousands

	Year	Financia	l Informatio	n for the Last	Five Years	(Note 1)	Financial Information for
Item		2018	2019	2020	2021	2022	the current year as of March 31, 2023 (Note 3)
Current	asset	1,224,618	1,029,222	1,294,238	1,101,115	1,057,961	971,187
Property, P Equipment		307,231	260,704	269,111	281,537	266,739	263,335
Intangibl	e asset	5,132	5,132	889	2,203	4,145	4,145
Other asset	s (Note 2)	120,230	215,575	234,033	358,474	392,675	456,570
Total as	ssets	1,657,211	1,510,633	1,798,271	1,743,329	1,721,520	1,695,237
Current	Before distribution	710,040	580,215	791,541	670,100	594,923	518,532
liability	After distribution	710,040	580,215	791,541	677,358	(Note 4)	-
non-current	liabilities	82,256	124,244	135,856	76,193	265,434	286,496
Total liabilities	Before distribution	792,296	704,459	927,397	746,293	860,357	805,028
Total habilities	After distribution	792,296	704,459	927,397	(Note 4)	(Note 4)	-
Equity attributable to sharel	nolders of the parent	687,501	662,054	743,769	892,921	742,382	767,921
Share ca	apital	942,706	942,706	725,799	725,799	725,799	725,845
Additional pai	d-in capital	5,972	1,871	12,129	12,129	51,654,	51,702
Retained	Before distribution	(259,416)	(253,909)	36,042	44,503	(34,737)	(45,560)
earnings	After distribution	(259,416)	(253,909)	36,042	37,245	(Note 4)	-
Other eq	uities	(1,761)	(28,614)	(30,201)	110,490	(334)	32,784
Treasury	shares	0	0	0	0	0	0
Non-controlli		177,414	144,120	127,105	104,115	118,781	122,288
Total Equity	Before distribution	864,915	806,174	870,874	997,036	861,163	890,209
	After distribution	864,915	806,174	870,874	989,778	(Note 4)	-

Note 1: Financial statements in each year were audited by the CPAs.

Note 2: No asset revaluation was performed in each year.

Note 3: Q1 2023 financial statements were reviewed by the CPAs.

Note 4: The 2022 appropriation of Profit & Loss has not been approved by the shareholders' meeting.

2. Condensed Consolidated Statements of Comprehensive Income

Unit: NTD Thousands

Year	Financial Information for the Last Five Years (Note 1)					Financial Information for the current year
Item	2018	2019	2020	2021	2022	as of March 31, 2023 (Note 2)
Operating Revenue	1,639,519	1,440,783	1,570,513	1,673,707	1,445,754	315,076
Operating margin (gross loss)	306,669	245,885	287,205	271,723	244,019	83,024
Operating profit (loss)	(3,839)	(64,029)	(23,938)	(69,359)	(116,349)	(3,432)
Non-operating income and expense	(27,275)	49,431	41,813	28,760	41,163	(3,336)
Loss before tax	(31,114)	(14,598)	17,875	(40,599)	(75,186)	(6,768)
Income from continuing operation	(32,282)	(7,588)	24,630	(47,837)	(72,038)	(5,676)
Loss from discontinued operations	0	0	0	0	0	0
Net loss for the period	(32,282)	(7,588)	24,630	(47,837)	(72,038)	(5,676)
Other comprehensive income (net of tax)	10,529	(36,291)	(1,618)	186,223	(105,891)	33,128
Total comprehensive income in the current period	(21,753)	(43,879)	23,012	138,386	(177,929)	27,452
Net profit attributable to shareholders of the parent	(22,809)	7,437	29,617	(39,031)	(66,109)	(7,092)
Net profit attributable to non-controlling interest	(9,473)	(15,025)	(4,987)	(8,806)	(5,929)	1,416
Total comprehensive income attributable to shareholders of the parent	(11,497)	(21,142)	26,522	149,152	(176,714)	26,026
Total comprehensive income attributable to non-controlling interest	(10,256)	(22,737)	(3,510)	(10,766)	(1,215)	·
Earnings per share	(0.24)	0.08	0.44	(0.54)	(0.91)	(0.10)

Note 1: Financial statements in each year were audited by the CPAs. Note 2: Q1 2023 financial statements were reviewed by the CPAs.

3. Condensed Balance Sheet (parent company only)

Unit: NTD Thousands

	Year	Financial	Financial Information for the Last Five Years (Note 1)				
Item	Item		2019	2020	2021	2022	
Current as	sset	341,902	246,635	391,827	439,089	370,226	
Property, Pla Equipment (N		37,404	33,352	31,001	30,965	46,094	
Intangible a	asset	0	0	0	0	0	
Other ass	ets	599,962	732,572	744,592	801,243	841,196	
Total ass	ets	979,268	1,012,559	1,167,420	1,271,297	1,257,516	
Current liability	Before distribution	216,991	269,774	341,763	304,060	266,550	
Current liability	After distribution	216,991	269,774	341,763	311,318	(Note 3)	
Other liabil	lities	74,776	80,731	81,888	74,316	248,584	
Total linkilitian	Before distribution	291,767	350,505	423,651	378,376	515,134	
Total liabilities	After distribution	291,767	350,505	423,651	385,634	(Note 3)	
Share cap	ital	942,706	942,706	725,799	725,799	725,799	
Additional paid-	-in capital	5,972	1,871	12,129	12,129	51,654	
Retained	Before distribution	(259,416)	(253,909)	36,042	44,503	(34,737)	
earnings	After distribution	(259,416)	(253,909)	36,042	37,245	(Note 3)	
Other equ	iities	(1,761)	(28,614)	(30,201)	110,490	(334	
Total Favity	Before distribution	687,501	662,054	743,769	892,921	742,382	
Total Equity	After distribution	687,501	662,054	743,769	885,663	(Note 3)	

Note 1: Financial statements in each year were audited by the CPAs. Note 2: No asset revaluation was performed in each year.

Note 3: The 2022 appropriation of Profit & Loss has not been approved by the shareholders' meeting.

4. Condensed Statement of Comprehensive Income (Parent Company Only)

Unit: NTD Thousands

Year	Financial Information for the Last Five Years (Note 1)					
Item	2018	2019	2020	2021	2022	
Operating Revenue	579,498	504,838	647,774	765,003	725,119	
Gross profit	76,739	67,786	115,352	136,569	119,895	
Operating profit (loss)	(27,389)	(36,593)	946	(6,146)	(43,480)	
Non-operating income and expense	4,578	38,615	13,733	(27,853)	(26,900)	
Profit before tax	(22,811)	2,022	14,679	(33,999)	(70,380)	
Loss from discontinued operations	0	0	0	0	0	
Net profit	(22,809)	7,437	29,617	(39,031)	(66,109)	
Other comprehensive income recognized for the period Profit after tax	11,312	(28,579)	(3,095)	188,183	(110,605)	
Total comprehensive income in the current period	(11,497)	(21,142)	26,522	149,152	(176,714)	
Earnings per share	(0.24)	0.08	0.44	(0.54)	(0.91)	

Note 1: Financial statements in each year were audited by the CPAs.

(IV) Names of CPA in the Last Five Years and Their Review Opinions

Audited Year	Accounting firm	Name of CPA	Review Opinion
2018	PwC Taiwan	Pei-Ling Du and Shu-Chiung Chang	Unqualified opinion
2019	PwC Taiwan	Pei-Ling Du and Shu-Chiung Chang	Unqualified opinion
2020	PwC Taiwan	Shu-Chiung Chang and Pei-Ling Du	Unqualified opinion
2021	PwC Taiwan	Po-Chuan Lin and Shu-Chiung Chang	Unqualified opinion
202	PwC Taiwan	Po-Chuan Lin and Shu-Chiung Chang	Unqualified opinion

II. Financial Analysis for the Last Five Years

(I) Consolidated Financial Analysis - Adopting the International Financial Reporting Standards

1. Consolidated Financial Statements

	Year (Note 1)	Financi	ial Analysis	s for the L	ast Five	Years	2023 As of
Analysis it	em (Note 2)	2018	2019	2020	2021	2022	March 31
Financial	Debt to assets ratio (%)	47.81	46.63	51.57	42.81	49.98	47.49
structure	Long-term fund to property, plant and equipment ratio (%)	308.29	356.89	374.09	381.20	422.36	446.85
	Current ratio (%)	172.47	177.39	163.51	164.32	177.83	187.30
Solvency	Quick ratio (%)	127.89	137.57	117.07	128.10	135.84	139.85
	Interest coverage ratio	(2.37)	(0.43)	3.48	(4.53)	(5.94)	(0.78)
	Accounts receivable turnover (times)	2.49	2.53	2.88	3.02	2.92	2.86
	Days sales outstanding	146.59	144.26	126.73	120.86	125.00	127.62
	Inventory turnover (times)	4.79	4.00	3.36	3.62	3.67	2.80
Operating efficiency	Accounts payable turnover (times)	4.62	5.06	4.55	4.78	6.23	5.56
ciffciency	Days inventory outstanding	76.19	91.25	108.63	100.82	99.45	130.82
	Property, plant and equipment turnover (times)	4.42	5.07	5.93	6.08	5.27	4.76
	Total asset turnover (times)	0.96	0.91	0.95	0.95	0.83	0.74
	Return on assets (%)	(1.46)	0.04	1.84	(2.37)	(3.66)	(0.62)
	Return on equity (%)	(3.69)	(0.91)	2.94	(5.12)	(7.75)	(2.59)
Profitability	Ratio of income before tax to paid-in capital (%)	(3.30)	(1.55)	2.46	(5.59)	(10.36)	(3.73)
	Net margin (%)	(1.97)	(0.53)	1.57	(2.86)	(4.98)	(1.80)
	Earnings per share (NTD)	(0.24)	0.08	0.44	(0.54)	(0.91)	(0.10)
	Operating cash flow ratio (%)	10.39	9.91	9.10	7.04	0.00	3.07
Cash flow	Cash flow adequacy ratio (%)	91.11	91.05	62.84	56.14	42.78	40.37
	Cash re-investment ratio (%)	3.66	2.75	4.12	2.44	(0.70)	0.94
Leverage	Operating leverage	N/A	N/A	N/A	N/A	N/A	N/A
Leverage	Financial leverage	N/A	N/A	N/A	N/A	N/A	N/A
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Please provide an analysis of changes in the financial ratios for the preceding 2 fiscal years (If the change is less than 20%, the analysis can be exempted)

(I) Solvency:

Interest coverage ratio (decreased over the previous period) -

The net loss before tax for the current period was \$75,186 thousand, and the net loss before tax for the previous period was \$40,599 thousand.

(II) Operating efficiency:

Accounts payable turnover (times) (increased over the previous period) –

This is mainly due to the decrease in Interest coverage ratio as compared to the previous period.

(III) Profitability:

Return on assets, return on equity, Pre-tax income to paid-in capital ratio, net margin and basic earnings per share (decreased over the previous period) -

The net loss before tax for the current period was \$75,186 thousand, and the net loss before tax for the previous period was \$40,599 thousand, the net loss after tax for the period was increased by \$34,587 thousand.

(IV) Cash flows:

1. Cash flow ratio, Cash reinvestment ratio (decreased over the previous period) -

This is mainly due to the decrease in cash flow from operating activities in the current period.

2. Cash flow adequacy ratio (decreased over the previous period) -

This is mainly due to the decrease in net cash flows from operating activities during the past five years.

2. Parent Company Only Financial Statements

	Year (Note 1)	Financial Analysis for the Last Five Years				
Analysis iter	ns (Note 2)	2018	2019	2020	2021	2022
Financial	Debt to assets ratio (%)	29.79	34.62	36.29	29.76	40.96
structure	Long-term fund to property, plant and equipment ratio (%)	1,838.04	1,985.05	2,399.18	2,883.65	1,610.58
	Current ratio (%)	157.57	91.42	114.65	144.41	138.90
Solvency	Quick ratio (%)	143.64	77.30	100.26	129.95	126.70
	Interest coverage ratio	(22.69)	1.57	7.77	(24.70)	(19.13)
	Accounts receivable turnover (times)	2.49	2.63	3.14	3.07	3.04
	Days sales outstanding	146.59	138.78	116.24	118.89	120.07
Ozazatina	Inventory turnover (times)	10.19	8.31	8.23	9.54	10.32
Operating efficiency	Accounts payable turnover (times)	3.75	3.69	3.40	3.38	3.91
efficiency	Days inventory outstanding	35.82	43.92	44.35	38.26	35.37
	Property, plant and equipment turnover (times)	15.14	14.27	20.13	24.69	18.82
	Total asset turnover (times)	0.59	0.51	0.59	0.63	0.57
	Return on assets (%)	(2.24)	1.03	2.88	(3.11)	(5.01)
	Return on equity (%)	(3.30)	1.10	4.21	(4.77)	(8.09)
Profitability	Ratio of income before tax to paid-in capital (%)	(2.42)	0.21	2.02	(4.68)	(9.70)
	Net margin (%)	(3.94)	1.47	4.57	(5.10)	(9.12)
	Earnings per share (NTD)	(0.24)	0.08	0.44	(0.54)	(0.91)
	Cash flow ratio (%)	6.21	(2.30)	5.21	0.13	4.68
Cash flow	Cash flow adequacy ratio (%)	31.43	110.03	15.00	16.74	46.42
	Cash reinvestment ratio (%)	1.98	(1.07)	2.72	0.06	0.75
Lavaraga	Operating leverage	NA	NA	595.21	NA	NA
Leverage	Financial leverage	NA	NA	(0.77)	NA	NA

Please provide an analysis of changes in the financial ratios for the preceding 2 fiscal years (If the change is less than 20%, the analysis can be exempted)

(I)Financial structure:

1.Debt to assets ratio ,Long-term fund to property, plant and equipment ratio (Increased over the previous period)

This is mainly due to the Company issued the domestic unsecured convertible corporate bonds, the increase in non-current liabilities by approximately \$174,268 thousand as compared to the previous period.

2. Long-term fund to property, plant and equipment ratio (decreased over the previous period)

This is mainly due to the decrease in total shareholders' equity by approximately \$150,539 thousand as compared to the previous period.

(II) Solvency:

Interest coverage ratio (decreased over the previous period) -

The net loss before tax for the current period was \$70,380 thousand, and the net loss before tax for the previous period was \$33,999 thousand.

(III) Operating Performance:

Property, plant and equipment turnover (Increased over the previous period) -

This is mainly due to the increase in average net property, plant and equipment as compared to the previous period.

(IV) Profitability:

Return on assets, return on equity, Pre-tax income to paid-in capital ratio, net margin and basic earnings per share (decreased over the previous period) –

The net loss before tax for the current period was \$70,380 thousand, and the net loss before tax for the previous period was \$33,999 thousand, the net loss after tax for the period was increased by \$36,381 thousand.

(V) Cash flows:

1. Cash flow ratio, Cash reinvestment ratio (decreased over the previous period) -

This is mainly due to the increase in cash flow from operating activities in the current period

2. Cash flow adequacy ratio (decreased over the previous period) -

This is mainly due to the increase in cash flow from operating activities in the current period.

Note 1: Parent company only financial statements in each year were audited by the CPAs.

Note 2: The following calculation formula should be shown at the end of this table in the annual report:

- 1. Financial structure
- (1) Liabilities to assets ratio = total liabilities / total assets
- (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities)/net property, plant and equipment.
- 2. Solvency
 - (1) Current ratio = current assets / current liabilities
 - (2) Quick ratio = (current assets inventory prepaid expenses)/ current liabilities
 - (3) Interest coverage ratio = earnings before interest and taxes / interest expenses
- 3. Management capacity
 - (1) Turnover rate of receivables (times) (including accounts receivable and notes receivable due to business) turnover rate = net sales/balance of average receivables for each period (including accounts receivable and notes receivable due to business).
 - (2) Days sales outstanding = 365 / Accounts receivable turnover
 - (3) Inventory turnover $= \cos t$ of goods sold / average inventory
 - (4) Turnover rate of payables (including accounts payable and bills payable due to business) = cost of goods sold/balance of payables for each period (including accounts payable and notes payable due to business).
 - (5) Days inventory outstanding 365 / inventory turnover
 - (6) Turnover rate of property, plant and equipment = net sales/average net property, plant and equipment.
 - (7) Turnover rate of total assets = net sales/total average assets.
- 4. Profitability
 - (1) Return on assets = $[after-tax profit and loss + interest expense \times (1-tax rate)]/average total assets.$
 - (2) Return on equity = after-tax profit and loss/average total equity.
 - (3) Net margin = net income / net sales
 - (4) Earnings per share = (profit and loss attributable to owners of the parent company preferred stock dividends)/weighted average number of shares issued. (Note 3)
- 5. Cash flow
 - (1) Operating cash flow ratio = Net cash flow from operating activities / current liabilities
 - (2) Cash flow adequacy ratio = Net cash flows from operating activities during the past five years /(capital expenditure+increase in inventory + cash dividends) during the past five years
 - (3) Cash reinvestment ratio = (net cash flow from operating activities cash dividends)/(gross property, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)
- 6. Leverage:
- (1) Operating leverage = (net operating income variable operating costs and expenses)/operating profit (Note 6).
- (2) Financial leverage = operating profits / (operating profits interest expenses)

Note 3: The above calculation of earnings per share should take into account the following issues:

- 1. It is based on the number of weighted average ordinary shares, not the number of issued shares at year end.
- 2. Rights issues or treasury share transactions should be taken into account according to the outstanding period in the calculation of the number of weighted average shares.
- 3. Capitalization of earnings or capital surplus via share issuance should be retrospectively adjusted pro rata for earnings per share of prior years and half years, without taking into consideration the issuance periods.
- 4. If preferred shares are cumulative and not convertible, dividends for the current year (whether issued or not) should be deducted from net incomes or added to net losses. If preferred shares are non-cumulative, dividends to preferred shares should be deducted from net incomes but no adjustment is required for net losses.

Note 4: The cash flow analysis should take into account the following issues:

- 1. Net cash flows from operating activities refer to the net cash inflows from operating activities in the statement of cash flows.
- 2. Capital expenditures refer to the cash outflows each year on capex.
- 3. The increase in inventory is only calculated when the ending balance is greater than the opening balance. If the inventory is reduced at year end, it is counted as zero.
- 4. Cash dividends include cash dividends to ordinary shares and to preferred shares.
- 5. Gross property, plant and equipment refers to the total value of property, plant and equipment before accumulated depreciation.
- Note 5: The issuer should divide all operating costs and expenses by nature into fixed and variable. Any estimates or subjective judgement should be reasonable and consistent.
- Note 6: If the Company's stock has no par value or the par value per share is not NT\$10, the calculation of the ratio of paid-in capital is changed to the ratio of equity attributable to the owners of the parent company in the balance sheet.

III. Audit Committee's Review Report of the Latest Annual Financial Report

Wanshih Electronic Co., Ltd.

Audit Committee's Review Report

The Company's Board of Directors submitted the proposed financial statements, business report, and earnings distribution plan for 2022. The 2022 financial statements were audited by independent auditors of PwC Taiwan and an independent auditor's report was issued accordingly. The above-mentioned 2022 financial statements, business report and proposal for earnings distribution plan have been audited by the Audit Committee and did not find any discrepancy. A report is prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act; please verify.

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To

2023 Shareholders' Meeting of Wanshih Electronic Co., Ltd.

Convener of the Audit Committee: Tu-Tsun Tsai

March 17, 2023

IX. If the company and its affiliated companies had any financial difficulties in the most recent year and as of the publication date of the annual report, state the impact on the company's financial status: None

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

I. Financial Status

Unit: NTD Thousands

Year Item	2022	2021	Amount increased (decreased)	Percentage increased (decreased) (%)
Current asset	1,057,961	1,101,115	(43,154)	(3.92%)
Property, Plant and Equipment	266,739	281,537	(14,798)	(5.26%)
Other assets	396,820	360,677	36,143	10.02%
Total assets	1,721,520	1,743,329	(21,809)	(1.25%)
Current liabilities	594,923	670,100	(75,177)	(11.22%)
non-current liabilities	265,434	76,193	189,241	248.37%
Total liabilities	860,357	746,293	114,064	15.28%
Share capital	725,799	725,799	ı	-
Additional paid-in capital	51,654	12,129	39,525	325.87%
Retained earning	(34,737)	44,503	(79,240)	(178.06%)
Other equities	(334)	110,490	(110,824)	(100.30%)
Total equity attributable to shareholders of the parent	742,382	892,921	(150,539)	(16.86%)
Non-controlling interest	118,781	104,115	14,666	14.09%
Total Equity	861,163	997,036	(135,873)	(13.63%)

The main reasons for and the effects of the changes in the previous and subsequent years by 20% or more and by an amount of NT\$10 million or more is as follows:

- 1. Non-current liabilities: The increase was mainly due to the increase in bonds payable.
- 2. Additional paid-in capital: The increase was mainly due to the increase in Capital surplus, share options.
- 3. Retained earning: The increase was mainly due to the loss in the current period and the decrease in retained earnings.
- 4. Other equity: The decrease was mainly due to the decrease in unrealized valuation gain or loss on financial assets at fair value through other comprehensive income.

II. Financial performance

(I) Comparison and Analysis of Financial Performance

Unit: NTD Thousands

2022	2021		Change ratio %
1 445 754	1 (72 707	, ,	(12 (20/)
		` ' /	(13.62%)
1,201,735	1,401,984	(200,249)	(14.28%)
244,019	271,723	(27,704)	(10.20%)
360,368	341,082	19,286	5.65%
(116,349)	(69,359)	(46,990)	(67.75%)
41,163	28,760	12,403	43.13%
(75,186)	(40,599)	(34,587)	85.19%
3,148	(7,238)	10,386	(143.49%)
(72,038)	(47,837)	(24,201)	(50.59%)
(105,891)	186,223	(292,114)	(156.86%)
(177,929)	138,386	(316,315)	(228.57%)
(66,109)	(39,031)	(27,078)	(69.38%)
(5,929)	(8,806)	2,877	(32.67%)
	,		,
(176,714)	149,152	(325,866)	(218.48%)
(1,215)	(10,766)	9,551	(88.71%)
	1,445,754 1,201,735 244,019 360,368 (116,349) 41,163 (75,186) 3,148 (72,038) (105,891) (177,929) (66,109) (5,929)	1,445,754 1,673,707 1,201,735 1,401,984 244,019 271,723 360,368 341,082 (116,349) (69,359) 41,163 28,760 (75,186) (40,599) 3,148 (7,238) (72,038) (47,837) (105,891) 186,223 (177,929) 138,386 (66,109) (39,031) (5,929) (8,806)	1,445,754 1,673,707 (227,953) 1,201,735 1,401,984 (200,249) 244,019 271,723 (27,704) 360,368 341,082 19,286 (116,349) (69,359) (46,990) 41,163 28,760 12,403 (75,186) (40,599) (34,587) 3,148 (7,238) 10,386 (72,038) (47,837) (24,201) (105,891) 186,223 (292,114) (177,929) 138,386 (316,315) (66,109) (39,031) (27,078) (5,929) (8,806) 2,877

The main reasons for and the effects of the changes in the previous and subsequent years by 20% or more and by an amount of NT\$10 million or more is as follows:

- 1. Operating profit: The increase in overall operating loss was mainly due to the decrease in gross profit and the increase in operating expenses as compared to the previous period.
- 2. Non-operating income and expense: It is mainly due to the increase in other income.
- 3. Net profit (loss) before tax and net profit (loss) for the period: Mainly due to the increase in operating expenses and decrease in gross profit as compared to the previous period.
- 4. Income tax (expense) benefit: It is mainly due tooperating losses which incurred income tax benefit.
- 5. Other comprehensive income for the period, total comprehensive income for the period: It is mainly due to the decrease in unrealized valuation gains on investments in equity instruments at fair value through other comprehensive income or loss in the current period as compared to the previous period.
- 6. Net loss attributable to owners of the parent company: Mainly due to the increase in net loss for the period.
- 7. Comprehensive profit or loss attributable to the parent company: It is mainly due to the decrease in unrealized valuation gains on investments in equity instruments at fair value through other comprehensive income or loss in the current period as compared to the previous period.
- (II) The expected sales volume in the coming year, the possible impact on the Company's future financial operations and the measures to be taken:

Please refer to "One. Letter to Shareholders" on pages 1~2.

III. Cash Flows

(I) Analyze any cash flow changes during the past two fiscal years:

Year Item	2022	2021	Increase/decrease (%)
Operating cash flow ratio	0.00	7.04	(99.95%)
Cash flow adequacy ratio	42.78	56.14	(23.80%)
Cash re-investment ratio	(0.70)	2.44	(128.61%)

The percentage change by 20% or more is analyzed as follows:

Decrease of the cashflow ratio, the cashflow adequacy ratio and the cashflow reinvestment ratio from the previous period:

Primarily due to the reduction of cash flows from operating activities during the period.:

(II) Cash flow liquidity for the next year

Cash balance at the	Expected net cash flows from	Expected net cash flows from other (shortage) Remedies for cash surplus (shortage)			
beginning of	operating activities	activities for the	`	Investment	Financing
the period	for the year	year	amount	plan	plan
247,892	45,000	(32,750)	260,142	None	None

- 1. Analyze any cash flow changes during the most recent fiscal year:
 - (1) Operating activities: The Company's operations and profitability are expected to remain stable, so operating activities will generate net cash inflows.
 - (2) Investing activities: The Company expects to acquire production equipment, spend on plant repairs and make long-term investments; therefore, investing activities shall generate net cash outflow.
 - (3) Financing activities: A net cash outflow is expected from investing activities and the funding gap will be met with credit facilities from banks.
- 2. Expected remedies for cash shortfalls and liquidity analysis: No such situation.

IV. Effect upon financial operations of any major capital expenditures during the most recent fiscal year

The Company's capital expenditures in 2022 were \$83,585 thousand,, which were primarily related to the equipment and plant renovation expenditures for developing the Company's business, and were financed by its own funds.

V. Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

(I) In 2022, the COVID-19 pandemic entered its third year, and its impact on the global economy and society showed no signs of abating over time. The Chinese government persisted with its dynamic "zero-COVID" policy while the Russia-Ukraine war remained deadlocked. Europe and the U.S. suffered from inflationary effects, compounded by the persistent weakness of Asian currencies. Moreover, the risk of geopolitical conflicts and outbreaks grew increasingly, exerting a profound influence on global industries and the overall economic situation. During the first half of the year, we made stock preparation aimed at risk management for key customers in response to the high and volatile prices and uncertain sources of raw materials. However, due to fluctuations in market demand, the slow consumption of raw material inventory, and the increasing capital

pressure and operational risks, the company's overall operations faced continuous high-pressure challenges throughout the first half of the year. As we entered the second half of the year, the gradual easing of the pandemic and the relaxation of control policies worldwide led to a rise in the company's markets for automotive, medical, and surveillance video, moving from a stable to an upward trend. There was also a sustained increase in demand for photovoltaic energy storage. Nonetheless, the consumer market remained sluggish, with NB products experiencing a severe decline. After successfully addressing the challenges encountered during the factory construction, Wanshih Vietnam commenced mass production by the yearend. Meanwhile, Draco Electronics, LLC. had achieved full-year profitability and was poised for future expansion as demand from new startup customers continued.

(II) The plan for improving re-investment profitability, and investment plans for the coming year As we look ahead to 2023, we acknowledge the persistent uncertainties in the external environment, compounded by an overall economic downturn. Nonetheless, with the pandemic under control, we anticipate a return to normalcy in our operations. Internally, we will continue to promote organizational optimization and manufacturing efficiency improvement. Externally, we will focus on industries such as automotive, medical, high-frequency, surveillance video, photovoltaic energy storage, etc., and continue to deepen our involvement in these particularly essential areas.

Based on the five-year strategic map, Wanshih's future strategic development will revolve around various main axes, such as the ongoing promotion of Wanshih's IPO plan in China, new product development at Draco Electronics, LLC., and stable production and capacity expansion of Wanshih Vietnam.

VI. Risk Analysis and Evaluation

- 1. The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future:
 - (1) The Company's net interest expense for 2022 was \$8,662 thousand, representing 0.60% of net operating income, an increase of \$5,358 thousand as compared to the net interest expense for 2021. The Company's financing policy with banks is based on the Group's overall efficiency and will continue to maintain close relations with banks to obtain more favorable terms for loans.
 - (2) Effect on the Company of exchange rate fluctuations:

Unit: NTD Thousands

Item	Year	2022
Foreign currency exchange (loss) gain (A)		1,973
Net operating income (B)		1,445,754
Operating profit (loss) (C)		(116,349)
(A)/(B)		0.14%
(A)/(C)		(1.70%)

In 2022, the Company's net foreign currency exchange gain was \$1,973 thousand, representing 0.14% of operating income, which was relatively low. However, since the foreign market accounts for a significant portion of the Company's revenue, the Company always pays attention to the exchange rate fluctuations in the international market and uses the same currency (U.S. dollars) for payment and receipt to reduce the impact of exchange rate fluctuations. However, in order to effectively reduce the impact of exchange rate fluctuations on overall profitability, the Company has adopted the following specific measures:

- A. Forward Exchange Pre-sales and Pre-purchases
 - The Group's management has established policies and guidelines to hedge the functional currency in each business unit. To manage exchange rate exposure from future commercial transactions and assets and liabilities recognized, the Finance Department may use instruments such as forward exchange contracts for hedging purposes. The principle of not holding exchange rate exposure positions is used to reduce the impact of foreign exchange fluctuations on the Group's profit or loss.
- B. Payments for materials are made from the sales revenue in the same currency. We use the same currency as the sales revenue to cover the purchase expenses as much as possible to achieve the effect of natural hedging of foreign currency revenue and expenses. The remaining portion is flexibly adjusted and sold in New Taiwan dollars when the timing is favorable.
- C. Favorable combination of parent-subsidiary division of labor

 The Company's products are manufactured in overseas subsidiaries to take advantage of the cheaper labor in overseas countries to produce low-cost products. By using the parent company in Taiwan as the base for research and development and product marketing, the Company can improve its gross profit and increase its flexibility in response to exchange rate fluctuations. On the one hand, it can improve gross profit and increase flexibility in response to exchange rate changes, and on the other hand, it can diversify the exchange rate risk and increase the sales base.
- D. Other measures
 - Contact the bank for analysis and advice on exchange rate movements. We consider the possible changes in exchange rates when receiving orders and making quotations, and then adjust the selling price to protect the company's existing profit. The Company keeps an eye on the international financial situation, understands the information of the latest exchange rate changes, and studies the trend of the exchange rate in order to make reference to the exchange rate changes and reserve room for making price quotations for products.
- (3) The impact on the Company's profit and loss and future measures to cope with the inflation in the recent year:
 - The Company has not been materially affected by inflation so far. In addition to closely monitoring market price fluctuations, the Company maintains good relationships with suppliers and customers to appropriately adjust product prices and raw material inventories, which should effectively reduce the impact from inflation.
- 2. Policies regarding highly-risky, highly-leveraged investments, lending, endorsements and guarantees, and derivatives trading; main reasons for related profits or losses, and responding measures
 - (1) The Group does not engage in high-risk, high-leverage investment activities.
 - (2) Lending of funds to others and endorsement and guarantee are for the operational needs of the Group's subsidiaries and are carried out in accordance with the "Procedures for Lending of Funds to Others" and "Regulations for Endorsement and Guarantee".
 - (3) All derivative transactions are for hedging purposes. The Company follows the "Procedures for the Acquisition or Disposal of Assets" to stabilize its operating profit and loss.
- 3. Research and development work to be carried out in the future, and further expenditures expected for research and development work:
 - The focus of new product and technology development is on electric transportation related wiring harnesses, wires for high-current automotive applications, ADAS wiring assemblies, high-frequency external wiring harnesses, special specification security products, etc., as well as the integrated SMT modules, whole-vehicle wiring harness design services and mmWave radar modules (24GHz/60GHz) for bio-signal detection and presence sensing. Development of new products and introduction of more automated equipment, to reduce work hours and labor requirements, boost capacity and quality, satisfy the comprehensive needs of customers and drive towards the Company's growth target.

(1) Future Research Development Plan:

- Coaxial cable is a cable for signal transmission, usually made of single-core bare copper wire, multi-core copper stranded wire, copper-clad steel wire, or tinned copper wire as the central conductor of the cable, and then surrounded by four layers of circular covering material from inside to outside. Because the cross section of the coaxial cable is concentric, its structure is shielded for electromagnetic signal transmission and is less susceptible to external noise interference. Although the electromagnetic impedance varies depending on the dielectric material of the coaxial cable, we will continue to focus on the development of low attenuation coaxial cables to accommodate customers' requirements due to the widespread use of high-speed transmission. The application for coaxial cable can be extended to AR/VR and miniaturized monitor, Drone and Smart Root, POS System, and high-frequency signal cable application in IP-Camera, these are very good material choices. Coaxial provides better anti-interference solution for high-speed signals. Therefore, we will continue to focus on the development of process equipment and product applications for 0.25/0.3mm process cable sets, as well as the refinement and improvement of layer equipment this year.
- At present, USB-IF is working actively to promote the USB 4 specification. Under the discussion in the association, USB 4 and Thunderbolt are also being actively integrated. USB 4 replaces the previous USB 2.0 and USB 3.0 specifications, and the transmission speed is increased from the original 480Mbps to 5Gbps & 10Gbps & 20Gbps. USB4 further increases the bandwidth to 20Gbps & 40Gbps, and raises the original 5A/20V/100W to another level of 5A/48V/240W. In addition to transmission and PD power output, USB4 also supports the ALT Mode and Display Port, and further supports HD displays. It can be seen that the USB4 type C specification has overcome all the limitations of the current I/O interface. The size of USB4 type C is smaller than the previous USB A & USB B type, which makes the application more and more extensive, and will be the focus of our company's development in the future.
- Due to the application of 5G, we are planning different products based on the manufacturing process of automobile cables, focusing on docking, welding, and material selection. The evaluation of HSD cable, Fakra cable, Mini Frakra, and HMTD cable is included. We will invest more equipment in the production process and include subsequent product verification.
- Wi-Fi 7 is the up-and-coming new specification, also known as IEEE 802.11be EHT (Extremely High Throughput). It is applicable to three spectrums (2.4GHz, 5GHz and 6GHz) and can fully utilize spectrum resources. Wi-Fi 7 allows for 320MHz ultra-wide bandwidth, 4096-QAM, Multi-RU and multiple connections. As it is 4.8x faster than Wi-Fi 6 and 13x faster than Wi-Fi 5, the design of multiple antennas is even more difficult. The development requires continued investment of manpower and resources. Therefore, it is more difficult to design multiple antennas which requires more labor and resources to develop them.
- Due to the wide adoption of 5G, the utilization of existing licensed spectrums continues and the sub-6GHz and mmWave spectrums are also included. 5G technology is driving the advancement of network architectures. 5G New Radio (NR) is the global standard for the wireless air interface. It covers the spectrums not utilized by 4G and provides more powerful functions. MIMO (multiple-input and multiple-output) antennas can accommodate multiple transmitters and receivers and hence more data. So we will strengthen our antenna development capabilities in this area and invest more resources in antenna development in the future.
- The demand for mmWave radar will rise significantly in 2023, mainly in the IoT and the electric vehicle markets. We have established long-standing cooperation with

- National Taiwan University of Science and Technology and Fu Jen Catholic University and have created a development roadmap for the next five years and beyond.
- (2) Estimated additional R&D expenses: The estimated additional R&D expenses are approximately NT\$119 million.
- 4. Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

 The Company conducts all business activities in accordance with the laws and regulations stipulated by the competent authority and maintains close consultation with the appointed legal advisors and accountants to always be aware of the impact on financial and business operations of important domestic and foreign policy and legal changes, and to plan countermeasures.
- 5. Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:
 Due to the oversupply in the electronics industry, the market must continue to compete and merge with each other. In order to ensure that the Company can continue to operate, we will continue to pursue product development and transformation. Therefore, the Company will actively develop other wiring products. We will also strengthen our internal cost structure, enhance plant management to reduce operating costs, improve our technology development capabilities, as well as the management of our overseas investment business in order to enhance our external competitiveness. The Company has established a robust computer and network security management system, to ensure information and communication security. Technological changes do not have material and adverse effects on the Company's information security and will not result in major operational risks.
- 6. Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:
 The Company has always been operating under the innovative and ethical management principles, paying attention to corporate image, risks and compliance with laws and regulations; currently there is no foreseeable crisis.
- 7. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.
- 8. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.
- 9. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken: None.
- 10. Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.
- 11. Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.
- 12. Litigation or non-litigation events: It is necessary to describe major litigations, non-litigations or administrative litigations with confirmed judgments or still ongoing involved by the Company or any of its directors, supervisors, General Manager, de facto responsible persons, major shareholders with at least 10% stakes or any of the subordinated companies. If the outcome may have material influence on shareholders' equity or securities prices, it is necessary to disclose the matters in contention, underlying amounts, start dates of the litigations, main parties involved and progress: None.
- 13. Other important risks and responding measures: None.

VII. Other important matters: None.

Eight. Special Notes & Supplementary Information

I. Information related to the company's affiliates

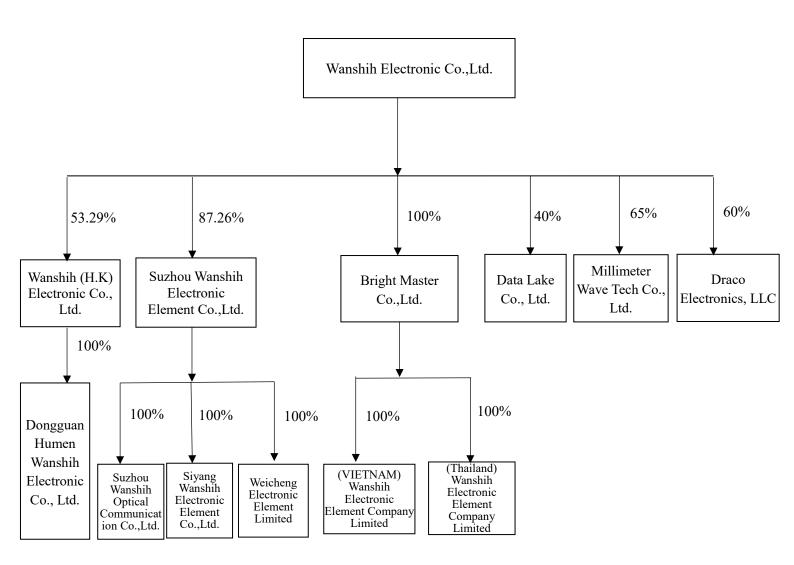
(I) Consolidated financial statements of affiliated companies

In 2022, the related entities that are required to be included in the preparation of the Consolidated Financial Statements of the Company,

under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those defined in International Financial Reporting Standards (IFRS) No. 10 "Consolidated Financial Statements." there will be no separate preparation of affiliated enterprises' Consolidated Financial Statements.

(II) Business report on affiliations

1. Organization chart of affiliated enterprises:



2. Basic information of the company's affiliates

Unit: NTD Thousands

Company name	Establishment Date	Address	Paid-in Capital	Main businesses or production activities
Suzhou Wanshih Electronic Element Co., Ltd.	1994.1.18	No.168 Wen Du Road, Wang Ting Town, Xiangcheng District, Suzhou City, China	USD 16,000	Manufacturing and sales of mini coaxial cable (main products are antenna, medical cable, automobile cable, electronic wire harness and external cable as well as SMT module)
Wanshih (H.K) Electronic Co., Ltd.	1990.08.07	21 Lam Hing Street Kowloon Bay, Hong Kong, Metro Centre II Room 2026	HKD 18,000	Sales of electronic components, computers and peripheral products
Bright Master Co., Ltd.	2007.12.28	NO.4,Franky Building Providence Industrial Estate, Mahe, Seychelles	USD 18,077	Investee and holding companies
Suzhou Wanshih Optical Communication Co., Ltd.	2003.07.15	No.168 Wen Du Road, Wang Ting Town, Xiangcheng District, Suzhou City, China	USD 5,200	SMT product processing and assembly
Siyang Wanshih Electronic Element Co., Ltd.	2008.01.21	No. 88, Huaihai East Road, the Eastern Economic Development Zone of Siyang Country, Suqian City, Jiangsu Province, China	USD 11,500	Manufacturing of wire harnesses and external cables for electronic products
Weicheng Electronic Element Limited	2010.01.26	Room 2702-3, Integrated Centre, 302-8 Hennessy Road, Hong Kong Bay, Hong Kong	USD 130	Sales of electronic components, computers and peripheral products
Dongguan Humen Wanshih Electronic Co., Ltd.	2010.02.09	Long Yan Village, Hu-men, Dongguan City, Guangdong, China	USD 1,000	Manufacturing of wire harnesses and external cables for electronic products, medical cables and automobile cables
(VIETNAM) Wanshih Electronic Element Company Limited	2019.03.28	Workshop G4, G6, Lot XN6-II, Dai An expansion Industrial Zone, Lai Cach town, Cam Giang district, Hai Duong province, Vietnam	USD 2,100	Sales of electronic components, computers and peripheral products

Company name	Establishment Date	Address	Paid-in Capital	Main businesses or production activities
(Thailand) Wanshih Electronic Element Company Limited	2016.08.26	52-52/1 Moo 5 T.Nongkakha A.Pantong Chonburi	USD 100	Sales of electronic components, computers and peripheral products
Data Lake Co., Ltd.	2015.12.07	No. 72, Wugong 6th Rd., Wugu Dist., New Taipei City	NTD 40,000	Sales of electronic materials and software as well as the development of software for automobiles
Millimeter Wave Tech Co., Ltd.		No. 72, Wugong 6th Rd., Wugu Dist., New Taipei City	NTD 10,000	Design and development for millimeter wave radar module and radar algorithm
Draco Electronics, LLC		4575 Cushing Pkwy, Fremont, CA 94538, USA	USD 1,000	Wire harnesses and external cables for electronic products

- 3. Same shareholder information for presumption of a relationship of control or subordination: None.
- 4. The industries covered by the business operated by the affiliates overall. Where connections exist among the businesses operated by individual affiliates, a description of the mutual dealings and division of work among such affiliates should be provided:
 - (1) The scope of business of the Group's affiliated companies covers the following industries: cable assembly and ultra-thin flexible circuit board manufacturing, processing and sales.
 - (2) Where connections exist among the businesses operated by individual affiliates, a description of the mutual dealings and division of work among such affiliates should be provided:

A. China:

Suzhou Wanshih Electronic Element Co., Ltd. is responsible for receiving orders and manufacturing orders for the delta trade. We have established Suzhou Wanshih Electronic Element Co., Ltd. as the largest manufacturing entity in China. The Company has adjusted Siyang Wanshih and Dongguan Humen Wanshih to undertake the processing orders of Suzhou Wanshih Electronics, in order to effectively integrate the Group's production and processing technology and the development of the domestic market in China.

- B. Other areas except for China:
 - The Company invests in SMT manufacturing plants in Taiwan to meet business growth and MIT manufacturing opportunities by enhancing labor and production scale in the Taiwan plant.
- C. Wei Cheng Electronics is a wholly-owned subsidiary of Suzhou Wanshih established in Hong Kong, mainly to respond to the restriction of 90 days payment term in Mainland China since 2009. In response to the foreign exchange control in Mainland China, some of the orders were placed through Wei Cheng and then transferred to Suzhou Wanshih.
- D. BRIGHT MASTER is holding companies for the Company's investees in China and Southeast Asia and have no actual operating activities.
- E. (VIETNAM) Wanshih Electronic Element Company Limited primarily maintain competitiveness of products and manufacturing (direct labor) and to ensure reliable product outputs for the Company to, so that customers trust and rely on Wanshih Electronic products.

- F. (Thailand) Wanshih Electronic Element Company Limited was established to develop the market in Southeast Asia, and currently have no actual operation.
- G. Data Lake Co., Ltd primarily enhances the development capabilities of e-bike and integrates resources in Wanshih Electronic. This also create sales in e-bike wirings and the capability in integration and assembly of the three electric systems.
- G. Millimeter Wave Tech Inc. focuses on developing millimeter wave radar applications for automobile, industrial, security, and consumer markets, and using millimeter wave technology to diversify and enhance the competitiveness of Wanshih's products to the world.
- H. Draco is focusing on offering rapid and one-stop services, including support, internal prototype design and manufacturing/production. We are able to provide sampling services with three to five days.

5. The names of the directors, supervisors, and general manager of each affiliate and the details of their shareholding or capital contribution in such affiliate:

Unit: Thousand Shares

			Shareho	
Company name	Position	Name or representative	Shares (in thousand)	Shares Ratio
	Chairman	Lake Chang Wanshih Electronic Co., Ltd.	13,962	87.26%
	Director	Ringo Chang Wanshih Electronic Co., Ltd.	13,962	87.26%
	Director	Ping-Che Lee Wanshih Electronic Co., Ltd.	13,962	87.26%
Suzhou Wanshih Electronic Element Co., Ltd.	Director	Kanno Takanobu Asahi Communications Co., Ltd.	1,629	10.18%
	Director	Kanno Toshio Asahi Communications Co., Ltd.	1,629	10.18%
	Supervisor	Yu-Hsiu Hsu Wanshih Electronic Co., Ltd.	13,962	87.26%
	Supervisor	Saito Kimihiko Asahi Communications Co., Ltd.	1,629	10.18%
	Chairman	Ringo Chang Wanshih Electronic Co., Ltd.	9,593	53.29%
	Director	Lake Chang Wanshih Electronic Co., Ltd.	9,593	53.29%
	Director	Li-Hsin Peng Wanshih Electronic Co., Ltd.	9,593	53.29%
Wanshih (H.K) Electronic Co., Ltd.	Director	Kanno Takanobu Asahi Communications Co., Ltd.	4,920	27.33%
	Director	Kanno Toshio Asahi Communications Co., Ltd.	4,920	27.33%
	Supervisor	Yu-Hsiu Hsu Wanshih Electronic Co., Ltd.	9,593	53.29%
	Supervisor	Saito Kimihiko Asahi Communications Co., Ltd.	4,920	27.33%
Bright Master Co.,Ltd.	Chairman	Lake Chang Wanshih Electronic Co., Ltd.	18,077	100.00%
(Note 1)	Director	Kanno Takanobu	0	0%

			Shareho	lding
Company name	Position	Name or representative	Shares (in thousand)	Shares Ratio
	Chairman	Lake Chang Suzhou Wanshih Electronic Element Co., Ltd.	4,538	87.26%
Suzhou Wanshih Optical	Director	Ping-Che Lee Suzhou Wanshih Electronic Element Co., Ltd.	4,538	87.26%
Communication Co., Ltd.	Director	Li-Hsin Peng Suzhou Wanshih Electronic Element Co., Ltd.	4,538	87.26%
	Supervisor	Yu-Hsiu Hsu Suzhou Wanshih Electronic Element Co., Ltd.	4,538	87.26%
	Chairman	Lake Chang Suzhou Wanshih Electronic Element Co., Ltd.	10,035	87.26%
Siyang Wanshih Electronic Element	Director	Ping-Che Lee Suzhou Wanshih Electronic Element Co., Ltd.	10,035	87.26%
Co., Ltd.	Director	Li-Hsin Peng Suzhou Wanshih Electronic Element Co., Ltd.	10,035	87.26%
	Supervisor	Yu-Hsiu Hsu Suzhou Wanshih Electronic Element Co., Ltd.	10,035	87.26%
Weicheng Electronic Element Limited	Chairman	Lake Chang Suzhou Wanshih Electronic Element Co., Ltd.	104	87.26%
	Chairman	Lake Chang Wanshih (H.K) Electronic Co., Ltd.	510	53.29%
Dongguan Humen Wanshih Electronic	Director	Li-Hsin Peng Wanshih (H.K) Electronic Co., Ltd.	510	53.29%
Co., Ltd.	Director	Kanno Takanobu Asahi Communications Co., Ltd.	273	27.33%
	Supervisor	Yu-Hsiu Hsu Wanshih (H.K) Electronic Co., Ltd.	510	53.29%
(VIETNAM) Wanshih Electronic Element Company Limited (Note 2)	Chairman	Lake Chang Bright Master Co., Ltd.	2,100	100%
(Thailand) Wanshih Electronic Element Company Limited (Note 2)	Director	Lake Chang Bright Master Co., Ltd.	100	100%

			Shareho	lding
Company name	Chairman Lake Chang Wanshih Electronic Co., Ltd. Director Yu-Hsuan Lee Cheng-Bo Chang Wanshih Electronic Co., Ltd. Supervisor Wen-Yi Chu Wanshih Electronic Co., Ltd. Chairman Yu-Cheng Lin Director Lake Chang Wanshih Electronic Co., Ltd. Director Jung-Nan Lien Wanshih Electronic Co., Ltd. Supervisor Wen-Yi Chu Wanshih Electronic Co., Ltd. Wen-Yi Chu Wanshih Electronic Co., Ltd.	Shares (in thousand)	Shares Ratio	
	Chairman		1,600	40.00%
	Director	Yu-Hsuan Lee	1,600	40.00%
Data Lake Co., Ltd.	Director		0	0%
	Supervisor		1,600	40.00%
	Chairman	Yu-Cheng Lin	250	25.00%
Millimeter Wave	Director		650	65.00%
Tech CO., LTD.	LTD. Jung-Nan Lien		650	65.00%
	Supervisor		650	65.00%
Draco Electronics, LLC	Shareholder		-	60.00%

Note 1: It is a holding company.

Note 2: Indirect investment in Thailand and Vietnam through Bright Master Co.,Ltd. in Seychelles.

(III)Affiliation Report

The Company does not conform to the definition of a subordinate company to a controlling company in the Affiliated Enterprises Chapter of the Company Act, so it is not required to prepare a report on the relationship between itself and its controlling company (the "affiliation report").

II. Handling of private placement securities in the last year and as of the date of publication of the annual report:

_		First Private Place	ment of 2020					
Item	Date of Issuance: December 25, 2020							
Type of Private Placement Securities	Common share	Common share						
Date of approval by the shareholders meeting and amount approved		Date of interim shareholders' meeting: October 15, 2020 ssuance amount: Up to 6,000,000 common shares for cash, and may be issued in lump um.						
Basis and rationality of the price setting	80% of the higher of Company: (1) The simple ave 1, 3, or 5 business of distribution of stoc average closing pribefore the price dedividends, cash divabove will determine Based on the above placement is NT\$1 is 80.3% of the reference.	2020 interim shareholders' meeting held on October 15, 2020, and shall be no less than 80% of the higher of the following two calculations prior to the price date of the Company: (1) The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. (2) The simple average closing price of the common shares of the Company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction. The higher of the two calculations listed above will determine the price. Based on the above price determination method, the reference price of the private placement is NT\$14.01 and the price of the private placement is set at NT\$11.25, which is 80.3% of the reference price and no less than 80% of the reference price resolved by the shareholders at the time of the meeting.						
Method of selection of qualified persons	Eligible persons as defined in Article 43-6 of the Securities and Exchange Act							
Reason for necessity of private placement	Considering the effectiveness and convenience of the private placement method, as well as the plan to bring in strategic investors for the Company's development, the private placement method was adopted.							
Share payment completion date	November 18, 2020	0						
Information on the placees	Counterparty of the private placement	Qualifications	Subscription quantity	Relationship with the Company	Participation in the Company's operations			
	Fullconn Industry Inc.	Eligible persons as defined in Article 43-6 of the Securities and Exchange Act	5,000 thousand shares	None	None			
Actual subscription (or conversion) price	NT\$11.25 per shar	e						
Discrepancy between the actual subscription (or conversion) price and the reference price	The reference price of the private placement is NT\$14.01 and the price of the private placement is set at NT\$11.25, which is 80.3% of the reference price and no less than 80% of the reference price resolved by the shareholders at the time of the meeting.							
Effect of the private placement on shareholder equity (for example: increase in accumulated losses)	The Securities and Exchange Act imposes a three-year transfer restriction on private placement securities, and there are also restrictions on the qualifications of the placees, so there is a certain degree of protection for shareholders' rights and interests.							
Status of utilization of the funds and plan implementation progress	As of the first quar	ter of 2021, all funds have bee	en used to repa	ay the bank loa	ans.			
Realization of private placement benefits	the overall financia adjustment, repay l	e private placement will be use al structure of the Company an oans and reduce debt ratio, whe erations and positively contribu	d strengthen t nich will direc	the flexibility of the flexibili	of capital ly benefit			

- III. Status of holding or disposal of the company's shares by subsidiaries in the last year and as of the date of publication of the annual report: None.
- IV. Other necessary supplementary explanations: None.
- V . In the most recent year and as of the date of publication of the annual report, if there is any matter that has a significant impact on shareholders' rights and interests or the price of securities as specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.

Attachment I: Consolidated Financial Statements

Wanshih Electronic Co., Ltd. and Subsidiaries
Consolidated Financial Statements and
Independent Auditors' Report
The Years Ended December 31, 2022 and 2021
(Stock Code: 6134)

Address: 3-4F, No. 72 Wugong 6th Rd., Wugu Dist., New Taipei Industrial Park, New Taipei City

Tel: (02)2298-8066

Wanshih Electronic Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020

and Independent Auditors' Report

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Wanshih Electronic Co., Ltd.

Representation Letter

For the Company in 2022 (from January 1, 2022 to December 31, 2022), the entities to be

included in the consolidated financial statements of affiliated companies according to the Criteria

Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated

Financial Statements of Affiliated Enterprises are identical with the entities to be included in the

parent's consolidated financial statements under the International Financial Reporting Standards

(IFRS) 10. As the consolidated financial statements of affiliated companies are disclosed in the

parent's consolidated financial statements, the consolidated financial statements of affiliated

companies are not separately prepared.

Declared by

Wanshih Electronic Co., Ltd.

Responsible Person: Lake Chang

March 17, 2023

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Independent Auditors' Report

(112) Tsai-Shen-Bao Zi No. 22004911

To the Board of Directors of Wanshih Electronic Co., Ltd.:

Review Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of from January 1 to 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 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 Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the R.O.C. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the R.O.C. 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 of the Group 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.

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

Inventory Valuation

Description

Please refer to Notes 4(14), 5(2) and 6(5) to the consolidated financial statements for a description of the accounting policies, uncertainties in accounting estimates and assumptions, and accounting items related to the inventory valuation.

The Group is engaged in the sale of electronic parts and components, computer and peripheral products, and the production and sale of mini coaxial cable assemblies. As the products are affected by market demand changes and production technology updates, the product prices may be vulnerable to fluctuations or unsatisfactory product sales, which may affect the estimated net realizable value of the inventory valuation.

The Group adjusts its inventory in response to its market and development strategy. Since electronic cables and antennae are the main sales items, the related inventory amounts are significant. The management evaluates inventories based on the lower of cost or net realizable value. Given that such process involves subjective judgment, we believe that this accounting estimate has a significant effect on the inventory valuation, so we have listed it as one of the key audit matters for the year.

How our audit addressed the matter

The key audit procedures performed by us are described below:

- 1. Assessing the policy of allowance for inventory impairment with the understanding of the Group's operations and the nature of the industry.
- 2. Testing the price basis of net realizable value was consistent with the policy set by Group, and randomly checking the correctness of net realizable value for each inventory item.
- 3. Checking the management's details of outdated inventories as well as relevant documentary evidence.

Existence for incorporating the revenues of newly listed top ten sales customers

Description

Please refer to Note 4(27) to the consolidated financial statements for the accounting policy on revenue recognition and Note 6(21) to the consolidated financial statements for the description of operating income items.

The Group primarily engages in the sale of electronic parts and components, computer and peripheral products, and the manufacturing and sale of mini coaxial cable sets. As the orders for these products are easily affected by the customers' project cycles, the Group needs to develop new markets and take orders from new projects, so the top ten sales customers may change from year to year. Therefore, the newly added top ten sales customers had a material effect on the sales revenue for 2022 and 2021. With that, we have listed the existence for incorporating the revenues of Group's newly listed top ten sales customers as one of the key audit matters.

How our audit addressed the matter

The key audit procedures performed by us are described below:

- 1. For the assessment and testing of the financial statements, the internal control procedures of sales transactions are based on the Group's internal control system.
- 2. Viewing the relevant industry background information of newly listed top ten sales customers.
- 3. Obtaining and sampling relevant vouchers for the transactions involving operating revenue of the newly listed top ten sales customers.

Other Matters—The previous financial statements were audited by other auditors.

The financial statements of certain subsidiaries and investees accounted for using the equity method that are included in the consolidated financial statements of the Group have not been audited by us, but by other auditors. Therefore, our opinion expressed herein on the above consolidated financial statements relates to amounts included in the financial statements are solely based on the audit reports of other auditors. As of December 31, 2022 and 2021, the aforesaid company had total assets (including investments accounted for using the equity method) of NT\$8,757 thousand and NT\$8,368 thousand, respectively, which both represented 1% &0% of the consolidated total assets. Net operating revenues for the years ended December 31, 2022 and 2021were NT\$1,329 thousand and NT\$143 thousand, respectively, both representing 0% of the consolidated net operating revenues.

Others-parent company only financial statements

We have audited the parent company only financial statements of Wanshih Electronic Co., Ltd. as at and for the years ended December 31, 2022 and 2021, and expressed an unqualified opinion with other matter section.

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 IFRSs, IASs, IFRC, 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.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 propriety 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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. 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 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 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 2022 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Po-Chuan Lin

Certified Public Accountant

Shu-Chiung Chang

Financial Supervisory Commission (FSC) Certificate No. Approved: Jin-Guan-Zheng-Shen-Zi No. 1100350706 The previous Approval No. issued by FSC, Executive Yuan

Certificate No. Approved: Jin-Guan-Zheng-Shen-Zi No. 0990042602

March 17, 2023



Unit: NTD Thousands

				ember 31, 202		December 31, 20	
_	Assets	Note	A	mount	<u>%</u>	Amount	
	Current asset						
1100	Cash and cash equivalents	6(1)	NT\$	247,892	14	\$ 291,045	17
1110	Financial assets measured at fair value through	6(2)					
	profit or loss - current			7,072	-	-	-
1136	Current financial assets at amortized cost	6(3) and 8		64,493	4	23,058	1
1150	Notes receivable, net	6(4)		13,888	1	9,114	1
1170	Accounts receivable, net	6(4)		436,819	25	460,225	26
1180	Receivables from related parties, net	7		10,022	1	40,845	2
1200	Other receivables	7		10,096	1	16,000	1
1220	Income tax assets for the period			2	-	486	-
130X	Inventories	6(5)		249,821	14	242,730	14
1410	Prepayments			10,178	1	9,656	1
1479	Other current assets - others			7,678		7,956	
11XX	Total current asset			1,057,961	61	1,101,115	63
	Non-current asset						
1517	Financial assets at fair value through other	6(6) and 8					
	comprehensive income or loss - non-current			285,216	17	276,007	16
1550	Investments accounted for using equity method	6(7)		-	-	27	-
1600	Property, Plant and Equipment	6(8),(12)					
		and 8		266,739	15	281,537	16
1755	Right-of-use assets	6(9) and 8		44,314	3	34,088	2
1780	Intangible asset	6(11)		4,145	-	2,203	-
1840	Deferred income tax assets	6(27)		46,223	3	41,778	3
1930	Long-term notes and accounts receivable			8,400	-	-	-
1990	Other non-current assets - others			8,522	1	6,574	
15XX	Total non-current asset			663,559	39	642,214	37
1XXX	Total assets		NT\$	1,721,520	100	\$ 1,743,329	100
		(Continue	ed)	<u>.</u>			



Unit: NTD Thousands

				December 31, 202	22		December 31, 20	21
	Liabilities and Equity	Note		Amount	%		Amount	%
	Current liability							
2100	Short-term loans	6(13)	\$	270,240	16	\$	269,828	15
2150	Notes payable			-	-		1,800	-
2170	Accounts payable			146,174	9		168,278	10
2180	Accounts payable - related parties	7		22,535	1		46,842	3
2200	Other payables	6(13)(14)		138,453	8		167,067	10
2230	Income tax payable for the period			-	-		2,512	-
2280	Lease liabilities - current	7		13,206	1		10,284	1
2320	Long-term liabilities, current portion	6(16)		-	-		1,550	-
2399	Other current liabilities - others			4,315			1,939	
21XX	Total current liabilities			594,923	35		670,100	39
	non-current liabilities							
2530	Bonds payable	6(15)		189,923	11		-	-
2540	Long-term loans	6(16)		-	-		8,450	-
2570	Deferred income tax liabilities	6(27)		47,595	3		46,680	3
2580	Non-current lease liabilities	7		23,971	1		16,258	1
2640	Net defined benefit liability - non-current	6(17)		3,945			4,805	
25XX	Total non-current liabilities			265,434	15		76,193	4
2XXX	Total liabilities			860,357	50		746,293	43
	Equity attributable to shareholders of the parent							
	Share capital	6(18)						
3110	Common share			725,799	41		725,799	41
	Additional paid-in capital	6(19)						
3200	Additional paid-in capital			51,654	1		12,129	1
	Retained earnings	6(20)						
3310	Legal capital reserve			3,150	-		2,304	-
3320	Special capital reserve			-	2		30,201	2
3350	Unappropriated retained earnings		(37,887)	1		11,998	1
	Other equities							
3400	Other equities		(334)	6	(110,490	6)
31XX	Total equity attributable to shareholders of the							
	parent			742,382	51		892,921	51
36XX	Non-controlling interest	4(3)		118,781	6		104,115	6
3XXX	Total Equity			861,163	57		997,036	57
	Significant Events							
3X2X	Total Liabilities and Equity		\$	1,721,520	100	\$	1,743,329	100

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

Chairman: Lake Chang



Managerial officer: Lake



Head-Finance & Accou Wen Yi Chu



Unit: NTD Thousands (Except Earnings Per Share - in New Taiwan dollar)

5000 Operating cost 6(5), (26) and 7 (1,201,735) (83) (1,40 5900 Gross profit 244,019 17 27 Operating expenses 6(26) and 7 6100 Selling expenses (119,440) (8) (9,6200 General and administrative expenses (148,461) (10) (14,6300 Research & development expenses (93,005) (7) (10,6450 Expected credit gains (losses) 538 - (6000 Total operating expenses (360,368) (25) (34,636)	3,707 1,984) (% 100 84) 16
5000 Operating cost 6(5), (26) and 7 (1,201,735) (83) (1,40) 5900 Gross profit Operating expenses 6(26) and 7 6100 Selling expenses (119,440) (8) (9) 6200 General and administrative expenses (148,461) (10) (14) 6300 Research & development expenses (93,005) (7) (10) 6450 Expected credit gains (losses) 538 - (6000 Total operating expenses (360,368) (25) (34) 6900 Operating loss (116,349) (8) (6)	1,984) (1,723	84)
and 7 (1,201,735) (83) (1,40 5900 Gross profit	1,723	16
5900 Gross profit 244,019 17 27 Operating expenses 6(26) and 7 6100 Selling expenses (119,440) (8) (9) 6200 General and administrative expenses (148,461) (10) (14) 6300 Research & development expenses (93,005) (7) (10) 6450 Expected credit gains (losses) 538 - (6000 Total operating expenses (360,368) (25) (34) 6900 Operating loss (116,349) (8) (6)	1,723	16
Operating expenses 6(26) and 7 6100 Selling expenses (119,440) (8) (9,6200 General and administrative expenses (148,461) (10) (14,6300 Research & development expenses (93,005) (7) (10,6450 Expected credit gains (losses) 538 - (6000 Total operating expenses (360,368) (25) (34,6900 Operating loss (116,349) (8) (60,6900 Operating loss (116,349) (8) (80,6900 Operating loss (80,6900 Operating		
6100 Selling expenses (119,440) (8) (9,6200 General and administrative expenses (148,461) (10) (14,6300 Research & development expenses (93,005) (7) (10,6450 Expected credit gains (losses) 538 - (6000 Total operating expenses (360,368) (25) (34,6900 Operating loss (116,349) (8) (6,6900 Operating loss (116,349) (8) (8,6900 Operating loss (8,6900	5,808) (
6200 General and administrative expenses (148,461) (10) (14,463) (10) (14,464) (10) (14,464) (10) (14,464) (10) (14,464) (10) (10) (14,464) (10) (10) (14,464) (10	5,808) (
expenses (148,461) (10) (14 6300 Research & development expenses (93,005) (7) (10 6450 Expected credit gains (losses) 538 - (6000 Total operating expenses (360,368) (25) (34 6900 Operating loss (116,349) (8) (6		6)
6300 Research & development expenses (93,005) (7) (10 6450 Expected credit gains (losses) 538 - (6000 Total operating expenses (360,368) (25) (34 6900 Operating loss (116,349) (8) (6		
6450 Expected credit gains (losses) 538 - (6000 Total operating expenses (360,368) (25) (34 6900 Operating loss (116,349) (8) (6	2,243) (8)
6000 Total operating expenses (360,368) (25) (34 6900 Operating loss (116,349) (8) (6)	2,956) (6)
6900 Operating loss (116,349) (8) (6)	75)	
	1,082) (20)
Non-operating income and expense	9,359) (4)
Non-operating meonic and expense		
7100 Interest income 6(22) 2,164 -	1,979	-
7010 Other income 6(23) and 7 50,728 4 3	7,397	2
7020 Other gain and loss 6(24) (876) - (2,633)	-
7050 Financial costs 6(25) and 7 (10,826) (1) (7,337) (1)
Share of profit or loss of associates 6(7)		
and joint ventures accounted for using equity method (27) - (646)	-
7000 Total non-operating income and		
	8,760	1
7900 Net income (loss) before tax (75,186) (5) (0,599) (3)
7950 Income tax gain (expense) 6(27) 3,148 - (7,238)	
8200 Net income (loss) for the year (<u>\$ 72,038</u>) (<u>5</u>) (<u>\$ 4</u>		3)

(Continued)

Unit: NTD Thousands (Except Earnings Per Share - in New Taiwan dollar)

				2022			2021	
	Item	Note		Amount	%		Amount	%
	Other comprehensive income for the year,							
r	net of income tax							
I	tems that are not reclassified to profit or							
1	oss							
8311	Remeasurements of defined benefit plans	6(17)	\$	274	-	\$	478	-
8316	Unrealized valuation gains/losses on	6(6)						
	investments in equity instruments at fair							
	value through other comprehensive income							
	or loss		(112,593) (8)	(192,523	11
8349	Income tax expense related to items that	6(27)						
	are not reclassified		(55)		(96)	
8310	Total items that are not reclassified to							
	profit or loss		(112,374) (8)		192,905	<u>11</u> (
I	tems that may be reclassified							
S	ubsequently to profit or loss							
8361	Exchange differences arising on translation							
	of foreign operations			6,924	1	(7,862)	-
8399	Income tax expense related to items that	6(27)						
	may be reclassified subsequently		(441)			1,180	
8360	Total items that may be reclassified							
	subsequently to profit or loss			6,483	1	(6,682)	
	Other comprehensive income for the year,							
r	net of income tax		(\$	105,891) (<u>7</u>)	\$	186,223	11
85007	Total comprehensive income in the current							
I	period		(\$	177,929) (12)	\$	138,386	8
1	Net income (loss) attributable to:							
8610	owners of the parent company		(\$	66,109) (5)	(\$	39,031) (2)
8620	Non-controlling interest		(5,929)	_	(8,806) (1)
	Total		(\$	72,038) (5)	(\$	47,837) (3)
7	Cotal comprehensive income attributable to:							
8710	owners of the parent company		(\$	176,714) (12)	\$	149,152	9
8720	Non-controlling interest		(1,215)		(10,766) (1)
	Total		(\$	177,929) (12)	\$	138,386	8
F	Earnings (losses) per share	6(28)						
9750	Basic earnings (losses) per share		(\$		0.91)	(\$		0.54)
				·				

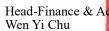
The accompanying notes are an integral part of the consolidated financial statements.





Managerial officer: Lake







Unit: NTD Thousands

			Additional pa	id-in capita		Retair	ed earnings				Other ec								
	N o t	Common S eshare a		認股權	al capital	•	ial capital	retain (for	ppropriated ned earnings r offsetting losses)	diff aris trans fo	change ferences sing on slation of oreign erations	on to a at fa throughout comp	alized gain or loss financial assets air value ugh other orehensive		Total		controlling nterest	Tota	al Equity_
2021																			
Balance, January 1, 2021		\$725,799	\$ 12,129	\$ -	\$ 	\$	_	\$	36,042	(\$	38,007)	\$	7,806	\$	743,769	\$	127,105	\$	870,874
Net loss for the period		-	-	-	-		-	(39,031)		_		-	(39,031)	(8,806)	(47,837)
Other comprehensive income recognized for the pe	riod 6(6)				 		<u>-</u>		382	(4,722)		192,523		188,183	(1,960)		186,223
Total comprehensive income in the current period					 		<u>-</u>	(38,649)	(4,722)		192,523	_	149,152	(10,766)		138,386
Appropriations of earnings in 2020:	6(20)																		
Legal capital reserve		-	-	-	2,304		-	(2,304)		-		-		-		-		-
Special capital reserve		-	-	-	-		30,201	(30,201)		-		-		-		-		-
Disposal of equity instruments at fair value through of comprehensive income or loss	her 6(6)	-	-	-	-		-		47,110		-	(47,110)	-		-		-
Change in non-controlling interest		<u>-</u>			 		_		<u>-</u>					_	_	(12,224)	(12,224)
Balance, December 31, 2021		\$725,799	\$ 12,129	\$ -	\$ 2,304	\$	30,201	\$	11,998	(\$	42,729)	\$	153,219	\$	892,921	\$	104,115	\$	997,036
2022					 														
Balance, January 1, 2022		\$725,799	\$ 12,129	\$ -	\$ 2,304	\$	30,201	\$	11,998	(\$	42,729)	\$	153,219	\$	892,921	\$	104,115	\$	997,036
Net loss for the period		-	-	-	-		-	(66,109)		_		-	(66,109)	(5,929)	(72,038)
Other comprehensive income recognized for the per	riod 6(6)	<u>-</u>	<u>-</u>		 				219		1,769	(112,593	(_	110,605)		4,714	(105,891)
Total comprehensive income in the current period					_		_	(65,890)		1,769	(112,593) (176,714)	(1,215)	(177,929)
Appropriations of earnings in 2021:	6(20)				<u> </u>														
Legal capital reserve		-	-	-	846		-	(846)		-		-		-		-		-
Special capital reserve		-	-	-	-	(30,201))	30,201		-		-		-		-		-
Cash dividends		-	-	-	-		-	(7,258)		-		-	(7,258)		-	(7,258)
Issuance of convertible bonds	6(15)	-	-	39,525	-		-		-		-		-		39,525		-		39,525
Changes in equity ownership of subsidiaries	6(29)	-	-	-	-		-	(6,092)		-		-	(6,092)		6,092		-
Change in non-controlling interest	6(30)	-			 -	_		_	<u>-</u>	_	<u> </u>	_		_		_	9,789		9,789
Balance, December 31, 2022		\$725,799	\$ 12,129	\$ 39,525	\$ 3,150	\$		(\$	37,887)	(\$	40,960)	\$	40,626	\$	742,382	\$	118,781	\$	861,163

The accompanying notes are an integral part of the consolidated financial s



Chairman: Lake Chang





Wanshih Electronic Co., Ltd. and Subsidiaries Consolidated Statements of Cash Flows For the Years Ended December 31, 2022 and 2021

Unit: NTD Thousands

-	Note		1, 2022 to er 31, 2022		1, 2021 to r 31, 2021
Cash Flow from Operating Activities					
Income (loss) before income tax		(\$	75,186)	(\$	40,599)
Adjustments for					
Adjustments to reconcile profit (loss)					
Depreciation expense	6(26)		86,575		89,004
Expected credit losses (gains)		(538)		75
Net gain on financial assets at fair value through loss	6(2) and(24)		400		-
Interest expense	6(25)		10,826		7,337
Interest income	6(22)	(2,164)	(1,979)
Dividend income	6(23)	(11,864)	(8,029)
Share of loss of associates accounted for using equity	6(7)				
method			27		646
Loss on disposal and obsolescence of property, plant	6(24)				
and equipment			805	(918)
Impairment loss on property, plant and equipment	6(22) and6(24)		3,869		-
Profit from disposals of investments	6(24)	(5,045)		-
Write off gain on accounts payable	6(23)	(53)	(570)
Changes in operating assets and liabilities:					
Changes in operating assets, net					
Notes receivable		(6,612)		-
Accounts receivable		(4,774)		5,278
Receivables from related parties			28,484		56,889
Other receivables			30,823		7,804
Inventories			17,383	(9,157)
Prepayments			6,438		71,417
Other current assets - others		(522)		4,612
Long-term notes and accounts receivable			628		7,292
Changes in operating liabilities, net		(8,400)		-
Notes payable		(1,800)		1,800
Accounts payable		(24,267)	(110,041)
Accounts payable - related parties		(24,307)		2,310
Other payables		(24,253)	(25,271)
Other payables - related parties			-	(3,890)
Other current liabilities - others			1,492	(4,589)
Net defined benefit liability - non-current		(586)	(1,493)
Cash generated by operating activities		(2,621)		47,928
Interest received			2,164		1,979
Dividend received			11,864		8,029
Interest paid		(8,491)	(9,106)
Income tax paid			495		684
Income tax refunded		(3,392)	(2,344)
Net cash inflow from operating activities			19		47,170
(Continued)				

(Continued)

Wanshih Electronic Co., Ltd. and Subsidiaries Consolidated Statements of Cash Flows For the Years Ended December 31, 2022 and 2021

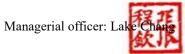
Unit: NTD Thousands

	Note_	January 1, 2022 to December 31, 2022	January 1, 2021 to December 31, 2021
Cash Flow from Investing Activities			
Acquisition of financial assets at amortized cost		(\$ 41,435)	(\$ 16,233)
Acquisition of financial assets at fair value through other			
comprehensive income or loss		(121,802)	(33,440)
Disposal of financial assets at fair value through other comprehensive	6(6)		
income or loss		-	87,787
Cash inflow from merger		1,164	-
Acquisition of subsidiaries (net of cash acquired)		-	(3,828)
Acquisition of property, plant and equipment	6(31)	(88,063)	(94,192)
Disposal of property, plant and equipment	6(31)	6,030	1,516
Decrease in other non-current assets		(1,736)	1,606
Net cash used in investing activities		(245,842_)	(56,784_)
Cash Flow from Financing Activities			
Increase (decrease) in short-term loans, net	6(32)	(2,181)	58,981
Issuance of convertible bonds		226,423	-
Proceeds from long-term bank loans	6(32)	-	7,500
Prepayment of long-term bank loans	6(32)	(10,000)	-
Repayment of the principal portion of lease liabilities	6(32)	(15,181)	(11,967)
Prepayment of long-term notes and accounts payable to related parties	6(32)	-	(52,206)
Cash dividends	6(20)	(7,258)	-
Change in non-controlling interest			(14,346_)
Net cash generated by (used in) financing activities		191,803	(12,038_)
Foreign exchange adjustments		10,867	(6,607_)
NET INCREASE (DECREASE) IN CASH AND CASH			
EQUIVALENTS		(43,153)	(28,259)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		291,045	319,304
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 247,892	\$ 291,045

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









Wanshih Electronic Co., Ltd. and Subsidiaries Notes to Consolidated Financial Statements For the Years Ended December 31, 2022 and 2021

Unit: NTD Thousands (Unless Specified Otherwise)

Effective Data Issued

I. Company History

Wanshih Electronic Co., Ltd. (hereinafter referred to as the "Company") was established in the Republic of China on June 4, 1987. The Company and its subsidiaries (hereinafter referred to as the "Group") are mainly engaged in the sales of electronic components, computer and peripheral products, and the production and sale of mini coaxial cables. The Company's stock has been publicly traded on Taipei Exchange since January 8, 2002.

II. Approval Date and Procedures of the Consolidated Financial Statements

The consolidated financial statements were approved and authorized for issue by the Board of Directors on March 17, 2023.

III. Application of New and Revised International Financial Reporting Standards

(I) <u>The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C.</u> which have already been adopted.

Amendments to the IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2022:

Effective Date Issued
by IASB
January 1, 2022
January 1, 2022
January 1, 2022
January 1, 2022
to the Group's financial.

(II) <u>Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group</u>

Amendments to the IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023:

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

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

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

The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC:

	Effective Date Issued
New, Revised or Amended Standards and Interpretations	by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets	To be determined by
between an Investor and its Associate or Joint Venture"	IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	
IFRS 17 "Insurance Contracts"	January 1, 2024
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 -	January 1, 2023
Comparative Information"	
Amendments to IAS 1 "Classification of Liabilities as Current or Non-	January 1, 2023
current"	
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	January 1, 2024
arising from a Single Transaction"	
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.	

IV. Summary of Significant Accounting Policies

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

(I) Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(II) Basis of Preparation

- 1. The consolidated financial statements have been prepared on the historical cost basis except for the following the important items:
 - (1) Financial assets at fair value through other comprehensive income or loss that are measured at fair value.
 - (2) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligations.
 - (3) Defined benefit liabilities are recognized based on the net amount of pension assets Less the present value of defined benefit obligations.
- 2. The preparation of financial statements in conformity with 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.

(III) Basis of Consolidation

- 1. The basis for the consolidated financial statements
- (1) 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.
- (2) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (3) 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 noncontrolling interests having a deficit balance.
- (4) Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over its subsidiaries are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.
- (5) Upon loss of control over a subsidiary, the Group remeasures any investment retained in the former subsidiary at fair value, which are recognized as the fair value of the financial assets originally recognized or the cost of the investment in a related party or joint venture originally recognized. Any difference between fair value and carrying amount is recognized in profit or loss. The amounts previously recognized in other comprehensive income and in relation to the subsidiary are reclassified to profit or loss if the accounting treatment is the same as the Group's disposal of relevant assets or liabilities, i.e., previously recognized as gain or loss in other comprehensive income. Such a gain or loss will be reclassified to profit or loss upon loss of control of the subsidiary.

2. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Scope of Business	Percentage of	Descri	
			December 31,	December 31,	ption
			2022	2021	
Wanshih	Wanshih (H.K) Electronic	Sales of electronic	53.29%	53.29%	
Electronic Co.,	Co., Ltd.	components, computers			
Ltd.	(Wanshih H.K.)	and peripheral products			
Wanshih Electronic Co., Ltd.	Bright Master Co., Ltd.	Investee and holding companies	100%	100%	
Wanshih Electronic Co., Ltd.	(Data Lake)	Sales of electronic materials and software as well as the development of software for automobiles	62.5%	50%	Note1

Electronic Co., Ltd. Ltd. Ltd. Electronics) Electronics Element Co., Ltd. (Suzhou Wanshih Electronics) Wanshih Millimeter Wave Tech Electronic Co., Ltd. (Millimeter Captellectronic Co., Ltd. (Millimeter Captellectronic Co., Ltd. (Millimeter Captellectronic Co., Ltd. (Millimeter Captellectronic Co., Ltd. Wanshih Draco Electronics, LLC Electronic Co., Ltd. Wanshih (H.K) Electronic Co., Ltd. Wanshih Electronic Co., Ltd. Ltd. (Dongguan Humen Ltd. (Dongguan Humen) Ltd. (Dongguan Humen) Ltd. (Dongguan Humen) Suzhou Wanshih Electronic Co., Ltd. Co., Ltd. (Suzhou Wanshih Electronic Co., Ltd. Suzhou Wanshih Weicheng Electronic Co., Ltd. Suzhou Wanshih Electronic Element Element Element Electronic Element Element Element Element Element Element Element Element Element E	Wanshih	Suzhou Wanshih	Manufacturing and	87.26%	87.26%	
Ltd. (Suzhou Wanshih Electronics) Wanshih Millimeter Wave Tech Electronic Co., Ltd. (Millimeter Ltd. Wave) Wanshih Draco Electronics, LLC Electronic Co., Ltd. (Millimeter Ltd. Wanshih (H.K) Electronic Co., Ltd. (Millimeter Co., Ltd. (Millimeter Ltd. Wanshih (H.K) Electronic Co., Ltd. (Millimeter Co., Ltd. (Millimeter Ltd. Wanshih (H.K) Electronic Co., Ltd. (Millimeter Co., Ltd. (Dongguan Humen Ltd. (Dongguan Humen Ltd. (Dongguan Humen Co., Ltd. (Dongguan Humen Ltd. (Dongguan Humen Ltd. (Dongguan Humen Co., Ltd. (Dongguan Humen Co., Ltd. (Dongguan Humen Ltd. (Dongguan Humen Ltd. (Dongguan Humen Co., Ltd. (Dongguan Humen Co., Ltd. (Dongguan Humen Ltd. (Suzhou Wanshih Electronic Element Co., Ltd. (Suzhou Wanshih Optical) Suzhou Wanshih Electronic Element Limited (Co., Ltd. (Weicheng Electronic Element Limited Co., Ltd. (Suzhou Wanshih Electronic Element Limited (Co., Ltd. (Suzhou Wanshih) Siyang Wanshih Electronic Element Limited (Communication Limited) Electronic Element Co., Ltd. (Suzhou Wanshih Electronic Element Limited (Communication Limited) Electronic Element Co., Ltd. (Suzhou Wanshih) Electronic Element Limited (Communication Limited) Electronic Element Co., Ltd. (Suzhou Wanshih) Electronic Element Co., Communication Limited) Electronic Element Co., Communication Limited (Communication Limited) Electronic Element Components, computers and peripheral products (Thailand Wanshih) Bright Master Co., (VIETNAM) Wanshih Electronic Element Components, computers and peripheral products an				07.2070	07.2070	
(Suzhou Wanshih Electronics) Wanshih Millimeter Wave Tech Electronic Co., Ltd. (Millimeter Components, computers and peripheral products Wanshih Draco Electronics, LLC Electronic Co., Ltd. (Dongguan Humen Electronic Co., Ltd. (Dongguan Humen) Ltd. Wanshih Electronic Co., Ltd. (Dongguan Humen) Suzhou Wanshih Suzhou Wanshih Suzhou Wanshih Optical Communication Co., Ltd. (Co., Ltd. (Siyang Wanshih) Suzhou Wanshih Siyang Wanshih Co., Ltd. (Siyang Wanshih) Co., Ltd. (Siyang Wanshih) Siyang Wanshih Sales of electronic components, computers components, computers and peripheral products Toomponents, computers and peripheral products Company Limited components, computers and peripheral products		· ·				
Electronics) Electronic wire harness and external cable as well as SMT module) Wanshih Millimeter Wave Tech Electronic Co., Ltd. (Millimeter Ltd. Wave) Wanshih Draco Electronics, LLC Electronic Co., Ltd. (Millimeter Ltd. Wave) Wanshih Draco Electronics, LLC Electronic Co., Ltd. (Millimeter Ltd. Wave) Wanshih Draco Electronics, LLC Electronic Co., Ltd. (Millimeter Ltd. Ware) Wanshih (H.K.) Dongguan Humen Manufacturing of wire lectronic products Wanshih Electronic Co., Ltd. (Dongguan Humen) Ltd. (Dongguan Humen) Electronic Element Optical Communication Co., Ltd. (Dongguan Humen) Suzhou Wanshih Electronic Element Optical Communication Co., Ltd. (Suzhou Wanshih) Electronic Element Element Limited Co., Ltd. (Suzhou Wanshih) Suzhou Wanshih Electronic Element Element Limited Co., Ltd. (Siyang Wanshih) Electronic Element Element Electronic Element Co., Ltd. (Siyang Wanshih) Electronic Element Element Element Co., Communication Limited companies Bright Master Co., (Thailand) Wanshih Electronic Element Company Limited (Thailand Wanshih) Bright Master Co., (VIETNAM) Wanshih Electronic Element Company Limited and peripheral products Company Limited and peripheral products Electronic Element Company Limited and peripheral products Electronic Element Company Limited and peripheral products	Dia.					
electronic wire harness and external cable as well as SMT module) Wanshih Millimeter Wave Tech Electronic Co., Ltd. (Millimeter Wave) Wanshih Draco Electronics, LLC wire harnesses and peripheral products Wanshih Draco Electronics, LLC wire harnesses and external cables for electronic Products Wanshih (H.K) Dongguan Humen Manufacturing of wire Electronic Co., Ltd. (Dongguan Humen) Ltd. (Dongguan Humen) Ltd. (Dongguan Humen) Suzhou Wanshih Electronic Co., Ltd. (Suzhou wanshih Co., Ltd. (Suzhou wanshih Co., Ltd. (Suzhou wanshih Weicheng Electronic Components, computers and peripheral products Suzhou Wanshih Siyang Wanshih Electronic Element Limited Co., Ltd. (Weicheng Electronic) Suzhou Wanshih Siyang Wanshih Electronic Element Element Limited Co., Ltd. (Siyang Wanshih) Electronic Element Element Electronic Element Element Electronic Element Elemen		`				
and external cable as well as SMT module) Wanshih						
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Electronic Co., Ltd. (Millimeter Wave) and peripheral products wire harnesses and external cables for electronic products. Wanshih (H.K) Electronic Co., Ltd. (Dongguan Humen Wanshih Electronic Co., Ltd. (Dongguan Humen) Ltd. (Dongguan Humen Ltd. (Dongguan Humen Ltd. (Dongguan Humen Ltd. (Dongguan Humen Ltd. (Wanshih	Millimeter Wave Tech		60.00%	60.00%	Note 2
Ltd. Wave) and peripheral products Wanshih Draco Electronics, LLC wire harnesses and external cables for electronic Products Wanshih (H.K) Dongguan Humen Wanshih Electronic Co., Ltd. (Dongguan Humen) Ltd. (Dongguan Humen) Suzhou Wanshih Suzhou Wanshih Electronic Element Optical Communication Co., Ltd. (Suzhou Wanshih Optical) Suzhou Wanshih Weicheng Electronic Element Element Limited Co., Ltd. (Weicheng Electronic) and peripheral products Suzhou Wanshih Siyang Wanshih Electronic Element Electronic Elem						
Wanshih Electronic Co., Ltd. Wanshih (H.K) Electronic Co., Ltd. Wanshih (H.K) Dongguan Humen Manufacturing of wire Electronic Co., Ltd. Ltd. (Dongguan Humen) Ltd. (Dongguan Humen) Suzhou Wanshih Electronic Element Optical Communication Co., Ltd. (Suzhou Wanshih Optical) Suzhou Wanshih Electronic Element Limited Co., Ltd. Weicheng Electronic Electronic Element Lid. (Siyang Wanshih) Electronic Element Ltd. (Siyang Wanshih) Electronic Element Co., Ltd. Co., Ltd. Communication Limited Co., Ltd. Electronic Element Co., Ltd. Suzhou Wanshih Siyang Wanshih Electronic Element Electronic Element Co., Ltd. Co., Ltd. Communication Limited Investee and holding (Communication Limited) Company Limited Components, computers and peripheral products Sales of electronic components, computers and peripheral products 100% 100% 100% 100% 100% 100% 100% 10						
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Ltd. electronic products Manshih (H.K) Dongguan Humen Manufacturing of wire 100% 100% 100% Ltd. Ltd. (Dongguan Humen	Electronic Co.,		external cables for			
Wanshih (H.K.) Electronic Co., Ltd. (Dongguan Humen) Wanshih Electronic Co., Ltd. (Dongguan Humen) Suzhou Wanshih Electronic Element Co., Ltd. (Suzhou Wanshih Optical) Suzhou Wanshih Electronic Element Element Limited Co., Ltd. (Weicheng Electronic) Suzhou Wanshih Electronic Element Element Element Element Element Electronic Element Co., Ltd. (Siyang Wanshih) Electronic Element Electronic Element Co., Ltd. (Siyang Wanshih) Siright Master Co., (Communication Limited Companies Bright Master Co., (Thailand) Wanshih Ltd. Electronic Element Company Limited (Thailand Wanshih) Bright Master Co., (VIETNAM) Wanshih Electronic Element Company Limited (Thailand Wanshih) Sales of electronic Components, computers and peripheral products Sales of electronic Electronic Element Components, computers and peripheral products Sales of electronic Electronic Components, computers and peripheral products			electronic products			
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Ltd. (Dongguan Humen) cables for electronic products, medical cables and automobile cables Suzhou Wanshih Suzhou Wanshih Product processing and Co., Ltd. (Suzhou assembly Wanshih Optical) Suzhou Wanshih Siyang Wanshih Siyang Wanshih Siyang Wanshih Co., Ltd. (Siyang Wanshih) Electronic Element Electronic Element Co., Co., Ltd. (Siyang Wanshih) Electronic Element Electronic Element Co., Co., Ltd. (Siyang Wanshih) Suzhou Wanshih Siyang Wanshih cables for electronic products Bright Master Co., Communication Limited Investee and holding (Communication Limited) companies Bright Master Co., (Thailand) Wanshih Sales of electronic components, computers and peripheral products Bright Master Co., (VIETNAM) Wanshih Sales of electronic Element Components, computers and peripheral products Bright Master Co., (VIETNAM) Wanshih Sales of electronic Components, computers and peripheral products Electronic Element Components, computers and peripheral products Electronic Element Components, computers and peripheral products Electronic Element Components, computers and peripheral products						
products, medical cables and automobile cables Suzhou Wanshih Electronic Element Co., Ltd. (Suzhou Wanshih Optical) Suzhou Wanshih Optical) Suzhou Wanshih Electronic Element Limited components, computers Co., Ltd. (Weicheng Electronic) Suzhou Wanshih Electronic Element Limited components, computers and peripheral products Siyang Wanshih Electronic Element Co., Ltd. (Siyang Wanshih) Electronic Element Electronic Element Co., Ltd. (Siyang Wanshih) Electronic Element Electronic Element Co., Ltd. (Siyang Wanshih) Siyang Wanshih Electronic Element Electronic Element Company Limited Company Limited Company Limited Electronic Element Company Limited Components, computers Components, computers and peripheral products 100% 100% 100% 100% 100% 100% 100% 10						
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Wanshih Optical Suzhou Wanshih Weicheng Electronic Sales of electronic 100% 100%	Electronic Element	Optical Communication				
Suzhou Wanshih Electronic Element Limited Co., Ltd. (Weicheng Electronic) Suzhou Wanshih Siyang Wanshih Electronic Element Electronic Element Co., Ltd. Suzhou Wanshih Siyang Wanshih Electronic Element Electronic Element Co., Ltd. Co., Ltd. Ltd. (Siyang Wanshih) Bright Master Co., Communication Limited (Communication Limited) Electronic Element Company Limited Components, computers Components	Co., Ltd.	Co., Ltd. (Suzhou	assembly			
Electronic Element Limited Co., Ltd. (Weicheng Electronic) Suzhou Wanshih Electronic Element Co., Co., Ltd. (Weicheng Electronic) Manufacturing of wire harnesses and external cables for electronic products Bright Master Co., Communication Limited (Communication Limited) Electronic Element Company Limited (Thailand Wanshih) Bright Master Co., (VIETNAM) Wanshih Ltd. Electronic Element Company Limited Company Limited Electronic Element Company Limited Company Limited Company Limited Electronic Element Components, computers and peripheral products Electronic Element Components, computers and peripheral products Components, computers and peripheral products Components, computers Components, computers and peripheral products Components, computers Components, computers and peripheral products		Wanshih Optical)	-			
Co., Ltd. (Weicheng Electronic) and peripheral products Suzhou Wanshih Siyang Wanshih Manufacturing of wire Electronic Element Electronic Element Co., Co., Ltd. (Siyang Wanshih) cables for electronic products Bright Master Co., Communication Limited Investee and holding (Communication Limited) companies Bright Master Co., (Thailand) Wanshih Sales of electronic tomponents, computers Company Limited (Thailand Wanshih) Bright Master Co., (VIETNAM) Wanshih Sales of electronic tomponents, computers (Thailand Wanshih) Bright Master Co., (VIETNAM) Wanshih Sales of electronic tomponents, computers (Thailand Wanshih) Bright Master Co., (VIETNAM) Wanshih Sales of electronic tomponents, computers (Company Limited and peripheral products tomponents, computers (Company Limited and peripheral products tomponents, computers (Company Limited and peripheral products and peripheral products tomponents, computers (Company Limited and peripheral products and peripheral products tomponents, computers (Company Limited and peripheral products (Company Limited and peripheral products and peripheral products and peripheral products (Company Limited and peripheral products (Company L			Sales of electronic	100%	100%	
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Electronic Element Electronic Element Co., harnesses and external Co., Ltd. (Siyang Wanshih) cables for electronic products Bright Master Co., Communication Limited Investee and holding (Communication Limited) companies Bright Master Co., (Thailand) Wanshih Sales of electronic tomponents, computers Company Limited (Thailand Wanshih) Bright Master Co., (VIETNAM) Wanshih Sales of electronic tomponents, computers (Thailand Wanshih) Bright Master Co., (VIETNAM) Wanshih Sales of electronic tomponents, computers (Company Limited and peripheral products tomponents, computers Company Limited and peripheral products and peripheral products (Company Limited and peripheral products tomponents, computers Company Limited and peripheral products tomponents, computers (Company Limited and peripheral products to the cables for electronic tomponents and external cables for electronic tomponents a						
Co., Ltd. Ltd. (Siyang Wanshih) cables for electronic products Bright Master Co., Communication Limited Investee and holding - 100% Note 4 Ltd. (Communication Limited) companies Bright Master Co., (Thailand) Wanshih Sales of electronic components, computers Company Limited and peripheral products (Thailand Wanshih) Bright Master Co., (VIETNAM) Wanshih Sales of electronic 100% 100% Ltd. Electronic Element components, computers Company Limited and peripheral products (Thailand Wanshih) Bright Master Co., (VIETNAM) Wanshih Sales of electronic 100% 100% 100% 100% 100% 100% 100% 100				100%	100%	
Bright Master Co., Communication Limited Investee and holding Ltd. (Communication Limited) companies Bright Master Co., (Thailand) Wanshih Ltd. Electronic Element components, computers Company Limited and peripheral products (Thailand Wanshih) Bright Master Co., (VIETNAM) Wanshih Bright Master Co., (VIETNAM) Wanshih Ltd. Electronic Element components, computers Company Limited and peripheral products Company Limited and peripheral products	Electronic Element	Electronic Element Co.,				
Bright Master Co., Communication Limited Investee and holding Ltd. (Communication Limited) companies Bright Master Co., (Thailand) Wanshih Ltd. Electronic Element components, computers Company Limited and peripheral products (Thailand Wanshih) Bright Master Co., (VIETNAM) Wanshih Ltd. Electronic Element components, computers Company Limited and peripheral products Company Limited and peripheral products Company Limited and peripheral products	Co., Ltd.	Ltd. (Siyang Wanshih)	cables for electronic			
Ltd. (Communication Limited) companies Bright Master Co., (Thailand) Wanshih Sales of electronic 100% Ltd. Electronic Element components, computers Company Limited and peripheral products (Thailand Wanshih) Bright Master Co., (VIETNAM) Wanshih Sales of electronic 100% Ltd. Electronic Element components, computers Company Limited and peripheral products			L .			
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Ltd. Electronic Element components, computers Company Limited and peripheral products (Thailand Wanshih) Bright Master Co., (VIETNAM) Wanshih Sales of electronic 100% Ltd. Electronic Element components, computers Company Limited and peripheral products						
Company Limited (Thailand Wanshih) Bright Master Co., (VIETNAM) Wanshih Sales of electronic 100% Ltd. Electronic Element components, computers Company Limited and peripheral products	Bright Master Co.,	(Thailand) Wanshih	Sales of electronic	100%	100%	
(Thailand Wanshih) Bright Master Co., (VIETNAM) Wanshih Sales of electronic 100% 100% Ltd. Electronic Element components, computers Company Limited and peripheral products	Ltd.		components, computers			
Bright Master Co., (VIETNAM) Wanshih Sales of electronic 100% 100% Ltd. Electronic Element components, computers Company Limited and peripheral products			and peripheral products			
Ltd. Electronic Element components, computers Company Limited and peripheral products						
Company Limited and peripheral products				100%	100%	
	Ltd.					
(Vietnam Wanshih)		Company Limited	and peripheral products			
		(Vietnam Wanshih)				

- Note 1: In April 2022, the Group did not subscribe for a cash capital increase of \$10,000 in Data Technology Co., Ltd. according to the shareholding ratio. After the capital increase, the shareholding ratio was 62.5%, please refer to Note 6(29).
- Note 2: In December 2021, the Group subscribed for a cash capital increase of NT\$4,500 from Millimeter Wave Technology Co., Ltd. After the capital increase, the Group's shareholding percentage is 60%. Since the Group has more than half of the voting rights, the Group has included Millimeter Wave Technology in the consolidated financial statements, please refer to Note 6(30).
- Note 3: In December 2022, the Group subscribed for a cash capital increase of NT\$16,625 from Draco Electronics, LLC After the capital increase, the Group's shareholding percentage is 60%. Since the Group has more than half of the voting rights, the Group has included Draco Electronics, LLC in the consolidated financial statements, please refer to Note 6(30).

Note 4: Communication Co., Ltd. was dissolved on January 28, 2022, And in March 2023, the cancellation document was obtained.

- 3. Subsidiaries not included in the consolidated financial statements: No such situation.
- 4. Adjustment for subsidiaries with different balance sheet dates: No such situation.
- 5. Significant restrictions: No such situation.
- 6. Subsidiaries that have non-controlling interests that are material to the Group:

The Group's total non-controlling interests as of December 31, 2022 and 2021 were NT\$118,781 and NT\$104,115, respectively. The following is information about the non-controlling interests and subsidiaries that are material to the Group:

			Non-controlling interest						
		December 31, 2022				Decemb			
	Main			Shareholdin			_		
Name of	Business			g			Shareholdin	Descr	
Subsidiary	Locations		Amount	Percentage		Amount	g Percentage	iption	
Wanshih (H.K)	Hong	\$	54,985	46.71%	\$	54,247	46.71%		
Electronic Co.,	Kong								
Ltd.									
(Wanshih H.K.)									
Suzhou Wanshih	China		49,045	12.74%		56,672	12.74%		
Electronic									
Element Co., Ltd.									
(Suzhou Wanshih									
Electronics)									
G ' 1.C'	. 1		C /1 1	. 1.					

Summarized financial information of the subsidiaries:

Balance Sheet

	Wanshih H.K.							
	Dec	cember 31, 2022	Dec	ember 31, 2021				
Current asset	\$	56,123	\$	71,599				
Non-current asset		73,815		58,786				
Current liability	(12,220)	(14,250)				
Total net assets	\$	117,718	\$	116,135				
		Suzhou Wansł	nih Electi	ronics				
	Dec	cember 31, 2022	Dec	ember 31, 2021				
Current asset	\$	707,929	\$	757,447				
Non-current asset		241,128		297,813				
Current liability	(527,910)	(576,775)				
non-current liabilities	(36,186)	(33,650)				
Total net assets	\$	384,961	\$	444,835				

Statement of Comprehensive Income

	Wanshih H.K.						
		2022		2021			
Revenues	\$	48,815	\$	38,289			
Income (loss) before tax	(3,195)		4,501			
income tax gain	(1,123)		-			
Net profit	(4,318)		4,501			
Other comprehensive income (net							
tax)		5,900	(3,166)			
Total comprehensive income in		<u> </u>		_			
the current period	\$	1,582	\$	1,335			
Total comprehensive income		_		_			
attributable to non-controlling							
interest	\$	739	\$	624			
Dividends paid to noncontrolling	\$	_	\$	14,346			
interests	Φ	<u> </u>	D	14,540			
	Suzhou Wanshih Electronics						
		2022	2100	2021			
Revenues	\$	1,184,647	\$	1,401,879			
Income (loss) before tax	(66,638)		49,025)			
Income tax gain (expense)		, , , , , , , , , , , , , , , , , , ,		693			
Income (loss) for the year	(66,638)	(48,332)			
Other comprehensive income (net	`	, ,	`	, ,			
tax)		6,765	(3,777)			
Total comprehensive income in		<u>, </u>	`	<u> </u>			
the current period	(\$	59,873)	(\$	52,109)			
Total comprehensive income	`		`				
attributable to non-controlling							
interest	(\$	7,628)	(\$	6,639)			

Statement of Cash Flows

	Wanshih H.K.				
		2022		2021	
Net cash inflow (outflow) from operating activities	(\$	12,567	\$	17,726	
Net cash used in investing activities		2,914	(2,918)	
Net cash used in financing activities		-	(30,714)	
Effect of exchange rate fluctuations on cash					
and cash equivalents		5,900	(3,166)	
Net Decrease In Cash and Cash Equivalents	(3,753)	(19,072)	
Cash and Cash Equivalents ,Beginning of					
Year		21,553		40,625	
Cash and Cash Equivalents ,End of Year	\$	17,800	\$	21,553	

	Suzhou Wanshih Electronics		
		2022	2021
Net cash inflow (outflow) from operating			
activities	(\$	2,560) \$	16,650
Net cash used in investing activities	(28,393) (162,222)
Net cash generated from financing activities		7,592	165,081
Effect of exchange rate fluctuations on cash			
and cash equivalents		6,765 (3,777)
Net Increase In Cash and Cash Equivalents	(16,596)	15,732
Cash and Cash Equivalents ,Beginning of			
Year		96,239	80,507
Cash and Cash Equivalents ,End of Year	\$	79,643 \$	96,239

(IV)Foreign currency translation

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

1. Foreign currency transactions and balances

(1) 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.

(2) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated 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.

- (3) 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, nonmonetary 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.
- (4) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains and losses".

2. Translation of foreign operations

- (1) The 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:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
C. All resulting exchange differences are recognized in other comprehensive income.

(2) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately reclassed into non-controlling interest in this foreign operation. If the Company retains partial interest in the former subsidiary after loss of control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(V) Classification of current and non-current items

- 1. Assets that meet one of the following criteria are classified as current assets:
 - (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

- (2) Assets held mainly for trading purposes;
- (3) Assets that are expected to be realized within twelve months from the balance sheet date;
- (4) 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 above criteria as non-current assets.

- 2. Liabilities that meet one of the following criteria are classified as current liabilities:
 - (1) Liabilities that are expected to be settled within the normal operating cycle;
 - (2) Assets held mainly for trading purposes;
 - (3) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (4) 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 liabilities that do not meet the above criteria as non-current liabilities.

(VI) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition, mature within three months from the date of acquisition and are held for the purpose of meeting short-term cash commitments should be recognized as cash equivalents.

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

- 1. Financial assets not measured at cost after amortization or measured at fair value through other comprehensive income.
- 2. The Group adopts the trade date accounting to account for financial assets at fair value through profit or loss that are an arm's length transaction.
- 3. At initial recognition, the Group measures financial assets at fair value plus relevant transaction costs, and subsequently, the Group measures the financial assets at fair value, and its gain or loss is recognized in profit or loss.

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

- 1. Financial assets at fair value through other comprehensive income comprise equity securities that are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- 2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- 3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(IX)Financial assets at amortized cost

- 1. Financial assets at amortized cost are those that meet all of the following criteria:
 - (1) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (2) The assets' contractual cash flows represent solely payments of principal and interest.
- 2. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- 3. 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.
- 4. 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.

(X)Accounts and notes receivable

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

(XI)Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost including accounts receivable that have a significant financing component, 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 that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(XII)Derecognition of financial assets

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

(XIII)Operating leases (lessor)

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.

(XIV)<u>Inventories</u>

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes loan 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.

(XV)Investments accounted for using equity method - associates

- 1. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- 2. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- 3. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- 4. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- 5. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. In other words, if a gain or loss previously recognized in other comprehensive income or loss would be reclassified to profit or loss upon disposal of the related asset or liability, the gain or loss is reclassified from equity to profit or loss when the significant effect on the related entity is lost. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(XVI)Property, Plant and Equipment

- 1. Property, plant and equipment are initially recorded at cost.
- 2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- 3. 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.
- 4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. 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: 20 to 25 years Machinery and equipment: 2 to 10 years

Transportation equipment: 5 years

Leasehold improvements: 2 to 15 years

Other equipment: 2 to 20 years

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

- Leases are recognized as a right-of-use asset and a corresponding lease liability 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.
- 2. 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 includes the 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.

- 3. At the commencement date, the right-of-use asset is stated at cost comprising:
 - (1) The amount of the initial measurement of lease liability; and
 - (2) any initial direct costs incurred.

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. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(XVIII)Intangible asset

1. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method. Goodwill is recognized as the difference of acquisition price minus fair value of identifiable net assets.

2. Customer Relationship

Customer relationships are acquired through business combinations and are recognized at fair value on the acquisition date. The fair value is recorded based on appraisal reports.

(XIX)Impairment of non-financial assets

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

(XX)Loans

Loans comprise long-term and short-term bank loans and other long-term and short-term loans. 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.

(XXI)Notes and accounts payable

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

(XXII)Convertible bonds payable

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

- 1. Embedded redemption right: During the initial recognition, its net fair value is used for recognition under the "financial assets at fair value through profit or loss". For subsequent balance sheet date, valuation is made according to the fair value at that time, and the difference is recognized under the "gain or loss on financial assets at fair value through profit or loss".
- 2. Main contracts of bonds: It is measured at fair value during the initial recognition, and the difference from the redemption price is recognized under the discount on bonds payable. Subsequently, the effective interest method is adopted according to the amortization procedure for recognition under the profit or loss during the circulation period, which is also used as the adjustment of the "financial costs".
- 3. Embedded conversion right (complying with the definition of equity): During the initial recognition, after the aforementioned "financial assets at fair value through profit or loss"

and "bonds payable" are deducted from the issuance amount, the remaining value is recognized under the "capital surplus - subscription right", and no remeasurement is further made subsequently.

- 4. Any transaction costs that can be attributed directly are amortized to the liability and equity component according to the initial carrying amount ratio of the aforementioned components.
- 5. During holder conversion, the liability components recognized (including "bonds payable" and "financial assets at fair value through profit or loss") are handled according to the subsequent measurement method classified, followed by adding the carrying value of the "capital surplus subscription right" according to the carrying value of the liability component in order to be used as the issuance cost for the conversion of common shares.

(XXIII)Derecognition of financial liabilitie

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

(XXIV)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.

(XXV)Employee benefits

1. Short-term employee benefits

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

2. Pensions

(1) Defined contribution plan

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

(2) Defined benefit plan

- A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior 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. 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.
- B. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

3. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The

Group recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

4. Employees' compensation and remuneration to directors

Employees' compensation and remuneration to directors are recognized as expenses and liabilities, 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.

(XXVI)Income tax

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

2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group 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.

3. Deferred 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 balance sheet. However, the deferred 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 nor loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

4. Deferred 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 tax assets are

reassessed.

(XXVII)Revenue recognition

Sales of goods

- 1. The Group is engaged in manufacturing and sales of computer wire harnesses, external signal cables, wireless antennas and other related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- 2. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(XXVIII) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as noncurrent liabilities. These grants are recognized as current income on a straight-line basis over the estimated useful lives of the related assets.

(XXIX) Business combinations

- 1. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.
- 2. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(XXX)Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

V. Critical Accounting Judgements, Estimates and Key Sources of Assumption 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:

(I) Critical judgements in applying the Group's accounting policies

No such situation.

(II) Critical accounting estimates and assumptions

Evaluation of inventories

As 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 carrying amount of the Group's inventories was NT\$249,821.

VI. Summary of Significant Accounting Items

(I) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	\$ 1,079	\$ 1,355
Checking accounts and		
demand deposits	240,201	289,690
Time deposits	6,612	-
	\$ 247,892	\$ 291,045

- 1. The Group associates 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. As of December 31, 2022, the Group has pledged its cash and cash equivalents to others, please refer to Note 8 for more information.

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

<u>December 31, 2021</u>
\$ -
-
-
_)
\$ -

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

	Decem	ber 31, 2022	December 31, 2021	
Financial assets and liabilities at fair values compulsorily through profit or loss Derivatives	(\$	400)	\$	-

2. The Group has not pledged financial assets at fair value through profit or loss.

3. Please refer to Notes 12(2) for information relating to credit risk of financial assets (liabilities) at fair value through profit or loss.

(III) Financial assets at amortized cost

	Decem	iber 31, 2022	December 31, 2021		
Current items:		_		_	
Time deposits	\$	64,179	\$	22,197	
Restricted bank deposits		314		861	
-	\$	64,493	\$	23,058	

- 1. Time deposits are bank deposits with maturity in excess of three months.
- 2. Information on recognized gains and losses on financial assets at amortized cost is as follows:

	2022	2021		
Interest income	\$ 761	\$	96	

- 3. Regardless of any collateral held or other credit enhancements, the maximum exposure to the credit risk of financial assets at amortized cost as of December 31, 2022 and 2021 were NT\$64,493 and NT\$23,058, respectively,
- 4. The Group associates 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.
- 5. For information on the Group pledged its financial assets measured at amortized costs, please refer to Note 8.

(IV) Notes and accounts receivable

	Decen	nber 31, 2022	December 31, 2021		
Notes receivable	\$	13,888	\$	16,678	
Less: Allowance for bad debts		-	(7,564)	
	\$	13,888	\$	9,114	
Accounts receivable	\$	441,617	\$	466,965	
Less: Allowance for bad debts	(4,798)	(6,740)	
	\$	436,819	\$	460,225	

1. The ageing analysis of notes accounts receivable that were past due but not impaired is as follows:

	 December 31, 2022				December 31, 2021		
	Accounts receivable		Notes receivable		Accounts receivable		Notes receivable
Not past due	\$ 439,739	\$	13,888	\$	495,849	\$	9,114
Up to 30 days	8,259		-		5,287		-
31 to 60 days	-		-		1,226		-
61 to 90 days	856		-		-		-
Over 91 days	2,785		-		5,448		7,564
-	\$ 451,639	\$	13,888	\$	507,810	\$	16,678

The above ageing analysis was based on past due date.

- 2. Accounts receivable and notes receivable (including related parties) as of December 31, 2022 and 2021 were arising from customer contracts. As of January 1, 2021, the accounts receivable balance and allowance for bad debts on customer contracts were NT\$582,734 and NT\$14,242, respectively
- 3. Regardless of any collateral held or other credit enhancements, the maximum exposure to the credit risk of the Group's notes and accounts receivable (including related parties) as of December 31, 2022 and 2021 were the carrying amounts.
- 4. Please refer to Note 12(2) for information on the credit risk of notes and accounts receivable.

(V)<u>Inventories</u>

			Decembe	r 31, 2022	,	
	,		Allowa	ance for		Carrying
		Cost	decline	in value		amount
Raw materials	\$	186,571	(\$	63,670)	\$	122,901
Work in progress		40,902	(1,235)		39,667
Finished goods		109,504	(22,251)		87,253
	\$	336,977	(\$	87,156)	\$	249,821
			Decembe	r 31, 2021		
			Allowa	ance for		Carrying
		Cost	decline	in value		amount
Raw materials	\$	152,846	(\$	54,583)	\$	98,263
Work in progress		39,742	(2,007)		37,735
Finished goods		124,371	(17,639)		106,732
	\$	316,959	(<u>\$</u>	74,229)	\$	242,730

The cost of inventories recognized as expense for the year:

		2022	2021		
Cost of inventories sold	\$	1,159,214	\$	1,377,640	
Loss on disposal of inventory		31,545		21,375	
Loss on decline in value		11,193		4,196	
Loss on physical inventory		125		170	
Revenue from sale of scraps	(342)	(1,397)	
	\$	1,201,735	\$	1,401,984	

(VI) Financial assets at fair value through other comprehensive income or loss

	Decem	ber 31, 2022	December 31, 2021	
Non-current items:				
Equity instruments				
Listed shares	\$	215,170	\$	106,288
Unlisted shares		29,420		16,500
		244,590		122,788
Valuation adjustment		40,626		153,219
	\$	285,216	\$	276,007

- 1. Based on the Group's business model, the investments in equity instruments held for strategic investments were elected to classify as "financial assets at fair value through other comprehensive income". As of December 31, 2022 and 20201 the fair values of these investments were NT\$285,216 and NT\$276,007, respectively.
- 2. The Group sold its investment in equity instruments with a fair value of NT\$87,787 in 2021 for operating planning purpose, and the accumulated proceeds from disposal was NT\$47,110.
- 3. Amounts recognized in profit or loss and comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

		2022	2021		
Equity instruments at fair value					
through other comprehensive					
income or loss					
Fair value change recognized in					
other comprehensive income	(<u>\$</u>	112,593)	\$	192,523	
Cumulative gains reclassified to					
retained earnings due to					
derecognition	\$	<u>-</u>	\$	47,110	
Dividend income recognized in					
profit or loss held at the end					
of the year	\$	11,864	\$	8,029	

- 4. Regarding the situation that the company will provide pledges of financial assets measured at fair value through other comprehensive profit and loss, Please refer to Note 8
- 5. Please refer to Note 12(2) for information on the credit risk for financial assets at fair value through other comprehensive income.

(VII) Investments accounted for using equity method - associates

1. Details are as follows:

	Decem	ber 31, 2022	December 31, 2021		
Wei Li Innovative Co., Ltd. (Wei Li Innovative)	\$	1,709	1,736		
Accumulated impairments	(1,709) (1,709)		
-	\$	-	\$ 27		

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

		2022	2021
Wei Li Innovative	(\$	27) (\$	646)

The Group's loss in Willy Innovation is equivalent to the Group's stake in Willy Innovation Co., Ltd. Therefore, the Group has stopped recognizing further loss unless the Group incurs statutory obligations, constructive obligation or has paid for its dues. The unrecognized loss in 2022 was \$223.

3. Basic information on the Group's affiliates is as follows:

		Percentage of C	Ownership		Measur
	Main		_		ement
	Business		December 31,	Nature of	method
Name of Company	Locations	December 31, 2022	2021	Relationship	S
Wei Li Innovative Co., Ltd. (Wei Li Innovative)	Taiwan	22.22%	22.22%	20% or more of the voting rights	Equity method

(VIII) Property, Plant and Equipment

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	Build	ings and	d struc	ctures	M	achinery an	d equ	ipment						Other equ	ipme	ent	Un	finished		
			A	ssets		-	1	Assets						-	Α	ssets	con	struction		
	Assets	used	sub	ject to	As	ssets used	su	bject to					A	ssets used	sub	ject to		and		
	by t		ope	erating		by the	op	perating	Tra	ansportation		Leasehold		by the	ope	erating	equ	uipment		
	Gro	up	le	eases		Group	1	leases	_ 6	equipment	in	provements		Group	16	eases	acc	ceptance		Total
January 1																				
Cost	\$ 202	2,841	\$ 8	84,742	\$	576,772	\$	-	\$	5,482	\$	35,298	\$	247,940	\$	-	\$	15,306	\$	1,168,381
Accumulated																				
depreciation and	(1.4)	0.150)	,	54.000	,	162.761)		-	,	2.040	,	22 704)	,	202.162)		-		-	,	006 044)
impairment	`	0,153)	`	54,023)	(463,764)	Φ.		(2,948)	`	22,794)	(203,162)	Φ.		Φ.	15.206	(886,844)
	\$ 6.	2,688	<u> </u>	30,719	\$	113,008	\$		\$	2,534	\$	12,504	\$	44,778	\$		\$	15,306	<u>\$</u>	281,537
January 1	\$ 62	2,688	\$ 1	30,719	\$	113,008	\$		\$	2,534	\$	12,504	\$	44,778	\$	_	\$	15,306	\$	281,537
Additions		4,441	ψ.	-	Ψ	5,276	Ψ	_	Ψ	2,334	Ψ	1,938	Ψ	5,163	Ψ	71	Ψ	66,696	Ψ	83,585
Acquired by business		.,		_		3,270		_				1,730		3,103		-		00,070		05,505
combination		_				284				_		_		106						390
disposed		_		-	(13,214)	(4,312)		_		-	(788)		_		-	(18,314)
Reclassifications				-	,		Ì						,	ŕ					·	
(Note 1)		-			(8,707)		43,680		309		870		5,905		7,232	(58,580)	(9,291)
Depreciation expense	(1:	5,591)	(3,882)	(32,850)	(3,548)	(700)	(2,997)	(10,536)	(914)		-	(71,018)
Impairment losses							(3,404)		-				-	(465))		(3,869)
Net exchange				4 - 10		2 0 5 5	,	100)		20		120		7 00	,	40.	,	40.6		2.710
differences		1,036	Φ	465	Φ.	2,077	(102)	Φ.	29	Φ.	139	Φ.	589	(18	(496)		3,719
December 31	\$ 5	2,574	\$ 2	27,302	\$	65,874	<u>\$</u>	32,314	\$	2,172	\$	12,454	<u>\$</u>	45,217	\$	5,906	\$	22,926	\$	266,739
December 31																				
Cost	\$ 213	2,750	¢ 9	85,990	\$	553,791	•	46,782	\$	5,636	\$	38,436	\$	251,955	\$	9,041	\$	22,926	•	1,227,307
Accumulated	Ψ 21.	2,730	Ψ	05,770	Ψ	333,771	Ψ	40,762	Ψ	3,030	Ψ	30,430	Ψ	231,733	Ψ	7,041	Ψ	22,720	Ψ	1,227,307
depreciation and																		_		
impairment	(160	0,176)	(:	58,688)	(487,917)	(14,468)	(3,464)	(25,982)	(206,738)	(3,135))		(960,568)
1		2,574	`	27,302	\$	65,874	\$	32,314	\$	2,172	\$	12,454	\$	45,217	\$		\$	22,926	\$	266,739
					_	•	_		_	· · · · · · · · · · · · · · · · · · ·		· -	_							· · · · · · · · · · · · · · · · · · ·

2021

	Bı	ildings and	l stru	ictures	M	achinery and	d equij	pment						Other equ	ipmer	nt	Un	finished		
	1	sets used by the Group	su op	Assets bject to berating leases	A	ssets used by the Group	sub ope	ssets ject to erating eases		ransport ation uipment		Leasehold provements	A	ssets used by the Group	subj ope	ect to rating	eq	astruction and uipment ceptance		Total
January 1 Cost Accumulated	\$	166,158		85,386	\$	548,657	\$	-	\$	5,324	\$	29,721	\$	236,036	\$	-	\$	30,615	\$	1,101,897
depreciation and impairment	(<u>\$</u>	128,594) 37,564	(50,591) 34,795	(432,302) 116,355	\$	- 	(3,566) 1,758	(19,969) 9,752	(197,764) 38,272	\$	<u>-</u>	\$	30,615	(832,786) 269,111
January 1 Additions disposed Reclassifications	\$	37,564 32,401	\$	34,795	\$	116,355 16,072 412)	\$	-	\$ (1,758 1,481 77)	\$	9,752 424	\$ (38,272 15,161 109)	\$	-	\$	30,615 31,574	\$	269,111 97,113 598)
(Note 1) Depreciation expense Net exchange	(6,488 13,467)	(3,811)	(28,298 46,517)	(655 655)	(622)	(5,260 2,919)	(1,789 10,090)	(6 6)	(46,662)	(4,166) 78,087)
differences December 31	(<u>\$</u>	298) 62,688	<u>\$</u>	265) 30,719	(<u>\$</u>	788) 113,008	\$	<u>-</u>	(<u>\$</u>	<u>6)</u> 2,534	(<u>\$</u>	13) 12,504	(<u>\$</u>	245) 44,778	\$	<u>-</u>	(<u>\$</u>	221) 15,306	\$	1,836) 281,537
December 31 Cost Accumulated depreciation and	\$	202,841	\$	84,742	\$	576,772	\$	-	\$	5,482	\$	35,298	\$	247,940	\$	-	\$	15,306	\$	1,168,381
impairment	\$	140,153) 62,688	(<u>\$</u>	54,023) 30,719	(463,764) 113,008	\$		(2,948) 2,534	<u>\$</u>	22,794) 12,504	(<u>\$</u>	203,162) 44,778	\$		\$	15,306	(886,844) 281,537

Note 1: The reclassifications were transferred to inventories in 2022 and 2021.

Note 2: Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(IX) <u>Leasing arrangements - lessee</u>

- 1. The Group leases various assets including land, buildings, machinery equipment, office equipment and transportation equipment. Lease contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- 2. Short-term leases with a lease term of 12 months or less comprise certain land, buildings and machinery and equipment. The subject assets leased are low value office equipment.
- 3. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

			De	cember 31, 2022		
	·			Accumulated		_
		Cost		depreciation	Carr	ying amount
Land	\$	8,958	(\$	1,316)	\$	7,642
Buildings		72,116	(36,599)		35,517
Transportation						
equipment		2,302	(1,147)		1,155
	\$	83,376	(\$	39,062)	\$	44,314
	-		De	cember 31, 2021	-	
				Accumulated		
		Cost		depreciation	Carr	ying amount
Land	\$	8,720	(\$	950)	\$	7,770
Buildings		49,097	(24,461)		24,636
Transportation						
equipment		2,302	(620)		1,682
	\$	60,119	(\$	26,031)	\$	34,088
					_	

		2022		2021
	Deprec	iation expense	Depreci	ation expense
Land	\$	327	\$	320
Buildings		14,703		10,053
Transportation equipment		527		544
	\$	15,557	\$	10,917

- 4. For the years ended December 31, 2022 and 2021, the additions to the Group's right-of-use assets were NT\$25,103 and NT\$6,562, respectively.
- 5. The information on profit and loss accounts relating to lease contracts is as follows:

	2022	 2021
Items affecting profit or loss	_	
Interest expense on lease liabilities	\$ 1,914	\$ 534
Expense on short-term lease contracts	3,806	1,925
Expense on low-value asset leases	217	163
	\$ 5,937	\$ 2,622

- 6. For the years ended December 31, 2022 and 2021, the Group's total cash outflow relating to lease contracts was NT\$21,118 and NT\$14,589, respectively.
- 7. Please refer to Note 8 for information on the pledge of right-of-use assets.

(X) Leasing arrangements - lessor

- 1. The underlying assets of the Group's lease include lands, buildings, machinery equipment and other equipment. The lease contract durations are typically for 3 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To ensure the proper use of the leased assets, the lessee is normally required not to use the leased assets as collateral for borrowings or the lessee is required to provide a residual value guarantee.
- 2. The Group recognized rental income of NT\$9,668 and NT\$6,668 for the years ended December 31, 2022 and 2021, respectively, based on operating lease agreements, none of which were variable lease payments.
- 3. The maturity dates for the Group's lease payments under operating leases are analyzed as follows:

	Decem	ber 31, 2022	Decem	ber 31, 2021
Less than 1 year	\$	17,208	\$	5,942
1 to 5 years		17,851		17,309
	\$	35,059	\$	23,251

(XI) <u>Intangible asset</u>

			2022		
		Cı	ıstomer	•	
G	oodwill	Rela	ationship		Total
\$	19,097	\$	6,916	\$	26,013
(16,894)	(6,916)	(23,810)
\$	2,203	\$		\$	2,203
\$	2,203	\$	-	\$	2,203
	1,942				1,942
\$	4,415	\$		\$	4,145
\$	21,039	\$	6,916	\$	27,955
(16,894)	(6,916)	(23,810)
\$	4,145	\$	_	\$	4,415
	\$ (<u>\$</u> \$	(16,894) \$ 2,203 \$ 2,203 \$ 2,203 \$ 1,942 \$ 4,415 \$ 21,039 (16,894)	Goodwill \$ 19,097 \$ (16,894) (\$ 2,203 \$ \$ 2,203 \$ \$ 4,415 \$ \$ 21,039 \$ (16,894) (Goodwill Customer Relationship \$ 19,097 \$ 6,916 (16,894) (6,916) \$ 2,203 \$ - \$ 2,203 \$ - 1,942 \$ - \$ 4,415 \$ - \$ 21,039 \$ 6,916 (16,894) (6,916)	Goodwill Customer Relationship \$ 19,097 \$ 6,916 \$ (16,894) (6,916) (\$ 2,203 \$ - \$ \$ 2,203 \$ - \$ - 1,942 - \$ \$ 4,415 \$ - \$ \$ (16,894) (6,916) (

				2021		
			Cı	ustomer		_
	G	oodwill	Rel	ationship		Total
January 1		<u>.</u>				_
Cost	\$	17,783	\$	6,916	\$	24,699
Accumulated amortization and impairment	(16,894)	(6,916)	(23,810)
•	\$	889	\$		\$	889
January 1	\$	889	\$	-	\$	889
Additions - acquired through		1 01 1		-		1 21 4
business combinations (Note2)		1,314				1,314
December 31	\$	2,203	<u>\$</u>		\$	2,203
December 31						
Cost	\$	19,097	\$	6,916	\$	26,013
Accumulated amortization and impairment	(16,894)	(6,916)	(23,810)
•	\$	2,203	\$	-	\$	2,203

Note1: Goodwill arising from the acquisition of the ownership in Draco Electronics LLC by the Group, see Note 6(30).

Note2: Goodwill arising from the acquisition of the ownership in Millimeter Wave Technology by the Group, see Note 6(30).

1. Goodwill is allocated to the Group's cash generating units identified by operating segment.

	Dece	ember 31, 2022	December 31, 2021			
Wire Harness Division	\$	4,145	\$	2,203		

- 2. Goodwill is allocated to the cash generating units identified by the Group, the recoverable amount of which is assessed based on value in use and is calculated by using pre-tax cash flow projections over four to five years.
- 3. Management determined budgeted gross margin based on past performance and their expectations of market development. The weighted average growth rates used are consistent with the projection included in industry reports and the projected future operating scale of the cash-generating unit. The discount rate used is a pre-tax rate and reflects the specific risks associated with the relevant operating segment.

(XII) Impairment of non-financial assets

1. The Group recognized an impairment loss of NT\$3,869 for the year ended December 31, 2021, the details of which are as follows:

	2022
	Recognized in profit or loss for the period
Impairment losses - Machinery equipment	3,404
Impairment losses - Other equipment	465
	\$ 3,869

2. The following is a disclosure of the above impairment loss by segment:

		2022
	Recogn	ized in profit or loss for the period
SMT Division	\$	3,869

(XIII) Short-term loans

Type of loans	December	r 31, 2022	Interest rate range	Collateral
Bank loans				
Secured loans Unsecured loans	\$	205,240 65,000 270,240	$1.06\% \sim 6.47\%$ $1.50\% \sim 1.65\%$	Property, Plant and Equipment and Right-of- use assets
			Interest rate	
Type of loans	December	r 31, 2021	range	Collateral
Bank loans				
Secured loans Unsecured loans	\$	180,730 89,098	$0.94\% \sim 4.35\%$ $0.87\% \sim 1.05\%$	Property, Plant and Equipment and Right-of- use assets
	\$	269,828		

The interest expense recognized in profit or loss for the years ended December 31, 2022 and 2021 were NT\$6,685 and NT\$6,185, respectively.

(XIV) Other payable

	Dece	ember 31, 2022	December 31, 2021		
Awards and salaries payable Payable on processing fees	\$	78,923 31,041	\$	66,738 53,733	
Payable on professional fees Payables for equipment		7,085 2,617		5,763 7,095	
Others		18,787		33,738	
	\$	138,453	\$	167,067	

(XV) Bonds payable

	Decem	ber 31, 2022
Bonds payable	\$	200,000
Less: Bonds payable discount	(10,077)
	\$	189,923

- 1. No such condition as of December 31, 2021.
- 2. The Company issued the two time of domestic secured convertible bonds (referred to as "domestic two convertible bonds) on June 14, 2022, with the issuance total amount of NT\$200,000, and issued at 116% of par value. The main issuance criteria are as follows:
 - (1) Issuance period: 3 years, from June 17, 2022 to June 17, 2025 for maturity.
 - (2) Coupon rate: fixed annual interest rate of 0%

(3)Redemption method:

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

(4)Conversion period:

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

(5)Conversion price:

The conversion price of the two convertible bonds is 102% of the reference price, i.e. NT\$21.5. The reference price is selected from the simple arithmetic average of the closing prices of the company's common stock on the one business day, three business days, and five business days before the base date set by the company on the day of the securities trading center.

(6)Callable right:

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

- a. From the next day when the issuance has reached three full months to the date of 40 days before the maturity of the issuance period, if the closing price of the common shares of the Company in Taiwan continues to reach more than 30% of the conversion price at that time for thirty business days, the Company may redeem all of the fifth convertible bonds early based on the early redemption amount.
- b. From the next day when the issuance has reached three full months to the date of 40 days before the maturity of the issuance period, if the balance of the outstanding fifth convertible bonds is lower than 10% of the original total issuance amount, the Company may redeem all of the fifth convertible bonds early based on the early redemption amount.
- 3. During the issuance of the convertible bonds of the Group, according to the regulations of IAS 32 "Financial Instruments: Presentation", the conversion right of equity nature is separated from the liability component, which is recognized under the "Capital surplus subscription right" at an amount of NT\$\$39,525. In addition, with regard to the embedded callable right, according to IFRS 9 "Financial Instruments", since it is not closely related to the economic characteristic and risk of the debt instruments of the main contract, it is handled separately, and its net value is recognized under the "financial assets at fair value through profit or loss".

(XVI)Long-term loans

Type of loans	Loans period and repayment method	Interest rate range	Collateral	Dec	ember 31, 2021
Long-term bank loans					_
Unsecured loans	The monthly interest payments will be made from September 4, 2020 to January 28, 2024. Also, the principal is scheduled to be repaid in 24 monthly installments starting from March 4, 2022.	0.74%	-	\$	10,000
Less: Long-term lo operating cycle	ans that is current portion or due within one			(1,550)
				\$	8,450

- 1. No such condition as of December 31, 2022.
- No such condition as of December 31, 2022.
 On July 29, 2021, a subsidiary of the Group applied for a loan extension from Cathay United Commercial Bank in accordance with the "Regulations on the MOEA Relief and Revitalization Measures for Industries and Enterprises Suffering Operational Difficulties due to COVID-19" and the loan period was extended to January 28, 2024 upon consent of both parties.

(XVII)Pensions

- 1. (1) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, 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 Act. 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 contributes 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 would assess the balance in the aforementioned labor pension reserve account by March 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.
 - (2) The amounts recognized in the balance sheet are as follows:

	Decemb	oer 31, 2022 De	December 31, 2021		
Present value of defined benefit obligation	\$	8,256	8,188		
Fair value of plan assets	(4,311) (3,383)		
Net defined benefit liability	\$	3,945 \$	4,805		

(3) Movements in net defined benefit liabilities are as follows:

			2	022		
	defin	ent value of ned benefit oligation		alue of plan assets		et defined efit liability
January 1	\$	8,188	(\$	3,383)	\$	4,805
Current service cost		35		-		35
Interest expense (income)		53	(27)		26
		8,276	(3,410)		4,866
Remeasurements: Return on plan assets (excluding amounts included in interest income or expense) Change in financial		-	(254)	(254)
assumptions	(453)		-	(453)
Experience adjustments	`	433		-	`	433
-	(20)	(254)	(274)
Pension fund contribution			(647)	(647)
December 31	\$	8,256	(\$	4,311)	\$	3,945

				2021		
	def	sent value of ined benefit obligation	Fair	value of plan		Net defined nefit liability
January 1	\$	8,909	(\$	2,133)	\$	6,776
Current service cost		35		-		35
Interest expense (income)		71	(35)		36
		9,015	(2,168)		6,847
Remeasurements:					-	
Return on plan assets		-	(31)	(31)
(excluding amounts included in interest income or expense)						
Change in financial assumptions		134		-		134
Experience adjustments	(581)		-	(581)
-	(447)	(31)	(478)
Pension fund contribution		_	(1,564)	(1,564)
Paid pension	(380)		380		
December 31	\$	8,188	(\$	3,383)	\$	4,805
4) TTI D 1 CTT :			1 5	1 6.1 6		1 6 11 6

(4) 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 has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(5) The principal actuarial assumptions used were as follows:

	2022	2021
Discount rate	1.25%	0.65%
Future salary increase rate	2.50%	2.50%

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

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

001184110111011111111111111111111111111	J 525	***************************************	10					
	Discount rate				Future salary increase rate			
	Inc	crease	De	crease			De	crease
	0.	25%	0.	.25%	Incre	ease 1%		1%
December 31, 2022	-							
Effect on present value of defined								
benefit obligation	(\$	179)	\$	184	\$	756	(\$	684)
December 31, 2021	<u> </u>							
Effect on present value of defined	¢.							
benefit obligation	(222)	\$	230	\$	945	(\$	835)

The sensitivity analysis above was based on one assumption which changed while the other conditions remain unchanged. 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.

- (6) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2023 amount to NT\$647.
- (7) As of December 31, 2022, the weighted average duration of that retirement plan is 11.3 years.
- 2. (1) Effective July 1, 2005, the Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute 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.
 - (2) The subsidiaries in mainland China have defined contribution pension plans and the Group contributes an amount monthly based on certain percentage of employees' monthly salaries. The plan is administered by the government of mainland China. Other than the monthly contributions, the Group does not have further pension liabilities.
 - (3) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2022 and 2021 were NT\$32,306 and NT\$28,242 respectively.

(XVIII) Share capital

1. As of December 31, 2022, the Company's authorized capital was NT\$1,500,000, the paid-in capital was NT\$725,799 and the par value was NT\$10 per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares (shares in thousands) outstanding are as follows:

		Unit: Thousand Shares
	2022	2021
January 1(and December 31)	72,580	72,580

2. The 5,000,000 shares in the issued share capital on December 31, 2022 and 2021 are the privately placed ordinary shares handled by the company in 2020. The rights and obligations of the privately placed ordinary shares are the same as those of the original issued shares. The rights and obligations for the common shares issued in this private placement are the same as the original shares issued. In addition, in accordance with the Securities and Exchange Act, the shares issued in the Company's private placement may not be sold within three years from the delivery date, except for under the transfer terms stipulated in Article 43-8 of the Securities and Exchange Act.

(XIX) dditional paid-in capital

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. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(XX)Retained earnings

- 1. The Company's Article of Incorporation provides that, when the Company's annual final accounts show a surplus, the Company shall first pay taxes and make up for accumulated deficits, and then set aside 10% of the legal reserve, except when the legal reserve has reached the Company's total paid-in capital. The Company also sets aside or reverses the special reserve depending on the Company's operating needs and legal regulations, and if there is still a surplus, the Board of Directors shall, proposes a resolution to the shareholders' meeting to distribute the remaining surplus together with the accumulated undistributed surplus from previous years, and the amount of the distribution shall not exceed 75% of the current year's after-tax earnings.
- 2. The Company's dividend policy is divided into cash dividends and stock dividends, of which cash dividends shall not be less than 10% of the total dividends, except that if the cash dividend per share is less than NT\$0.10, stock dividends may be paid instead.
- 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. 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 debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- 5. The appropriations of earnings for 2020 had been resolved at the shareholders' meeting on July 15, 2021. Details are summarized below:

	 2020
	Amount
Legal capital reserve	\$ 2,304
Special capital reserve	30,201

2020

6. The appropriations of earnings for 2021 had been resolved at the shareholders' meeting on June 10, 2022. Details are summarized below:

	2021						
	Am	nount	Divide share	nds per (NTD)			
Legal capital reserve	NT\$	846					
Reversal of special reserve	(30,201)					
Cash dividends		7,258	NT\$	0.1			

7. As of March 17, 2023, the aforesaid appropriation of earnings has not been resolved at the shareholders' meeting.

(XXI) Operating Revenue

	2021	2020		
Revenue from contracts with customers	\$ 1,445,754	\$	1,673,707	

Disaggregation of revenue from contracts with customers

The Group's revenue is derived from the provision of goods that are transferred at a certain point in time; revenues generated can be subdivided into the following major product lines:

2022		leo illance	Computer Wiring		SMT odules	I	ndustrial Control	utomobile lectronics	TV	Products	Medical Products		Others	Total
Segment income	\$ 32	2,237	\$ 142,287	\$	97,935	\$	269,611	\$ 277,512	\$	61,894	\$ 116,280	\$	158,138	\$ 1,445,754
Income recognized at a certain point in time		2,237	\$ 142,287	\$	97,935	\$	269,611	\$ 277,512	\$	61,894	\$ 116,280	\$	158,138	\$ 1,445,754
<u>2021</u>	Surve		Computer Wiring	Mo	SMT odules	I	Netcomm ndustrial Control	utomobile lectronics	TV	Products	Medical Products	<u></u>	Others	Total
Segment income	\$ 32	1,254	\$ 265,287	\$ 2	203,495	\$	244,677	\$ 204,081	\$	156,072	\$ 133,573	\$	145,268	\$ 1,673,707
Income recognized at a				<u> </u>		_								

(XXII) Interest income

	2022	 2021
Financial assets at amortized cost	761	 96
Interest income		
Interest income from bank deposits	\$ 480	\$ 398
Other interest income	923	 1,485
	\$ 2,164	\$ 1,979

(XXIII) Other income

	2022	2021
Compensation Income	15,601	_
Dividend income	11,864	8,029
Rental revenue	9.668	6,668
Government grants revenue (Note)	9,030	17,187
Write off gain on accounts payable	53	570
Other income	4,512	4,943
	\$ 50,728	\$ 37,397

Note: The government subsidy income refers to the subsidy from the MOEA's technology research and development projects.

(XXIV)Other gain and loss

		2022		2021	
Profit from disposals of		_	\$		
investments	\$	5,045			
Impairment loss on property,					
plant and equipmen	(3,869)			
Foreign currency exchange					
gains (losses)		1,973			1,088
ains (losses) on disposal of					
property, plant and equipment	(805)			918
Financial assets measured at fair	(
value through loss		400)			-
Other loss	(2,820)	(4,639)
	(\$	876)	(\$		2,633)
Foreign currency exchange gains (losses) ains (losses) on disposal of property, plant and equipment Financial assets measured at fair value through loss	(((<u></u> (<u>\$</u>	1,973 805) 400) 2,820)	(<u> </u>		91 4,63

(XXV) Financial costs

 2022		2021
\$ 6,678	\$	6,253
2,165		-
1,914		534
69		550
\$ 10,826	\$	7,337
\$	\$ 6,678 2,165 1,914 69	\$ 6,678 \$ 2,165 1,914 69

(XXVI)Employee benefit and depreciation expenses

By function		2022	
By item	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 199,464	\$ 175,336	\$ 374,800
Labor and health			
insurance fees	2,274	7,633	9,907
Pension costs	23,526	8,841	32,367
Other personnel			
expenses	32,032	12,716	44,748
Depreciation expense	44,664	41,911	86,575

By function	on	2021	
By item	Operating costs	Operating expenses	Total
Employee benefit expense	e		
Wages and salaries	\$ 217,462	2\$ 145,947	\$ 363,409
Labor and health			
insurance fees	2,474	7,902	10,376
Pension costs	19,842	8,470	28,312
Other personnel			
expenses	37,321	11,708	49,029
Depreciation expense	57,034	31,970	89,004

- 1. The Company's Article of Incorporation provides that, when the Company makes a profit in a year, 2% to 5% of the pre-tax profit before deducting the remuneration to employees and remuneration to directors and supervisors shall be appropriated as employees' compensation and up to 2% as remuneration to directors. However, the Company should reserve the amount to make up for any accumulated losses in advance.
- 2. The Company did not distribute employees' compensation and remuneration to directors due to the loss incurred in 2021 and 2022. Information about employees' compensation and remuneration to directors of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(XXVII)Income tax

1. Income tax expense (gain)

(1) Components of income tax expense (gain):

		2022		2021
Current tax:				
Current tax on profits for the year	\$	1,123	\$	3,972
Tax on undistributed surplus earnings		-		177
Prior year income tax over estimation	(245	(693)
Total current tax		878		3,456
Deferred tax:				
Origination and reversal of temporary				
differences	(4,026)		3,782
Income tax expense (gain)	(\$	3,148)	\$	7,238

(2) The income tax relating to components of other comprehensive income is as follows:

	2022		2021
Exchange differences on translation of foreign operations	\$ 441	(\$ 1,180)
Remeasurement of defined benefit obligation	55	(96
	\$ 496	(\$ 1,084)

2. Reconciliation between income tax expense and accounting profit:

		2022	2021
Tax calculated based on profit (loss)			
before tax and statutory tax rate (Note)	(\$	22,837) (\$	19,643)
Expenses disallowed (allowed) by tax			
regulation		15,860	8,626
Tax exempt income by tax regulation	(8,251) (2,418)
Temporary differences not recognised			
as deferred tax assets	(1,887)	-
Tax losses unrecognized as deferred tax			
assets		14,212	14,318
Change in realized valuation for deferred			
income tax assets		-	2,899
Prior year income tax over estimation	(245) (693)
Income tax effects of the minimum tax		-	2,335
Income tax calculated under the			
Repatriated Offshore Funds Act		-	1,637
Tax on undistributed surplus earnings		<u>-</u>	177
Income tax expense (gain)	(\$	3,148) \$	7,238

Note: The basis for computing the applicable tax rate are the rates applicable in the respectiveCountries where the Group entities operate.

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

				2	022			
			Re	cognized	Reco	ognized in other		
				profit or		prehensive	D	ecember
	Ja	nuary 1		loss		ncome	_	31
Temporary differences:								
- Deferred tax assets:	Φ	2 500	¢	1 170	Φ		¢	4 670
Loss on market price decline	\$	3,500 961	\$	1,170	\$	55)	\$	4,670 789
Defined benefit obligation Bad debt expense		4,412	(117) (336		55)		4,748
Tax loss		32,351		3,097		-		35,448
Unpaid annual leave		554		3,097		-		568
Onpaid annual leave		41,778		4,500 (55)	_	46,223
- Deferred income tax liabilities:		41,776		4,300			_	40,223
Unrealized exchange gain	(405)	(578)		_	(983)
Share of profit or loss of subsidiaries	(35,706)	(104			(35,602)
and associates accounted for using equity method	(33,700)		104		_	(33,002)
Exchange differences arising on translation of foreign operations	(10,569)		-	(441)	(11,010)
0 1	(46,680)	(474)(441)	(47,595)
	(\$	4,902)	(\$	4,026)(496)	(\$	1,372)
	`		`				`	
	-				021			
			Re	cognized	Reco	ognized in other		
				profit or	comi	prehensive	D	ecember
	Ja	nuary 1		loss		ncome		31
Temporary differences:								
- Deferred tax assets:								
Loss on market price decline	\$	4,309	(\$	809)	\$	-	\$	3,500
Unrealized profit on sales		527	(527)		-		-
Defined benefit obligation		1,355	(298)(96)		961
Bad debt expense		6,896	(2,484)		-		4,412
Tax loss		34,192	(1,841)				32,351
Unpaid annual leave		882	(328)				554
	_	48,161	(_	6,287)	(96)	_	41,778
- Deferred income tax liabilities:								
Unrealized exchange gain	(116)		289)		-	(405)
Share of profit or loss of subsidiaries	(38,500)		2,794		-	(35,706)
and associates accounted for using equity method								
Exchange differences arising on	(11,749)		-		1,180	(10,569)
translation of foreign operations							_	
	(50,365)		2,505		1,180	(46,680)
	(<u>\$</u>	2,204)	(\$	3,782)	\$	1,084	(<u>\$</u>	4,902)

4. Expiration dates of unused net operating tax losses of the Company and amounts of unrecognized deferred tax assets are as follows:

December 31, 2022								
		Unrecognized						
Year	Amount		deferred tax					
incurred	filed/assessed	Unused amount	assets	Expiry year				
2017	\$ 15,343	\$ 15,343	\$ -	2027				
2018	27,487	27,487	-	2028				
2019	30,557	30,557	-	2029				
2020	84,774	84,774	-	2030				
2021	3,593	3,593	-	2031				
2022	19,799	19,799		2032				
	\$ 177,238	\$ 177,238	\$ -					

December 31, 2021

			Unrecognized	
Year	Amount		deferred tax	
incurred	filed/assessed	Unused amount	assets	Expiry year
2017	\$ 15,343	\$ 15,343	\$ -	2027
2018	27,487	27,487	-	2028
2019	30,557	30,557	-	2029
2020	84,774	84,774	-	2030
2021	3,593	3,593	-	2031
	\$ 161,754	\$ 161,754	\$ -	

5. The deductible temporary differences for which no deferred income tax assets have been recognized:

Deductible temporary differences $\frac{\text{December 31, 2022}}{\$} \quad \frac{\text{December 31, 2021}}{\$} \quad \frac{238,580}{\$}$

6. The tax authorities have examined income tax returns of the Company through 2020. (XXVIII) Earnings (losses) per share

Dor's language about	Profit after tax	Weighted-average common shares outstanding (in thousands)	Losses per share (NTD)
Net loss for the period attributable to common shareholders of the Parent	(\$ 66,109)	2021	(\$ 0.91)
	Profit after tax	Weighted-average common shares outstanding (in thousands)	Losses per share (NTD)
Basic losses per share Net loss for the period attributable to common shareholders of the Parent	(\$ 39,031)	72.580	(\$ 0.54)

Note: The above retroactive adjustments to the number of shares outstanding have been made based on the number of outstanding shares after the capital reduction effective date in 2022.

(XXIX)Transactions with non-controlling interests

Subsidiary cash capital increase, the Group did not subscribe in accordance with the shareholding ratio

The Group's subsidiary Data Lake Co., Ltd. issued new shares for cash on April 1, 2022. The Group did not subscribe to the rights issue on a pro rata basis. The stake was increased by 12.5%. The transaction increased non-controlling interest by \$6,092 and reduced the equity attributable to the owners of the parent by \$6,092. The impact on the equity attributable to the owners of the parent due to change in ownership of Data Lake Co., Ltd. in 2022 is as follows:

	Dec	ember 31, 2022
Non-controlling interest: capital increase by rights issue	\$	_
Increase the noncontrolling interest	(6,092)
Reduction of retained earnings attributable to the owners of	-	
the parent	(\$	6,092)

(XXX) Business combinations

1.Draco Electronics, LLC

- (1) On January 12, 2022, the Group subscribed to shares of Draco Electronics, LLC for a total of \$16,625 and increased its stake to 60% after this rights issue. Draco Electronics, LLC was consolidated into the financials from that day onward because of ownership of over half voting rights. The U.S. is one of the important markets in the world. To service and attract orders from U.S. customers, the Company invested in Draco Electronics, LLC to stay close to the market and shorten the lead time for sampling. This is essential to the development of niche products and customer outreach.
- (2)Information on the consideration paid for the acquisition of Droco Electronics, LLC, the fair value of the assets acquired and liabilities assumed at the acquisition date, and the share of non-controlling interests in the acquiree's identifiable net assets at the acquisition date is as follows:

	Jar	12, 2022
Purchase consideration		
Cash	\$	16,625
Share of non-controlling interests in the acquiree's identifiable net assets		9,789
	\$	26,414
Fair value of the identifiable assets acquired and	<u>-</u>	<u>-</u>
liabilities assumed		
Cash	\$	17,789
Accounts receivable		4,540
Inventory		4,238
Other current assets		350
Property, Plant and Equipment		390
Other non-current assets		212
Accounts payable		2.163
Other current assets	(884)
Total identifiable net assets	\$	24,472
Goodwill	\$	1,942

(3) Since the Group merged with Draco Electronics, LLC on December 1, 2022, the operating income and net loss before tax contributed by Millimeter Wave Technology were NT\$59,121 and 2,893. respectively. Had Draco Electronics, LLC been consolidated from January 1, 2022, the consolidated statement of comprehensive income would show operating revenue of NT\$1,445,754 and loss before income tax of (NT\$75,186).

2. Millimeter Wave Technology

- (1) On December 1, 2021, the Group subscribed for a cash capital increase of NT\$4,500 from Millimeter Wave Technology Co., Ltd. After the capital increase, the Group's shareholding percentage is 60%. Since the Group has more than half of the voting rights, the Group has included Millimeter Wave Technology in the consolidated financial statements. The Group expects that the 5G and millimeter wave radar industry will be highly developed in the future. As Millimeter Wave Technology has the necessary technology, this investment is expected to be beneficial to the development of related products for millimeter wave radar applications.
- (2)Information on the consideration paid for the acquisition of Millimeter Wave Technology, the fair value of the assets acquired and liabilities assumed at the acquisition date, and the share of non-controlling interests in the acquiree's identifiable net assets at the acquisition date is as follows:

	December 11, 2021		
Purchase consideration			
Cash	\$	4,500	
Share of non-controlling interests in the acquiree's			
identifiable net assets		2,122	
	\$	6,622	
Fair value of the identifiable assets acquired and			
liabilities assumed			
Cash	\$	672	
Current financial assets at amortized cost		4,500	
Other current assets		28	
Right-of-use assets		269	
Other non-current assets		114	
Accounts payable to related parties	(4)	
Lease liabilities	(271)	
Total identifiable net assets	\$	5,308	
Goodwill	\$	1,314	

(3) Since the Group merged with Millimeter Wave Technology on December 1, 2021, the operating income and net loss before tax contributed by Millimeter Wave Technology were NT\$0 and (NT\$122), respectively. Had Millimeter Wave Technology been consolidated from January 1, 2021, the consolidated statement of comprehensive income would show operating revenue of NT\$1,673,713 and loss before income tax of (NT\$41,190).

$(XXXI) \underline{Supplemental\ cash\ flow\ information}$

Investing activities with partial cash payments:

	1 ,	2022		2021
Purchase of property, plant and equipment Add: Opening balance of payable	\$	83,585	\$	97,113
on equipment		7,095		4,174
Less: Ending balance of payable on equipment Cash paid during the year	(2,617) 88,063	(7,095) 94,192
		2022		2021
Disposal of book value of property, plant and equipment Add:Disposal of interests in real	\$	18,314	\$	598
property, plant and equipmen		-		918
Less: Disposal of property, plant and equipment losses Less: End-of-period receivables for	(805)		-
equipment sold	(_	11,479)		_
Cash receive during the year	\$	6,030	\$	1,516

(XXXII) Changes in liabilities from financing activities

						2022				
	Sl	nort-term	I	ong-term		Lease				l liabilities from
		loans		loans	1	iabilities	Во	nds payables	fina	ancing activities
January 1	\$	269,828	\$	10,000-	\$	26,542	\$	-	\$	306,370
Decrease in short-term loans	(2,181)		-		-		-	(2,181)
Prepayment from long-term bank loans		-	(10,000)		-		-	(10,000)
Repayment of the principal portion of										
lease liabilities		-		-	(15,181)		-	(15,181)
Issuance of convertible bonds		-		-		-		226,423		226,423
Changes in other non-cash items										
		2,593		<u> </u>		25,816	(36,500)	(8,091)
December 31	\$	270,240	\$	-	\$	37,177	\$	189,923	\$	497,340
						2021				
								ong-term notes ar		Total liabilities
	Sł	ort-term loans	Lon	a tama laana	T as	ase liabilities	:	accounts payable t related parties	0	from financing activities
January 1	\$	211,782	\$	ng-term loans 2,500	\$	32,143	\$		87 \$	
Increase in short-term loans, net	Ф	58,981	Ф	2,300	Ф	32,143	Ф	32,0	o/ p -	58,981
Proceeds from long-term bank loans		-		7,500		-			-	7,500
Repayment of the principal portion of lease liabilities		-		-	(11,967)			- (11,967)
Prepayment of long-term notes and accounts payable to related parties		-		-		-	(52,2	06) (52,206)
Changes in other non-cash items	(935)	(1,133)		6,366	(4	81)	4,950
December 31	\$	269,828	\$	10,000	\$	26,542	\$		- \$	306,370

VII. Related-party Transactions

(I)Names of related parties and relationship

Names of related parties	Relationship with the Group
WONDERFUL HI-TECH CO., LTD. (Wonderful)	Entities with significant influence to the Group (Company accounted for using the equity method for the
WONDERFUL CABLING SYSTEMS CORP. (Wonderful Cabling)	Group) Entities with significant influence to the Group (Subsidiary accounted for using the equity method for
LORD HERO COMPANY LIMITED (Lord Hero H.K.)	the Group) Entities with significant influence to the Group (Subsidiary accounted for using the equity method for the Group)
Wonderful Photoelectricity (Dongguan)Co., Ltd. (Dongguan Wonderful)	Entities with significant influence to the Group (Subsidiary accounted for using the equity method for the Group)
Wonderful (VIETNAM) Wire & Cable Co., Ltd. (Vietnam Wonderful)	Entities with significant influence to the Group (Subsidiary accounted for using the equity method for the Group)
THAI WONDERFUL WIRE CABLE CO., LTD. (Thai Wonderful)	Entities with significant influence to the Group (Subsidiary accounted for using the equity method for the Group)
ACTife HI-TECH CO., LTD. (ACTife HI)	Entities with significant influence to the Group (Subsidiary accounted for using the equity method for the Group)
ABA Industry, Inc. (A.B.A.)	Entities with significant influence to the Group (Company accounted for using the equity method for the Group)
Asahi Communications Corporation (Asahi Japan)	Entities with significant influence to the Group (Major shareholder of the Company)
Asahi Electronics Corporation (Asahi Electronics)	Other related party (A brother-sister corporation of a major shareholder of the Company)
ASAHI BEST BASE SDN. BHD.(A.B.B.)	Other related party (The major shareholder of said company is the same as the major shareholder of the Company)
ASAHI BEST BASE TRADING (HK) CO., Ltd.(A.B.B.HK)	Other related party (The major shareholder of said company is the same as the major shareholder of the Company)
Millimeter Wave Tech CO., LTD. (Millimeter Wave)	Other related party (Note 1) (The Chairman of the Company is also the Chairman of that company)
Wei Li Innovative Co., Ltd. (Wei Li Innovative)	Associate of the Group (Company accounted for using the equity method for the Group)

Note: The relationship between Millimeter Wave Technology and the Group was originally classified as other related parties. However, after the Group participated in its cash capital increase on December 1, 2021, the Group has already held more than half of the voting rights; therefore, the Group has included Millimeter Wave Technology in the consolidated financial statements. For more information, please refer to Note 6(30).

(II) Significant related party transactions

1. Sales of goods and services:

	2022			2021
Sales of goods: — Entities with significant influence to the Group	\$	40,045	\$	102,371
Other related party Associate of the Group		2,592		4,215 22
range craine or and oromp	\$	42,637	\$	106,608
	 2022		-	2021
Other income: — Entities with significant				
influence to the Group	\$	78	\$	78

The Group's sales prices to related parties are not comparable due to different products sold and are based on the contracted sales prices and conditions. Amounts due from related parties are mainly from sales of goods and are due within 60 to 90 days after the monthly closing date on the following month of the sales date, and 30 to 150 days after the monthly closing date on the following month of the sales date for general customers.

2. Purchase of goods and services:

	2022	2021
Purchase of goods: — Entities with significant influence to the Group	\$ 104,399	\$ 119,228
— Other related party	6,741	6,376
	\$ 111,140	\$ 125,604
	 2022	 2021
Operating expenses: — Entities with significant influence to the Group	\$ 2,192	\$ 2,446
— Other related party	1,151	821
	\$ 3,343	\$ 3,267

The Group's purchase prices to related parties are not comparable due to different products purchased and are based on the contracted purchase prices and conditions. Payable mounts due to related parties are mainly from purchase of goods and are due within 60 to 90 days after the monthly closing date on the following month of the purchase date, and 30 to 120 days after the monthly closing date on the following month of the purchase date for general suppliers.

3. Receivables from related parties

	December 31, 2022		December 31, 2021	
— Entities with significant				
influence to the Group	\$	10,022	\$	39,611
— Other related party		-		1,234
	\$	10,022	\$	40,845

4. Payables from related parties

	Decei	mber 31, 2022	Dec	cember 31, 2021
— Entities with significant influence to the Group	¢.	12.025	¢	25 200
Wonderful	\$	13,925	\$	25,298
Other related marty		7,581		19,886
Other related party	Φ.	1,029	Φ	1,658
	\$	22,535	\$	46,842
5. Other ending balance				
	Decer	nber 31, 2022	Dec	cember 31, 2021
Other receivables from related parties	-	,		,
— Entities with significant				
influence to the Group	\$	390	\$	36
— Associate of the Group	·	84	·	104
r	\$	474	\$	140
	Decer	mber 31, 2022	Dec	cember 31, 2021
Other payables to related parties		,		,
— Entities with significant	\$	403	\$	535
influence to the Group	•	502	•	
 Other related party 		503		

6. Leasing arrangements - lessee

(1) The Group leases the office and warehouse from Wonderful for the period from January 1, 2019 to December 31, 2022. The rent is determined based on the general rental rate and the area used in the location of the leased premises, and is payable monthly.

906

535

(2) Lease liabilities

A. Outstanding balance:

<i>g</i>	Dece	ember 31,	2022	Dec	cember 31,	2021
— Entities with significant						_
influence to the Group						
Wonderful						
Current	\$		6,351	\$		6,271
Non-current	\$		6,432	\$		12,784
B. Interest expense						
1		2022			2021	
 Entities with significant 						
influence to the Group						
Wonderful	\$		199	\$		278
7. Loan of funds						
Loans from related parties						
Interest expense:						
		2022			2021	
— Other related party						
Asahi Electronics	\$		_	\$		475

The loans from other related parties are repayable within 3 years after the loan is granted. Interest is payable at 2.80% to 3.00% per annum for 2021.

(III) Key management compensation

	2022	2021	
Salaries and other short-term	 		
employee benefits	\$ 19,147	\$	14,454
Post-employment benefits	595		583
	\$ 19,742	\$	15,037

VIII. <u>Pledged Assets</u>

Information on the Group's pledged assets is as follows:

		Carrying			
					Guarantee
Asset Item	Decemb	er 31, 2022	Decembe	er 31, 2021	purpose
Bank deposits, pledged time	\$	314	\$	1,174	Short-term
deposits and reserve accounts					Loans and
(Listed as financial assets at					Guarantee for
amortized cost - current and					the Customs
other current financial assets)					Duties
Property, Plant and Equipment		44,260		43,797	"
Right-to-use assets - land		6,738		6,811	"
Financial assets at fair value					Convertible
through other comprehensive					bonds
income or loss - non-current		179,865		_	
	\$	231,177	\$	51,782	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingencies

No such situation.

(II) Commitments

No such situation.

X. Significant Disaster Loss

No such situation.

XI. Significant Events

No such situation.

XII. Others

(I) Capital Management

The Group's objectives when managing capital are to maintain a positive credit rating and an optimal capital ratio to support the Group's operations and to maximize the shareholders' equity.

$(II) \underline{Financial\ instruments}$

1. Financial instruments by category

		ecember 31, 2022		December 31, 2020
Financial assets				
Financial assets measured at fair				
value through profit or loss				
Compulsive financial assets measured at fair value through				
profit or loss	\$	7,072	\$	_
Equity instruments that are	Ψ	7,072	Ψ	
designated by the financial assets				
at fair value through other				
comprehensive income or loss	\$	285,216	\$	276,007
Financial assets at amortized cost				
Cash and cash equivalents	\$	247,892	\$	291,045
Current financial assets at		64.402		22.050
amortized cost- current Notes receivable		64,493 13,888		23,058 9,114
Accounts receivable		436,819		460,225
Receivables from related		450,017		400,223
parties		10,022		40,845
Other receivables		10,096		16,000
Long-term notes and accounts		8400		-
receivable			_	
	\$	791,610	\$	840,287
		December 31, 2022		December 31, 2021
Financial liabilities				
Financial assets at amortized				
cost Short-term loans	\$	270,240	\$	269,828
Notes payable	Ψ	270,210	Ψ	1,800
Accounts payable		146,174		168,278
Accounts payable to				
related parties		22,535		46,842
Other payables		138,453		166,532
Bonds payable		189,923		-
Long-term loans (including				
current portion or due within one operating		-		10,000
cycle)				
-,,	\$	767,325	\$	663,815
Lease liabilities	\$	37,177	\$	26,542

2. Risk management policies

- (1) The Group's daily operations are affected by various financial risks, e.g., market risks (including foreign exchange risk, interest rate risk, and price risk), credit risk, and liquidity risk.
- (2) Finance Department is in charge of reviewing and evaluating the financial risks and is in close co-operation with the Group's operating units to do the financial risk tasks.
- 3. Significant financial risks and degrees of financial risks

(1) Market risk

Foreign exchange risk

- A. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD and JPY. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- B. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, HKD and CNY). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

				Carrying amount	
c	urrency	Evolungo rata	(NTD		
(u)	iousarius)	Exchange rate		'housands)	
\$	7,510	30.71	\$	230,632	
	13,177	6.970		404,666	
	24,248	0.053		5,635	
	699	7.83		21,466	
\$	4,184	30.71	\$	128,491	
	12,537	6.970		385,011	
	39,607	0.053		9,205	
	\$	13,177 24,248 699 \$ 4,184 12,537	currency (thousands) Exchange rate \$ 7,510 30.71 13,177 6.970 24,248 0.053 699 7.83 \$ 4,184 30.71 12,537 6.970	currency (thousands) Exchange rate T \$ 7,510 30.71 \$ 13,177 6.970 24,248 0.053 6.99 7.83 \$ 4,184 30.71 \$ 12,537 \$ 6.970	

		December 31, 2021							
	F	Foreign			Carrying				
	CI	urrency		an	amount (NTD				
	(th	ousands)	Exchange rate	1	thousand)				
(Foreign currency:		_			_				
functional currency)									
Financial assets									
Monetary items									
USD : NTD	\$	8,949	27.68	\$	247,708				
USD : CNY		15,001	6.37		415,228				
JPY : CNY		34,863	0.06		8,385				
USD : HKD		1,234	7.80		34,157				
Financial liabilities									
Monetary items									
USD : NTD	\$	5,441	27.68	\$	150,607				
USD: CNY		14,745	6.37		408,142				
JPY: CNY		28,548	0.06		6,866				

C. All exchange gains and losses (both realized and unrealized) arising from significant foreign exchange variation on the monetary items held by the Group. were NT\$1,973 and NT\$1,088 for the years ended December 31, 2022 and 2021, respectively.

D. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	2022								
	Sensitivity analysis								
	Degree of Effect on variation profit or loss				Effect on other comprehensive income				
(Foreign currency:									
functional currency)									
Financial assets									
Monetary items									
USD : NTD	1%	\$	2,306	\$	-				
USD : CNY	1%		4,047		-				
JPY : CNY	1%		56		-				
USD : HKD	1%		215		-				
Financial liabilities									
Monetary items									
USD: NTD	1%	\$	1,285	\$	-				
USD : CNY	1%		3,850		-				
JPY: CNY	1%		92		-				

	2021									
		Sen	sitivity an	aly	sis					
	Degree of variation	Effect on profit or loss			Effect on other comprehensive income					
(Foreign currency:										
functional currency)										
Financial assets										
Monetary items										
USD: NTD	1%	\$	2,477	\$	-					
USD : CNY	1%		4,152		-					
JPY : CNY	1%		84		-					
USD : HKD	1%		342		-					
Financial liabilities										
Monetary items										
USD: NTD	1%	\$	1,506	\$	-					
USD : CNY	1%		4,081		-					
JPY : CNY	1%		69		-					

2021

Price risk

- A. The Group's equity instruments exposed to price risk are Financial assets measured at fair value through profit or loss financial assets at fair value through other comprehensive income.
- B. The Group mainly invests in equity instruments and open-end funds issued by domestic companies, of which the price of equity instruments will be affected by uncertainty of future value of the investment target. If the price of such equity instrument rises or falls by 1%, with all other factors held constant, The net profit after tax in 2021 and 2022 will increase or decrease by \$71 and \$0 respectively due to the benefit or loss of equity instruments measured at fair value through profit and loss; the gain or loss on other comprehensive income classified as equity investments at fair value through other comprehensive income would have increased or decreased by NT\$2,851 and NT\$2,760 for the years ended December 31, 2022 and 2021, respectively.

Cash flow and fair value interest rate risk

- A. The Group's main interest rate risk arises from short-term and long-term loans with variable rates which expose the Group to cash flow interest rate risk. During the years ended December 31, 2022 and 2021, the Group's loans at variable rate were denominated in the NTD, USD and CNY.
- B. As of December 31, 2021 and 2020, if interest rates on denominated loans at that date had been 1% higher/lower with all other variables held constant, net profit (loss) for the years ended December 31, 2022 and 2021 would have been NT\$2,162 thousand and NT\$2,239 thousand higher (lower), respectively, mainly as a result of higher (lower) interest expense on floating rate loans.

(2) Credit risk

A. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.

- B. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, the Group is responsible for managing and analyzing the credit risk for its 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 Board of Directors. The utilization of credit limits is regularly monitored.
- C. The Group adopts the assumptions under IFRS 9. The Group determines that the default occurs when the contract payments were past due over 30 days based on the terms.
- D. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
 - If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- E. The Group classifies notes and accounts receivable (to related parties included) based on the characteristics of trade credit risk and uses the simplified preparation matrix and loss rate to estimate expected credit losses.
- F. he Group has written off the recoverable amount of financial assets that could not reasonably be estimated after recourse, but will continue to pursue recourse to preserve its rights. As of December 31, 2022 and 2021, the Group had no recourse claims that had been written off.
- G. The Group considers the Business Indicators Data Base provided by the National Development Council to future prospects when adjusting the loss rate that is set up based on historical and current loss period information, in order to estimate the loss of notes receivables and allowance for doubtful accounts of customers with general credit quality. The provision matrix as of December 31, 2022 and 2021 is as follows:

December 31,	1	Not past	U	p to 30			61	to 90			
2022		due		days	31 t	o 60 days	Ċ	lays	Ove	r 91 days	Total
Expected loss rate	0.2	28-0.29%	0.28	3-0.29%	9.62	%-18.65%	5	50%		100%	
Total book value	\$	453,627	\$	8,259	\$	-	\$	856	\$	2,785	\$ 465,527
Allowance for uncollectible											
accounts	\$	1,961	\$	10	\$	_	\$	428	\$	2,399	\$ 4,798
December 31,	1	Not past	Uı	p to 30	61 to 90		to 90	_			
2021		due		days	31 t	o 60 days	days		Over 91 days		Total
Expected loss rate	(0%~8%	09	%~8%	5	%~49%	5%	~45%	449	%~100%	
Total book value	\$	504,963	\$	5,287	\$	1,226	\$	_	\$	5,448	\$ 516,924
Allowance for uncollectible							-	-			
accounts	\$	1,292	\$	15	\$	118	\$		\$	5,315	\$ 6,740

H. The Group assessed the expected credit losses on individual customer with higher credit risk based on historical experience, and the total carrying value and allowance for losses were NT\$0 and NT\$7,564 as of December 31, 2022 and 2021, respectively.

I. The aging analysis of notes and accounts receivable (including related parties) that were past due but not impaired is as follows:

		2022		2021
January 1	\$	14,304	\$	14,242
Provision (Reversal)	(538		75
for impairment loss				
Amounts written off as	(8,985)		-
uncollectible				
Foreign exchange				
adjustments		17	(13)
December 31	\$	4,798	\$	14,304

For losses recognized (reversed) in 2022 and 2021, the impairment losses recognized (reversed) on receivables arising from customer contracts were (NT\$538) and NT\$75, respectively.

(3) Liquidity risk

Non-derivative financial liabilities:

portion and estimated interest)

- A. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group's financial department. Group's financial department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- B. The table below analyses the Group's non-derivative financial liabilities 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.

Between 1

Between 2 to Over than 1

December 31, 2022

		year	to 2 years	5 years		year	
Short-term loans	\$	270,240	\$ -	\$	-	\$	-
Accounts payable (to related parties							
included)		168,709	-		-	·	-
Other accounts payable (to related							
parties included)		138,453	-		-	·	-
Lease liabilities		14,989	12,602		8,440	5,385	5
bonds payable		-	-		200,000		-
December 31, 2021							
Non derivativa financial liabilities:	I a	ess than 1	Between 1	Rots	ween 2 to	Over than 1	
Non-derivative financial liabilities:		year	to 2 years	5 years		year	
Short-term loans	\$	269,828	\$ -	\$	-	\$.	-
Short-term loans Notes payable	\$	-			-		-
	\$	269,828			-		-
Notes payable	\$	269,828			- - -		- -
Notes payable Accounts payable (to related parties	\$	269,828 1,800			- - -		- - -
Notes payable Accounts payable (to related parties included)	\$	269,828 1,800			- - -		- - -
Notes payable Accounts payable (to related parties included) Other accounts payable (to related	\$	269,828 1,800 215,120			- - - - 8,407		- - -

Less than 1

C. The Company's cash flows are not expected to occur significantly earlier than the maturity date, or to be significantly different from the actual amount.

(III) Fair value estimation

- 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 takes 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. The fair value of the Group's investment in unlisted stocks is included in Level 3.
- 2. Financial instruments not measured at fair value

Except for financial assets at fair value through other comprehensive income or loss, the carrying amounts of cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable (to related parties included), other receivables (to related parties included), other current financial asset, short-term loans, notes payable, accounts payable (to related parties included), other payables (to related parties included), lease liabilities, long-term loans (current portion included) and other notes and accounts payables (to related parties included) are approximate to their fair values.

		December 31, 2022							
				_					
	Во	ook Value	I	Level 1]	Level 2	I	Level 3	
Financial liabilitie									
Bonds payable	\$	189,923	\$	_	\$	192,712	\$	-	

- 3. The related information on 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 are as follows:
 - (1) The related information of the nature of the assets and liabilities:

December 31, 2022]	Level 1	Ι	Level 2	L	Level 3		Level 3 To		Total
Assets					'					
Recurring fair value										
<u>measurements</u>										
Financial assets measured at										
fair value through profit or										
loss - current										
Financial products	\$	-	\$	6,612	\$	-	\$	6,612		
Convertible corporate bond repurchase rights		-		-		460		460		
Financial assets at fair value										
through other comprehensive										
income or loss										
Equity securities		265,005				20,211		285,216		
	\$	265,005	\$	6,612	\$	20,671	\$	292,288		

December 31, 2021	 Level 1	1	Level 2	I	Level 3	 Total
Assets	_		_	•		_
Recurring fair value						
<u>measurements</u>						
Financial assets at fair value						
through other						
comprehensive income or						
loss						
Equity securities	\$ 263,660	\$	-	\$	12,347	\$ 276,007

(2) The Group's approaches and assumptions for fair value measurement are as follows:

A. The Group adopts quoted prices as inputs used to measure fair value (Level 1), which are classified as follows based on the characteristics of the financial instruments:

Market quoted price

Listed shares
Closing price

- B. Except for the aforementioned financial instruments in an active market, the fair values of other financial instruments are obtained by using valuation techniques, or by reference to the quoted prices of counterparties.
- C. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and nonfinancial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- 4. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.
- 5. The following are the movements in Level 3 for the years ended December 31, 2022 and 2021:

			2022				
			Convertibe corporate be repurchase ri	ond	合計		
January 1	\$	12,347	\$		\$	12,347	
Acquired in this period		12,920		-		12,920	
Issued in this period		-		860		860	
Listed non-operating income							
and expenses		-	(400) (400)	
Recognized in other							
comprehensive income							
Unrealized valuation							
gains/losses on investments in							
equity instruments at fair value							
through other comprehensive							
income or loss	(5,056)		- (5,056)	
December 31	\$	20,211		460	\$	20,671	

		2021
	Inves	tment in
	unlist	ed shares
January 1	\$	13,277
Recognized in other		
comprehensive income		
Unrealized valuation		
gains/losses on investments		
in equity instruments at fair		
value through other		
comprehensive income or		
loss	(930)
December 31	\$	12,347

- 6. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.
- 7. External valuers is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- 8. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

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9. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2022								
			Rec	ognized in oth	er cor	nprehensive					
					Ţ	Unfavorable					
	Input	Change	Favor	able change		change					
Financial assets Equity instruments	Price-to- Book Ratio (multiplier)	±5%	\$	1,046	(\$	1,042)					
				Decembe	r 31, 2	021					
			Rec	ognized in oth inco	ner cor ome	nprehensive					
	Input	Change	Favor	able change	Unfa	vorable change					
Financial assets											
Equity instruments	Price-to- Book Ratio (multiplier)	±5%	\$	627	(\$	627)					

(IV) Assessment of the Impact of the COVID-19 Outbreak

As of December 31, 2022, the Group has assessed that the COVID-19 pandemic and related prevention measures from the government have not had a significant impact on the Group's operations. In order to prevent the outbreak from spreading and affecting the Group's operations, the Group has taken appropriate measures and continues to pay attention to related issues.

XIII. Other Disclosures

(I) Significant transactions information

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the years ended December 31, 2022:

- 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 reaching NT\$300 million or 20% of paid-in capital or more: No such situation.
- 5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: No such situation.
- 6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: No such situation.
- 7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 4.
- 8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or

more: Please refer to table 6.

- 9. Trading in derivative instruments undertaken during the reporting periods: No such situation.
- 10. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(II) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(III) 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: Please refer to table 6.

(IV) List of major shareholders

Information on major shareholders: Please refer to table 9.

XIV. Segment Information

(I) General information

The management of the Company and its subsidiaries has identified the reportable segments based on the reported information used by President in making decisions. The President operates the business from each business unit perspective in 2021. The Wire (Harness) Division manufactures security, medical, and automobile cables by using precision processing technology, and combines the high frequency, medical electronics, and 5G millimeter wave radar technologies to shorten the production time and to develop the market of precision high frequency wireless communication and radar modules, making it the preferred processing plant for brands. The SMT Division specializes in SMT surface mount technology, which is a technology for soldering electronic components to the surface of circuit boards. We cooperate with IC component suppliers and combine our own finished product assembly technology to provide solutions to different project needs. The President operates the business from a geographical perspective in 2020. The main source of revenue is from the production and sale of new electronic components, connectors, power cords and related products. Taiwan is responsible for sales and R&D, while China is mainly for production and sales.

(II) Measurement of segment information

The pre-tax net income or loss of each business segment reported by the Company and its subsidiaries to the chief operating decision maker is measured consistently with the income and expenses shown in the statement of comprehensive income, and the performance of each operating segment is evaluated on the basis of operating profit.

(III) Information about segment profit or loss

						2022				
	Wire Harness Division			SMT Division	I	Other Division	djustment and Write Offs	Total		
Revenue from external segment	\$	1,185,304	\$	253,745	\$	1,591	\$ 5,114)	\$	1,445,754	
Segment income (loss)	(\$	3,268)(\$	95,837)1(\$	19,051)(\$ 1,807)	(\$	116,349)	
Segment income (loss) includes: Depreciation expense	<u>\$</u>	70,979	\$	15,195	\$	95	\$ 306	\$	86,575	

	ire Harness Division	I	SMT Division		Other Division		ljustment Ind Write Offs	Total		
Revenue from external segment	\$ 1,168,994	\$	379,164	\$	126,696	(\$	1,147)	\$	1,673,707	
Segment income (loss)	\$ 32,130	(\$	69,781)1(\$	16,203)	\$	15,505) (5	\$	69,359)	
Segment income (loss) includes: Depreciation expense	\$ 62,165	\$	20,163	\$	6,737	(\$	61) 5	\$	89,004	

Information on the Group's segment assets and liabilities is not disclosed as it is not available to the chief operating decision-maker.

(IV) Reconciliation for segment income (loss)

- 1. Sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the Statement of Comprehensive Income.
- 2. A reconciliation of segment income or loss to the profit/ (loss) before tax is as follows:

		2022	2021
Reportable segments income			
(loss)	(\$	116,349) (\$	69,359)
Interest income		2,164	1,979
Other income		50,728	37,397
Other gain and loss	(876) (2,633)
Financial costs	(10,826) (7,337)
Share of profit or loss of associates accounted for	(27) (646)
using equity method Profit before income tax	(\$	75,186) (\$	40,599)

(V)Information on product and service

For related information, please refer to Note 6(21).

(VI) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows:

		2	022	2021							
	'		No	on-current assets			N	on-current assets			
Revenue (Note 1)				(Note 2)	Rev	enue (Note 1)	(Note 2)				
Taiwan	\$	334,347	\$	74,513	\$	369,799	\$	55,808			
China		854,192		248,986		1,049,319		268,595			
U.S.A.		174,736		8,621		172,477		-			
Japan		33,940		-		34,077		-			
Others		48,539		-		48,035		-			
	\$	1,445,754	\$	332,120	\$	1,673,707	\$	324,403			

Note 1: Revenue is categorized based on the country where the customer is located.

Note 2: Non-current assets are the items that exclude financial instruments and deferred income tax assets.

(VII) Major customer information

Details of major customers contributing more than 10% of operating revenue of the Group for the years ended December 31, 2022 and 2021 are as follows:

			2022	2021						
	R	levenues	Segment	R	evenues	Segment				
В	\$	150,691	Wire Harness Division	\$	143,988	Wire Harness Division				
A		78,590	SMT Division		196,416	SMT Division				

Loans to others

For the year ended December 31, 2022

Table 1

Unit: NTD thousands (Unless specified otherwise)

Number													Coll	ateral		Limit of	
							Actual amount		Nature of	Business					Limit of financing		
				Related	Maximum balance		drawn down	Interest	financing	transaction	Reason for	Loss			amount for	total financing	
(Note 1)	Financing company	Counterparty	Account	parties	for the period	Ending balance	Amount	rate	(Note 2)	amount	financing	allowance	Name	Value	individual	amount	Note
0	Wanshih Electronic Co., Ltd.		Other receivables from related parties	Y	\$ 42,045	\$ -	\$ -	2.00%	2	\$ -	Operating turnover	\$ -	None	\$ -	\$ 50,000	\$ 217,740	Note 3
0	Wanshih Electronic Co., Ltd.	Vietnam Wanshih	Other receivables from related parties	Y	32,220	30,710	6,142	2.50%	2	-	Operating turnover	-	None	-	50,000	217,740	"
0	Wanshih Electronic Co., Ltd.		Other receivables from related parties	Y	48,330	46,065	30,710	3.50%	1	309,794	-	-	None	-	50,000	217,740	"
1	Wanshih (H.K.) Electronic Co., Ltd.		Other receivables from related parties	Y	14,740	-	-	2.00%	2	- 3	Operating turnove	-	None	-	11,772	21,265	Note 4
1	Wanshih (H.K.) Electronic Co., Ltd.		Other receivables from related parties	Y	12,888	12,284	12,284	3.50%	1	32,473	-	-	None	-	11,772	21,265	"

Note 1: The numbering rule is as follows:

- (1) 0 represents the issuer.
- (2) Investee companies are sorted in a numerical order starting from 1.

Note 2: The nature of the loan should be listed as a business transaction or a short-term financing need.

- 1. Fill in "1" for business transaction need.
- 2. Fill in "2" for short-term financing need.

Note 3: The total loans to others of Wanshih Electronic Co., Ltd. shall not exceed 30% of the lower of its paid-in capital or net worth. For companies or firms have business transactions with the Company, the individual loan shall not exceed the amount of business transactions for the past year; besides, for risk considerations, the amount of loans shall not exceed NT\$50 million.

The "amount of business transactions" refers to the higher of the operating income and services income due to sales of products or the provision of services or purchases amount and service expenses for regular operating activities.

For companies or firms with short-term financing needs, the individual loan shall not exceed NT\$50 million or 10% of the Company's net worth as stated in its latest financial statements.

However, the above restrictions do not apply to inter-company loans between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or loans to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares. For risk considerations, the individual loan shall not exceed NT\$100 million and the term is one year.

Note 4: The total loans to others of Wanshih (H.K.) Electronic Co., Ltd. shall not exceed 30% of the lower of its paid-in capital or net worth. For companies or firms have business transactions with Wanshih (H.K.) Electronic Co., Ltd., the individual loan shall not exceed the amount of business transactions for the past year; besides, for risk considerations, the amount of loans shall not exceed HK\$12.5 million.

The "amount of business transactions" refers to the higher of the operating income and services income due to sales of products or the provision of services or purchases amount and service expenses for regular operating activities.

For companies or firms with short-term financing needs, the individual loan shall not exceed HK\$12,500 thousand or 10% of the company's net worth as stated in its latest financial statements.

However, the above restrictions do not apply to inter-company loans between overseas companies in which the company holds, directly or indirectly, 100% of the voting shares, or loans to the company by any overseas company in which the company holds, directly or indirectly, 100% of the voting shares, For risk considerations, the individual loan shall not exceed HK\$25 million and the term is one year.

Endorsements and guarantees for others

For the year ended December 31, 2022

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Table 2

Unit: NTD thousands
(Unless specified otherwise)

			Percentage of accumulated					
Endorsed / Guaranteed party	Limit on endorsement/guarantee Maximum balance		guarantee amount Guarantee provide Guarantee provide					
Number Endorsor/Guarantor Relationship	provided to each party during the period Ending balan	Actual amount Amount of collateral	to net assets value from Limit of total guarantee/endorsement amount	Guarantee provided by by a subsidiary parent company	to companies in			
(Note 1) Company name Company name (Note 2)	(Note 3) (Note 4) (Note 5)) (Note 6) guarantee/endorsement	the latest financial (Note 3)	(Note 7) (Note 7)	Mainland China Note			
0 Wanshih Electronic Suzhou 2	\$ 300,000 \$ 80,550 \$ 76,7	.775 \$ 30,710 \$ -	10.34% \$ 371,191	. Y -	Y			

Note 1: The numbering rule is as follows:

(1) 0 represents the issuer.

Co., Ltd.

(2) Investee companies are sorted in a numerical order starting from 1.

Wanshih

Note 2: The relationship between endorsement guarantor and the subject of endorsement or guarantee is as follows:

- (1) A company with which the Company has business relationship.
- (2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- (3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- (4) Companies in which the Company directly and indirectly holds more than 90% of the voting shares.
- (5) The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) All capital contributing shareholders make endorsement/guarantee for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: The total amount of endorsements and guarantees for companies outside the Group shall not exceed 50% of the Company's net worth. The limit of the endorsement/guarantee for a single company shall not exceed NT\$300 million.

For endorsement/guarantee engaging in due to the business transactions, the amount of endorsements and guarantees shall not exceed the higher of the total purchase or sales amount between the parties for the past year.

The total amount of external endorsement/guarantee of the Company and its subsidiaries shall not exceed 50% of the net value of the current period. The limitation on cumulative amount of endorsement/guarantee of the Company and its subsidiaries for a single company is the same as the Company for a single company. Net worth of a foreign subsidiary means the balance sheet equity attributable to the owners of the parent company.

Note 4: Highest amount of outstanding endorsement/guarantee for others in current period.

Note 5: The amount approved by the Board of Directors should be filled. However, if according to Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the Board of Directors has authorized the Chairman, it refers to the amount decided by the Chairman.

Note 6: The actual amount spent by the endorsed company within the range of the endorsed guarantee balance.

Note 7: "Y" is required only for those who are the listed parent company to endorse the subsidiary, those who are the subsidiary to endorse the listed parent company, and those who are located in Mainland China.

Securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures)

December 31, 2022

Table 3

Unit: NTD thousands (Unless specified otherwise)

				Ending Balance				
Investor	Type and name of securities	Relationship with the issuer	Financial statements account	Shares (in	Carrying amount	Shares	Fair value	Note
Wanshih Electronic Co., Ltd.	Common stock Asahi (Malaysia) Sdn. Bhd.	Same major shareholders	Financial assets at fair value through profit or loss - non- current	200	\$ -	0.99%	\$ -	
Wanshih Electronic Co., Ltd.	Common stock Insight Medical Solutions Inc.		Financial assets at fair value through other comprehensive income or loss - non-current	359	2,531	1.63%	2,531	
Wanshih Electronic Co., Ltd.	Common stock Wonderful Hi-Tech Co., Ltd.	Company accounted for using the equity method for the Company	Financial assets at fair value through other comprehensive income or loss - non-current	9,282	265,005	5.74%	265,005	
Wanshih Electronic Co., Ltd.	Common stock Terasilic Co., Ltd.	-	Financial assets at fair value through other comprehensive income or loss - non-current	375	2,984	1.32%	2,984	
Wanshih Electronic Co., Ltd.	Common stock Glownik Electronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income or loss - non-current	200	-	10.00%	-	
Wanshih Electronic Co., Ltd.	Common stock Sunpower Energy Technology	-	Financial assets at fair value through other comprehensive income or loss - non-current	442	14,696	1.65%	14,696	
Siyang Wanshih Electronic Element Co., Ltd.	Wealth management products Net value-type wealth	-	Financial assets at fair value through profit or loss - current	-	6,612	-	6,612	

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 "Financial Instruments."

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

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

For the year ended December 31, 2022

Table 4

Unit: NTD thousands (Unless specified otherwise)

				Situation and reason for difference between										
				Transactions				transaction condition and common			Notes and accounts receivable (payable) Balance			
													-	
				Percentage of								Percentage of total		
Purchaser / Seller	Counterparty	Relationship	Sales		Amount	total purchases/sales	Credit term	Unit price	Credit term		Balance	receivables (payables)	Note	
Wanshih Electronic Co., Ltd.	Suzhou Wanshih Electronic	Subsidiary	Purchase	\$	382,904	74%	(Note 1)	(Note 2)	(Note 1)	(\$	104,543)	73%		
	Element Co., Ltd.													

Note 1: Payment within 75 days after the receipt of goods.

Note 2: Due to the different nature of the purchased products from the related parties, there are no comparable purchase prices available.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2022

Table 5

Unit: NTD thousands

(Unless specified otherwise)

		Ending balance				Overdue	receivables	Amount	received in			
Companies that record receivables	Counterparty	Relationship	(Note 1)		Turnover rate	Amount	Action taken	subsequent period			Loss allowance	
Suzhou Wanshih Electronic Element	Wanshih Electronic Co., Ltd.	Parent company	Accounts	\$ 104,543	4.08	\$ -	-	\$	68,875	\$		-
Co., Ltd.			receivable									

Note 1: Please fill in the accounts receivable, notes receivable, and other receivables from related parties separately.

Note 2: The amount of paid-in capital refers to the amount of paid-in capital of the parent company.

If the shares issued by an issuer have no par value or a par value other than NT\$10 per share, the threshold transaction amount of 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent as stated in the balance sheet.

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2022

Table 6

Unit: NTD thousands
(Unless specified otherwise)

					Tı	ransactions	
Number (Note 1)	Name of transaction party	Counterparty	Relationship (Note 2)	Item	Amount	Transaction condition	Percentage of total revenue or total assets (Note 3)
0	Wanshih Electronic Co., Ltd.	Suzhou Wanshih Electronics	1	Purchase	\$ 382,904	Note 4	26%
0	Wanshih Electronic Co., Ltd.	Weicheng Electronic	1	Purchase	51,918	"	4%
0	Wanshih Electronic Co., Ltd.	Wanshih H.K.	1	Purchase	48,701	"	3%
0	Wanshih Electronic Co., Ltd.	Suzhou Wanshih Electronics	1	Payables	104,543	"	6%
1	Suzhou Wanshih Electronic Element Co., Ltd.	Weicheng Electronic	3	Sales revenue	54,543	"	4%
1	Suzhou Wanshih Electronic Element Co., Ltd.	Wanshih H.K.	3	Sales revenue	47,417	"	3%
1	Suzhou Wanshih Electronic Element Co., Ltd.	Siyang Wanshih	3	Purchase	25,434	"	2%
1	Suzhou Wanshih Electronic Element Co., Ltd.	Weicheng Electronic	3	Receivables	47,295	"	3%

Note 1: The information of the Company and Subsidiaries should be listed separately. The number representations are as follows:

- 1. 0 represents the parent company.
- 2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: There are three types of relationship categorized as follows:

- 1. Parent company to subsidiary.
- 2. Subsidiary to parent company.
- 3. Subsidiary to subsidiary.

Note 3: Percentage of consolidated operating revenues or total assets is calculated as follows: for balance sheet accounts, the ending balance of assets or liabilities divided by consolidated total assets; for income statement accounts, the accumulated transaction amount for the period divided by consolidated operating revenues.

Note 4: Except for the absence of comparable transactions of the same nature, where the transaction terms are determined through mutual agreement, the remaining conditions are similar to general transaction terms.

Note 5: Transactions with individual amounts below 1% of consolidated total revenue and total assets will not be disclosed.

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

For the year ended December 31, 2022

Table 7

Unit: NTD thousands (Unless specified otherwise)

					Initial in	rvestment	Investment as	s of Decemb	er 31, 2022	Investee company	Investment income	
Name of Investor	Name of Investee	Location	Main scopes of business	End	ling balance	Beginning balance	Shares (in thousand)	%	Carrying amount	Net income (loss)	(loss) recognized	Note
Wanshih Electronic Co., Ltd.	Wanshih (H.K.) Electronic Co., Ltd.	Hong Kong	Sales of electronic components, computers and peripheral products	\$	53,284	\$ 53,284	9,593	53.29	\$ 63,622	(\$ 4,318)	(\$ 2,301)	Subsidiary
Wanshih Electronic Co., Ltd.	Bright Master Co.,Ltd.	Seychelles	Investee and holding companies		567,702	505,407	-	100.00	57,950	(2,367)	(2,367)	Subsidiary
Wanshih Electronic Co., Ltd.	Data Lake Co., Ltd.	Taiwan	Sales of electronic materials and software as well as the development of		25,000	15,000	2,500	62.50	931	9,242	5,899	Subsidiary
Wanshih Electronic Co., Ltd.	Millimeter Wave Tech Co., Ltd.	Taiwan	Design and development for millimeter wave radar module and radar		4,500	4,500	300	60.00	4,543	193	116	Subsidiary
Wanshih Electronic Co., Ltd.	Draco Electronics, LLC	U.S.A.	Wire harnesses and external cables for electronic products		16,625	-	-	60.00	20,005	2,893	1,736	Subsidiary
Suzhou Wanshih Electronic Element Co., Ltd.	Weicheng Electronic Element Limited	Hong Kong	Sales of electronic components, computers and peripheral products		4,137	4,137	-	100.00	(36,186)	(2,047)	-	Sub- subsidiary
Bright Master Co.,Ltd.	Communication Limited	Hong Kong	Investee and holding companies		-	482,648	-	-	-	-	-	Note
Bright Master Co.,Ltd.	(Thailand) Wanshih Electronic Element Company Limited	Thailand	Sales of electronic components, computers and peripheral products		3,132	3,132	-	100.00	3,082	5	-	Sub- subsidiary
Bright Master Co.,Ltd.	(VIETNAM) Wanshih Electronic Element Company Limited	Vietnam	Sales of electronic components, computers and peripheral products		65,438	3,143	-	100.00	53,754	(7,530)	-	Sub- subsidiary
Data Lake Co., Ltd.	Willy Innovation Co., Ltd.	Taiwan	Leases of smart motorcycle		4,000	4,000	400	22.22	-	(1,126)		Company accounted for using the equity method for the subsidiary

Note: Communication Limited was dissolved on January 28, 2022 and obtained the cancellation documents in March 2022.

Information on investments in Mainland China

For the year ended December 31, 2022

Table 8

Electronic Co., Ltd.

Unit: NTD thousands
(Unless specified otherwise)

(2)B

													(Onless spec	med otherwise)
					Amount remitted from Taiw	an to Mainland China/								
				Accumulated amount of remittance	Amount remitted b	ack to Taiwan	Accu	mulated amount of remittance			Investment income	Carrying amount	Accumulated amount of	
Investee Companies in			investments	from Taiwan to Mainland China	for the year ended Dec	cember 31, 2022	fror	m Taiwan to Mainland China	Net income (loss)	Ownership held directly or	(loss) recognized	of investments	investment income remitted back	k to
Mainland China	Main scopes of business	Paid-in capital	(Note 1)	as of January 1, 2022	Remitted to Mainland China	Remitted back to Taiwan		as of January 1, 2022	of investee company	indirectly by the Company	(Note 2)	as of December 31, 2022	Taiwan as of December 31,	Note
Suzhou Wanshih Electronic	Manufacturing and sales of \$	520,584	(1)	\$ 210,353	\$ -	\$ -	\$	210,353	(\$ 66,638)	87.26	(\$ 57,720)	\$ 335,765	\$ 197,318	
Element Co., Ltd.	mini coaxial cable (main										(2)B			
	products are antenna, medical													
	cable, automobile cable,													
	electronic wire harness and													
Suzhou Wanshih Optical	SMT product processing and	168,386	(2)A	103,479	-	-		103,479	(882)	87.26	(769)	14,993	-	
Communication Co., Ltd.	assembly										(2)B			
Siyang Wanshih Electronic	Manufacturing of wire	367,939	(2)B	335,589	-	-		335,589	(3,425)	87.26	(2,988)	18,085	-	
Element Co., Ltd.	harnesses and external cables										(2)B			
Dongguan Humen Wanshih	Manufacturing of wire	29,741	(2)C	-	-	-		-	26,569	53.29	14,159	20,283	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 (Note 3)	Investment Commission of the Ministry of Economic Affairs	Investment ceiling in Mainland China according to provisions of Investment Commission of the Ministry of Economic Affairs (Note 4)
Wanshih Electronic Co., Ltd.	\$ 795,220	\$ 458,573	\$ -
		(US\$14.932 thousands)	

Note 1: The methods for engaging in investment in Mainland China are as follows:

- (1) Direct investment in Mainland China.
- (2) Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of the company in third region).
- A. Investment in Suzhou Wanshih Optical Communication Co., Ltd. through Suzhou Wanshih Electronic Element Co., Ltd.
- B. Investment in Siyang Wanshih Electronic Element Co., Ltd. through Suzhou Wanshih Electronic Element Co., Ltd.
- C. Investment in Dongguan Humen Wanshih Electronic Co., Ltd. through Wanshih (H.K.) Electronic Co., Ltd.
- (3) Other methods.
- Note 2: The investment income (loss) recognized in current period:
 - (1) It should be indicated if the investee was still in the incorporation arrangement and had not yet any profit during this period.
 - (2) The investment income (loss) were determined based on the following basis

harnesses and external cables

- A. The financial statements were audited by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.
- B. The financial statements were audited by the auditors of the parent company.
- C. Others

Note 3: Due to the liquidation of the subsidiary in Mainland China, the accumulated amount of investment repatriated from Taiwan to Mainland China at the end of the period exceeds the approved investment amount by the Investment Commission of the Ministry of Economic Affairs.

Note 4: According to the revised "Principles for Reviewing Investment or Technical Cooperation in Mainland China" enacted on August 29, 2008, the Company is not required to set investment limits as it has obtained a certificate from the Industrial Development Bureau of the Ministry of Economic Affairs confirming compliance with the scope of operation headquarters.

Note 5: Relevant figures in this table should be presented in New Taiwan Dollars.

List of major shareholders

December 31, 2022

Table 9

		Shares	
Name of major shareholders	Number of shares held	Shares Ratio	
Wonderful Hi-Tech Co., Ltd.	17,816,272	24.54%	
Asahi Communications Co., Ltd.	13,723,175	18.90%	
Fullconn Industry Inc.	5,000,000	6.88%	

- Note 1: The major shareholders in this table are shareholders holding more than 5% of the ordinary and preference shares (including treasury stocks) that have completed delivery of non-physical registration on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation.

 Share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company with the dematerialized registration completed may differ due to different calculation bases.
- Note 2: If the information above is for the shares entrusted by shareholders to a trust, the aforesaid information shall be disclosed by the individual trust account opened by the trustees.
 - For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings include their shareholdings plus the shares entrusted to the trust and with the right to make decisions on trust property, please refer to the Market Observation Post System website of the Taiwan Stock Exchange.
- Note 3: The total number of common shares that have completed the dematerialized registration is 72,579,898.

Attachnent II: Parent Company Only Financial Statements

Wanshih Electronic Co., Ltd.

Parent Company Only Financial Statements for the Years Ended December

The Years Ended December 31, 2022 and 2021 (Stock Code: 6134)

Address: 3-4F, No. 72 Wugong 6th Rd., Wugu Dist., New Taipei Industrial Park, New Taipei City

Telephone: (02)2298-8066

Wanshih Electronic Co., Ltd.

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

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Independent Auditors' Report

(112) Tsai-Shen-Bao Zi No. 22004481

To the Board of Directors of Wanshih Electronic Co., Ltd.:

Review Opinion

We have audited the accompanying parent company only financial statements of Wanshih Electronic Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of from January 1 to December 31, 2022 and 2021, the related Parent Company Only Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (please refer to the Other matter section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for Opinion

We conducted our audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the R.O.C. 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 Accountants of the R.O.C. 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 of the Company 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.

Key audit matters for the Company's parent company only 2022 financial statements of the current period are stated as follows:

Inventory Valuation

Description

Please refer to Notes 4(11), 5(2) and 6(4) to the parent company only financial statements for a description of the accounting policies, uncertainties in accounting estimates and assumptions, and accounting items related to the inventory valuation.

The Company is engaged in the design, assembly and sale of electronic connector and antenna cables. As the products are affected by market demand changes and production technology updates, the commodity prices may be vulnerable to fluctuations or unsatisfactory product sales, which may affect the estimated net realizable value of the inventory valuation.

The Company adjusts its inventory in response to its market and development strategy. Since electronic cables and antennae are the main sales items, the related inventory amounts are significant. The management evaluates inventories based on the lower of cost or net realizable value. Given that such process involves subjective judgment, we believe that this accounting estimate has a significant effect on the inventory valuation, so we have listed it as one of the key audit matters for the year.

How our audit addressed the matter

This matter covers Wanshih Electronic Co., Ltd. and certain of its subsidiaries (recorded as investments accounted for using the equity method). We performed the following audit procedures in respect of the above key audit matter:

- 1. Assessing the policy of allowance for inventory impairment with the understanding of the Company's operations and the nature of the industry.
- 2. Testing the price basis of net realizable value was consistent with the policy set by Company, and randomly checking the correctness of net realizable value for each inventory item.
- 3. Checking the management's details of outdated inventories as well as relevant documentary evidence.

Existence for incorporating the revenues of newly listed top ten sales customers

Description

Please refer to Note 4(22) to the parent company only financial statements for the accounting policy on revenue recognition and Note 6(15) to the parent company only financial statements for the description of operating income items.

Wanshih Electronic Co., Ltd. and its subsidiaries (recorded as investments accounted for using the equity method) primarily engage in the design, assembly and sale of wire harnesses, SMT modules and related parts and components. As the orders for these products are easily affected by the customers' project cycles, the Company needs to develop new markets and take orders from new projects, so the top ten sales customers may change from year to year. Therefore, the newly added top ten sales customers had a material effect on the sales revenue of the Company and its subsidiaries from 2021 to 2022. With that, we have listed the existence for incorporating the revenues of Company's newly listed top ten sales customers as one of the key audit matters.

How our audit addressed the matter

This matter covers Wanshih Electronic Co., Ltd. and certain of its subsidiaries (recorded as investments accounted for using the equity method).

The key audit procedures performed by us are described below:

- 1. For the assessment and testing of the financial statements, the internal control procedures of sales transactions are based on the Company's internal control system.
- 2. Viewing the relevant industry background information of newly listed top ten sales customers.
- 3. Obtaining and sampling relevant vouchers for the transactions involving operating revenue of the newly listed top ten sales customers.

Other Matters - The previous financial statements were audited by other auditors.

The financial statements of certain investees accounted for using the equity method that are included in the parent company only financial statements of the Company have not been audited by us, but by other auditors. Therefore, our opinion expressed herein on the above parent company only financial statements relates to amounts included in the financial statements are solely based on the audit reports of other auditors. As of December 31, 2022 and 2021, the investments accounted for using the equity method in the aforementioned companies and the credit balances (recorded as other non-current liabilities) were NT\$5,474 thousand, NT\$4,427 thousand and NT\$(8,876) thousand, respectively, representing 0%, 0% and 2% of the total assets and liabilities, respectively. The comprehensive loss recognized for the years ended December 31, 2022 and 2021 was NT\$6,015 thousand and NT\$(4,776) thousand, respectively, representing (3%) and (3%) of the total comprehensive income.

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 the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 parent company only financial statements.

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

- 1. Identify and assess the risks of material misstatement of the 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 propriety 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 auditor's 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 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 audit.

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 2022 parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Po-Chuan Lin

Certified Public Accountant

Shu-Chiung Chang

Financial Supervisory Commission (FSC) Certificate No. Approved: Jin-Guan-Zheng-Shen-Zi No. 1100350706

The previous Approval No. issued by FSC, Executive Yuan Certificate No. Approved: Jin-Guan-Zheng-Shen-Zi No. 0990042602

March 17, 2023



Unit: NTD Thousands

		2111311	D 1 21 202			D 1 21 2021	
	Assets	Note	 December 31, 2022 Amount	<u>%</u>	_	December 31, 2021 Amount	%
	Current asset						
1100	Cash and cash equivalents	6(1)	\$ 53,524	4	\$	86,293	7
1110	Financial assets measured at fair value through	6(2)	460	-		-	-
	profit or loss - current						
1136	Current financial assets at amortized cost	8	314	-		313	-
1150	Notes receivable, net	6(3)	838	-		53	-
1170	Accounts receivable, net	6(3)	211,999	17		212,228	17
1180	Receivables from related parties, net	7	11,164	1		37,044	3
1200	Other receivables		2,400	-		5,381	-
1210	Other receivables from related parties	7	51,724	4		50,074	4
1220	Income tax assets for the period		2	-		-	-
130X	Inventories	6(4)	32,496	3		43,951	4
1479	Other current assets - others		 5,305			3,752	
11XX	Total current asset		 370,226	29		439,089	35
]	Non-current asset						
1517	Financial assets at fair value through other	6(5) and 8	285,216	23		276,007	22
	comprehensive income or loss - non-current						
1550	Investments accounted for using equity method	6(6)	482,816	38		461,291	36
1600	Property, Plant and Equipment	6(7)	46,094	4		30,965	2
1755	Right-of-use assets	6(8) and 7	13,314	1		19,921	2
1840	Deferred income tax assets	6(21)	46,223	4		41,778	3
1930	Long-term notes and accounts receivable		8,400	1		-	-
1900	Other non-current assets		 5,227			2,246	
15XX	Total non-current asset		 887,290	71		832,208	65
1XXX	Total assets		\$ 1,257,516	100	\$	1,271,297	100
			 -	-		_	

(Continued)



Unit: NTD Thousands

			1	December 31, 2022		December 31, 2021	
	Liabilities and Equity	Note		Amount	%	Amount	%
	Current liability						
2100	Short-term loans	6(9)	\$	65,000	5	\$ 89,098	7
2150	Notes payable			-	-	1,800	-
2170	Accounts payable			18,902	1	17,360	1
2180	Accounts payable - related parties	7		124,841	10	146,486	12
2200	Other payables			49,927	4	38,609	3
2230	Income tax payable for the period			-	-	2,512	-
2280	Lease liabilities - current	7		6,834	1	6,795	1
2300	Other current liabilities			1,046	<u> </u>	1,400	
21XX	Total current liabilities			266,550	21	304,060	24
	non-current liabilities						
2530	Bonds payable	6(10)		189,923	15	-	-
2570	Deferred income tax liabilities	6(20)		47,595	4	46,680	4
2580	Non-current lease liabilities	7		7,121	1	13,955	1
2640	Net defined benefit liability - non-current	6(10)		3,945	-	4,805	-
2670	Other non-current liabilities - others	6(5)		<u>-</u>		8,876	1
25XX	Total non-current liabilities			248,584	20	74,316	6
2XXX	Total liabilities			515,134	41	378,376	30
	Equity						
	Share capital	6(11)					
3110	Common share			725,799	58	725,799	57
	Additional paid-in capital	6(12)					
3200	Additional paid-in capital			51,654	4	12,129	1
	Retained earnings	6(13)					
3310	Legal capital reserve			3,150	-	2,304	-
3320	Special capital reserve			-	-	30,201	2
3350	Unappropriated retained earnings		(37,887) (3)	11,998	1
	Other equities						
3400	Other equities		(334)	<u> </u>	110,490	<u>9</u>)
3XXX	Total Equity			742,382	59	892,921	70
	Significant Contingent Liabilities and	IX.					
	Unrecognized Contract Commitments						
	Significant Events	11					
3X2X	Total Liabilities and Equity		\$	1,257,516	100	\$ 1,271,297	100

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

Chairman: Lake Chang



Managerial officer: Lake Chang



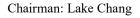




Unit: NTD Thousands (Except Earnings Per Share - in New Taiwan dollar)

				2022		2021	
	Item	Note		Amount	%	Amount	%
4000	Operating Revenue	6(15) and 7	\$	725,119	100 \$	765,003	100
5000	Operating cost	6(4), (20) and 7	(605,224) (83)(630,226) (82)
5900	Gross profit			119,895	17	134,777	18
5920	Realized profit on sales			-	-	1,792	-
5950	Net operating margin			119,895	17	136,569	18
	Operating expenses	6(20) and 7					
6100	Selling expenses		(47,231) (7)(38,982)(5)
6200	General and administrative expenses		(53,682) (8)(47,924) (7)
6300	Research & development expenses		(60,393) (8)(55,386)(7)
6450	Expected credit gains (losses)		(2,069)	- (423)	-
6000	Total operating expenses		(163,375) (23) (142,715) (19)
6900	Operating profit (loss)		(43,480) (6)(6,146) (1)
	Non-operating income and expense		1	· ·			
7100	Interest income	6(16) and 7		1,162	_	768	-
7010	Other income	6(17) and 7		19,033	3	18,989	3
7020	Other gain and loss	6(18)		11,038	1 (1,228)	-
7050	Financial costs	6(19) and 7	(3,496)	- (1,323)	-
7070	Share of profit or loss of subsidiaries, associates and	6(6)					
	joint ventures accounted for using equity method		(54,637) (8)(45,059) (6)
7000	Total non-operating income and expenditure		(26,900) (4)(27,853) (3)
7900	Net income (loss) before tax		(70,380) (10)(33,999) (4)
7950	Income tax gain (expense)	6(21)		4,271	1 (5,032) (1)
8200	Net income (loss) for the year		(\$	66,109) (9)(\$	39,031) (5)
	Other comprehensive income						
	Items that are not reclassified to profit or loss						
8311	Remeasurements of defined benefit plans	6(11)	\$	274	- \$	478	_
8316	Unrealized valuation gains/losses on investments in	6(5)					
	equity instruments at fair value through other						
	comprehensive income or loss			112,593) (15)	192,523	25
8349	Income tax expense related to items that are not	6(21)					
	reclassified		(55)	- (96)	-
8310	Total items that are not reclassified to profit or loss		(112,374) (15)	192,905	25
	Items that may be reclassified subsequently to profit or						
	loss						
8361	Exchange differences arising on translation of foreign						
	operations			2,210	- (5,902)	-
8399	Income tax expense related to items that may be	6(21)					
	reclassified subsequently		(441)	<u> </u>	1,180	
8360	Total items that may be reclassified subsequently to						
	profit or loss			1,769	- (4,722)	
8300	Other comprehensive income for the year, net of						
	income tax		(\$	110,605)(15) \$	188,183	25
8500	Total comprehensive income in the current period		(\$	176,714) (24) \$	149,152	20
							
	Earnings (losses) per share	6(22)					
9750	Basic earnings (losses) per share		(\$		0.91) (\$		0.54)

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





Managerial officer: Lake Chang



Unit: NTD Thousands

				A	Addi <mark>ti</mark> onal p	aid-in c	capital			Retai	ned earning	gs			Other e				
	Note	Coi	mmon share	com	uance of mon share remium	acqu dis sh sub Di betw	Actual usition or sposal of nares in osidiaries fference ween price book value		gal capital reserve		sial capital eserve	retain (for	ppropriated ned earnings r offsetting losses)	di aı traı	exchange fferences rising on inslation of foreign perations	on at thro	calized gain or loss financial assets fair value bugh other prehensive income	To	otal Equity
<u>2021</u>																			
Balance, January 1, 2021		\$	725,799	\$	12,129	\$	-	\$	-	\$	-	\$	36,042	(\$	38,007)	\$	7,806	\$	743,769
Net loss for the period			-		-		-		-		_	(39,031)		-		-	(39,031)
Other comprehensive income recognized for the period	1 6(5)(6)		-		-		-		-		-		382	(4,722)		192,523		188,183
Total comprehensive income in the current period			-		-		-		-		_	(38,649)	(4,722)		192,523		149,152
Appropriations of earnings in 2020:	6(14)																		
Legal capital reserve			-		-		-		2,304		-	(2,304)		-		-		-
Special capital reserve			-		-		-		-		30,201	(30,201)		-		-		-
Disposal of equity instruments at fair value through other comprehensive income or loss	6(5)		-		_		-		_		-		47,110		_	(47,110)		-
Balance, December 31, 2021		\$	725,799	\$	12,129	\$	_	\$	2,304	\$	30,201	\$	11,998	(\$	42,729)	\$	153,219	\$	892,921
2022																_			
Balance, January 1, 2022		\$	725,799	\$	12,129	\$	_	\$	2,304	\$	30,201	\$	11,998	(\$	42,729)	\$	153,219	\$	892,921
Net loss for the period			-		_		_	-	_		_	(66,109)		-		_	(66,109)
Other comprehensive income recognized for the period	1 6(5)(6)		-		-		-		-		-		219		1,769	(112,593)	(110,605)
Total comprehensive income in the current period			-		_		_		-		-	(65,890)		1,769	(112,593)	(176,714)
Appropriations of earnings in 2021:	6(14)							-											
Legal capital reserve			_		_		_		846		-	(846)		_		_		_
Reversal of special reserve			-		_		_		_	(30,201)		30,201		-		-		-
Cash dividends							-		-		-	(7,258)		-		-	(7,258)
Issuance of convertible bonds	6(10)						39,525		-		-		-		-		-		39,525
Changes in equity ownership of subsidiaries			-		-		-		-		-	(6,092)		-		-	(6,092)
Balance, December 31, 2022		\$	725,799	\$	12,129	\$	39,525	\$	3,150	\$		(\$	37,887)	(\$	40,960)	\$	40,626	\$	742,382

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





Managerial officer: Lake Chang





Unit: NTD Thousands

	Note	-	1 to December 1, 2022	January 1 to December 31, 2021			
Cash Flow from Operating Activities							
Income (loss) before income tax		(\$	70,380)	(\$	33,999)		
Adjustments for							
Adjustments to reconcile profit (loss)	c(20)		15.027		15 151		
Depreciation expense	6(20)		15,037		15,151		
Expected credit losses (gains) Losses on financial assets at fair value through profit or	6(2)(18)		2,069 400		423		
loss	0(2)(10)		400		-		
Interest expense	6(19)		3,496		1,323		
Interest income	6(16)	(1,162)	(768)		
Dividend income	6(17)	Ì	11,864)	Ì	8,029)		
Share of loss (profit) of subsidiaries accounted for using	6(6)		54,637		45,059		
equity method							
Loss on disposal and obsolescence of property, plant and	6(18)		49		-		
equipment							
Realized profit on sales			-	(1,792)		
Changes in operating assets and liabilities:							
Changes in operating assets, net		(705 \		927		
Notes receivable Accounts receivable		(785) 1,840)	(827 14,839)		
Receivables from related parties		(25,880	(12,068		
Other receivables			2,981	(1,889)		
Other receivables from related parties		(6,619)	(1,934)		
Inventories		(12,316	,	7,619		
Other current assets - others		(1,553)		7,108		
Long-term notes and accounts receivable		(8,400)		-		
Changes in operating liabilities, net							
Notes payable		(1,800)		1,800		
Accounts payable			1,542	(21,806)		
Accounts payable - related parties		(21,645)	(21,792)		
Other payables			11,347	(4,159)		
Other payables - related parties		,	-		160		
Other current liabilities		(354)	(333)		
Net defined benefit liability - non-current		(<u>586</u>)		1,493		
Cash generated from (used by) operating activities Interest received			2,766 1,463	(21,295) 214		
Dividend received			11,864		24,397		
Interest paid		(1,360)	(1,299)		
Income tax paid		,	-	(8		
Income tax refunded		(2,269)	(1,637)		
Net cash inflow from operating activities		`	12,464	`	388		
Cash Flow from Investing Activities			<u> </u>				
Acquisition of financial assets at amortized cost		(1)	(2)		
Decrease (increase) in financing receivables - related parties			4,668	(42,074)		
Acquisition of financial assets at fair value through other							
comprehensive income or loss		(121,802)	(33,440)		
Disposal of financial assets at fair value through other							
comprehensive income or loss		,	- 00.020	,	87,787		
Acquisition of Investing using the equity method	C(5)	(88,920)	(4,500)		
Refund of capital reduction of investees accounted for using the	0(5)				14 705		
equity method Acquisition of property, plant and equipment	6(5)	(24.606.)	(14,705 10,892)		
Disposal of property, plant and equipment	6(5)	(24,696) 227	(10,692)		
Decrease in other non-current assets	6(7)	(2,981)		588		
Net cash generated from investing activities	0(7)	(233,505)		12,172		
Cash Flow from Financing Activities			255,505)		12,172		
Increase (decrease) in short-term loans, net			(24,098)		6,098		
Issuance of bonds			226,423				
Repayment of the principal portion of lease liabilities	6(23)	(6,795)	(7,035)		
Cash dividends paid	` '	Ì	7,258)	`	- , /		
Net cash generated by (used in) financing activities		`-	188,272	(937)		
NET INCREASE IN CASH AND CASH EQUIVALENTS	6(11)	(32,769)	`	11,623		
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		<u>.</u>	86,293		74,670		
NET INCREASE IN CASH AND CASH EQUIVALENTS		\$	53,524	\$	86,293		

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



Chairman: Lake Chang





Wanshih Electronic Co., Ltd. Notes to Parent Company Only Financial Statements For the Years Ended December 31, 2022 and 2021

Unit: NTD Thousands (Unless Specified Otherwise)

Effective Date Issued

I. Company History

Wanshih Electronic Co., Ltd. (hereinafter referred to as the "Company") was established in the Republic of China on June 4, 1987. The Company is mainly engaged in the sales of electronic components, computer and peripheral products, and the production and sale of mini coaxial cables. The Company's stock has been publicly traded on Taipei Exchange since January 8, 2002.

II. Approval Date and Procedures of the Consolidated Financial Statements

The parent company only financial statements were approved and authorized for issue by the Board of Directors on March 17, 2023.

III. Application of New and Revised International Financial Reporting Standards

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

Amendments to the IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2022:

	Effective Date Issued
New, Revised or Amended Standards and Interpretations	by IASB
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds	January 1, 2023
before Intended Use"	
Amendments to IAS 37 "Onerous Contracts-Cost of Fulfilling a	January 1, 2023
Contract"	
Annual Improvements to IFRS Standards 2018 - 2020 Cycle	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.

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

Amendments to the IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023:

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

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

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

The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC:

	Effective Date Issued
New, Revised or Amended Standards and Interpretations	by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of	To be determined by
Assets between an Investor and its Associate or Joint Venture"	IASB
Amendment to IFRS 16 "Lease liability in a sale and leaseback"	January 1, 2024
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS	January 1, 2023
17 - Comparative Information"	
Amendments to IAS 1 "Classification of Liabilities as Current or	January 1, 2024
Non-current"	
Amendments to IAS 1 "Classification of liabilities as current or	January 1, 2024
noncurrent"	

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

IV. Summary of Significant Accounting Policies

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

(I) Statement of Compliance

The accompanying parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(II) Basis of Preparation

- 1. The parent company only financial statements have been prepared on the historical cost basis except for the following the important items:
 - (1) Financial assets at fair value through other comprehensive income or loss that are measured at fair value.
 - (2) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligations.
 - (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- 2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the accompanying parent company only financial statements are disclosed in Note 5.

(III) Foreign currency translation

Items included in the financial statements of each of the Company 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 the presentation currency.

- 1. Foreign currency transactions and balances
 - (1) 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.
 - (2) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated 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.
 - (3) 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, nonmonetary 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.
 - (4) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains and losses".

2. Translation of foreign operations

- (1) The operating results and financial position of all the company's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - B. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - C. All resulting exchange differences are recognized in other comprehensive income.
- (2) When the foreign operation partially disposed of or sold is 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 the Company still 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.

(IV) Classification of current and non-current items

- 1. Assets that meet one of the following criteria are classified as current assets:
 - (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (2) Assets held mainly for trading purposes;
 - (3) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (4) 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 above criteria as non-current assets.

- 2. Liabilities that meet one of the following criteria are classified as current liabilities:
 - (1) Liabilities that are expected to be settled within the normal operating cycle;
 - (2) Assets held mainly for trading purposes;
 - (3) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (4) 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 liabilities that do not meet the above criteria as non-current liabilities.

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

- 1. Financial assets not measured at cost after amortization or measured at fair value through other comprehensive income.
- 2. The Company adopts the trade date accounting to account for financial assets at fair value through profit or loss that are an arm's length transaction.
- 3. At initial recognition, the Company measures financial assets at fair value plus relevant transaction costs, and subsequently, the Company measures the financial assets at fair value, and its gain or loss is recognize in profit or loss.

(VI) Financial assets at fair value through other comprehensive income or loss

- 1. Financial assets at fair value through other comprehensive income comprise equity securities that are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- 2. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- 3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(VII) Financial assets at amortized cost

- 1. Financial assets at amortized cost are those that meet all of the following criteria:
 - (1) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (2) The assets' contractual cash flows represent solely payments of principal and interest.
- 2. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- 3. 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.
- 4. The Company's time deposits that do not fall under cash equivalents are those with a short maturity period and are measured at the initial investment amount as the effect of discounting is immaterial.

(VIII) Accounts and notes receivable

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

(IX) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost including accounts receivable that have a significant financing component, 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 that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(X) Derecognition of financial assets

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

(XI) 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 labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes loan 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.

(XII) Investments accounted for using equity method - subsidiaries

- 1. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- 2. Unrealized gains or losses resulted from inter-company transactions with subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- 3. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the share of loss from a subsidiary exceeds the carrying amount of Company's interests in that subsidiary, the Company continues to recognize its shares in the subsidiary's loss proportionately.
- 4. Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over its subsidiaries are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

- 5. Upon loss of control over a subsidiary, the Company remeasures any investment retained in the former subsidiary at fair value, which are recognized as the fair value of the financial assets originally recognized or the cost of the investment in a related party or joint venture originally recognized. Any difference between fair value and carrying amount is recognized in profit or loss. The 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 relevant assets or liabilities were disposed of. In other words, if a gain or loss previously recognized in other comprehensive income or loss would be reclassified to profit or loss upon disposal of the related asset or liability, the gain or loss is reclassified from equity to profit or loss when the significant effect on the related entity is lost.
- 6. According to "Rules Governing the Preparations of Financial Statements by Securities Issuers", profit for the year and other comprehensive income for the year reported in an entity's parent company only statement of comprehensive income, shall equal to profit for the year and other comprehensive income attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall be equal to the equity attributable to owners of parent reported in that entity's consolidated financial statements.

(XIII) Property, Plant and Equipment

- 1. Property, plant and equipment are initially recorded at cost.
- 2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- 3. 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.
- 4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. 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:

Machinery and equipment: 2 to 10 years

Transportation equipment: 5 years

Leasehold improvements: 2 to 15 years

Other equipment: 2 to 10 years

(XIV) <u>Leasing arrangements (lessee) - right-of-use assets / lease liabilities</u>

- 1. Leases are recognized as a right-of-use asset and a corresponding lease liability 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.
- 2. 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 includes the 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.

- 3. At the commencement date, the right-of-use asset is stated at cost comprising:
 - (1) The amount of the initial measurement of lease liability; and
 - (2) any initial direct costs incurred.

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. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(XV) <u>Impairment of non-financial assets</u>

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 loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XVI) Loans

This represents short-term bank loans. 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.

(XVII) Notes and accounts payable

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

(XVIII) <u>Convertible bonds payable</u>

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

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

(XIX) <u>Derecognition of financial liabilities</u>

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

(XX) Employee benefits

1. Short-term employee benefits

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

2. Pensions

(1) Defined contribution plan

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

(2) Defined benefit plan

- A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior 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. 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.
- B. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

3. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

4. Employees' compensation and remuneration to directors
Employees' compensation and remuneration to directors are recognized as expenses and
liabilities, 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.

(XXI) Income tax

- 1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- 2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company 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.

- 3. Deferred 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 balance sheet. If the deferred tax 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 nor loss. Deferred 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 tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- 4. Deferred 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 tax assets are reassessed.

(XXII) Revenue recognition

Sales of goods

- 1. The Company is engaged in assembling and selling cables, related components and other related products. Sales are recognized when control of the products has transferred, when the products are delivered to the customer, and no unfulfilled obligation could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- 2. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(XXIII) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes expenses for the related costs for which the grants are intended to compensate.

V. Critical Accounting Judgements, Estimates and Key Sources of Assumption 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:

(I) Critical judgements in applying the Group's accounting policies

No such situation.

(II) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on the 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 carrying amount of the Company's inventories was NT\$32,496.

VI. <u>Summary of Significant Accounting Items</u>

(I) Cash

	Decem	ber 31, 2022	December 31, 2021		
Cash on hand and petty cash	\$	157	\$	185	
Checking accounts and demand					
deposits		53,367		86,108	
	\$	53,524	\$	86,293	

- 1. The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- 2. The Company has pledged its cash and cash equivalents to others, please refer to Note 8 for more information.

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

		December 31,		December 31,
		<u>2022</u>		<u>2021</u>
Current items:				
Financial assets compulsorily				
measured at fair value through profit				
or loss				
Derivatives				
- Convertible corporate bond	9	\$		\$
redemption right		860		-
Adjustments for change in value	(400)	Ξ
•	\$	\$ 460		\$ -

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

		2022	2021
Financial assets and liabilities compulsorily measured at fair value through profit or loss Derivatives	(\$	400)	\$ -

2.Please refer to Notes 12(2) for information relating to credit risk of financial assets at fair value through profit or loss.

(III) Notes and accounts receivable

	December 31, 2022		December 31, 2021		
Notes receivable	\$	838	\$	53	
Accounts receivable	\$	214,659	\$	212,963	
Less: Allowance for bad debts	(2,660)	(735)	
	\$	211,999	\$	212,228	

1. The ageing analysis of notes accounts receivable that were past due but not impaired is as follows:

	December 31, 2022			Decembe	r 31	1, 2021	
		Accounts receivable	Note	s receivable	Accounts receivable		Notes receivable
Not past due	\$	220,604	\$	838	\$ 243,628	\$	53
Up to 30 days		3,205		-	5,154		_
31 to 60 days				-	1,225		_
Over 91 days		2,014-		-			_
•	\$	225,823	\$	838	\$ 250,007	\$	53

The above ageing analysis was based on past due date.

2. Accounts receivable and notes receivable (including related parties) as of December 31, 2022 and 2021 were arising from customer contracts. As of January 1, 2021, the accounts receivable balance and allowance for bad debts on customer contracts were NT\$248,116 and NT\$312, respectively

- 3. Regardless of any collateral held or other credit enhancements, the maximum exposure to the credit risk of the Company's notes and accounts receivable (including related parties) as of December 31, 2022 and 2021 were the carrying amounts.
- 4. Please refer to Note 12(2) for information on the credit risk of notes and accounts receivable.

(IV) Inventories

	December 31, 2022					
			All	lowance for		
		Cost	dec	line in value	Carr	ying amount
Raw materials	\$	23,930	(\$	14,764)	\$	9,166
Work in progress		1,754	(462)		1,292
Finished goods		30,161	(8,123)		22,038
	\$	55,845	(\$	23,349)	\$	32,496
			Decei	mber 31, 2021		
			All	lowance for		
		Cost	dec	line in value	Carr	ying amount
Raw materials	\$	24,974	(\$	11,657)	\$	13,317
Work in progress		2,367	(173)		2,194
Finished goods	<u></u>	34,107	(5,667)		28,440
	\$	61,448	(\$	17,497)	\$	43,951

The cost of inventories recognized as expense for the year:

		2022	2021		
Cost of inventories sold	\$	595,876	\$	629,723	
Loss from price recovery of inventory		5,852	(4,045)	
Loss on inventory obsolescence		3,601		4,378	
Gain on physicalinventory	(54)		170	
Revenue from sale of scraps	(51)			
	\$	605,224	\$	630,226	

Note: The reversal gain generated in 2022 was mainly due to the Company actively disposed of the obsolete inventory.

(V) Financial assets at fair value through other comprehensive income or loss

	Decen	December 31, 2022		December 31, 2021		
Non-current items:						
Equity instruments						
Listed shares	\$	215,170	\$	106,288		
Unlisted shares		29,420		16,500		
		244,590		122,788		
Valuation adjustment		40,626		153,219		
	\$	285,216	\$	276,007		

- 1. Based on the Company's business model, the investments in equity instruments held for strategic investments were elected to classify as "financial assets at fair value through other comprehensive income". As of December 31, 2022 and 2021, the fair values of these investments were NT\$285,216 and NT\$276,007, respectively.
- 2. The Company sold its investment in equity instruments with a fair value of NT\$87,787 in 2022 for operating planning purpose, and the accumulated proceeds from disposal was NT\$47,110.
- 3. Amounts recognized in profit or loss and comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

		2022		2021
Equity instruments at fair value through other comprehensive income or loss				
Fair value change recognized in other comprehensive income	(\$	112,593	(\$	192,523)
Cumulative gains reclassified to retained earnings due to derecognition	\$	-	\$	47,110
Dividend income recognized in profit or loss held at the end of the year	\$	11,864	\$	8,029

- 4. Regarding the situation that the company will provide pledges of financial assets measured at fair value through other comprehensive profit and loss, please refer to Note 8
- 5. Please refer to Note 12(2) for information on the credit risk for financial assets at fair value through other comprehensive income.

(VI) <u>Investments accounted for using equity method</u>

1. Details are as follows:

	December 31, 2022		December 31, 2021
Wanshih (H.K) Electronic Co., Ltd.	\$ 63,622	\$	62,780
Suzhou Wanshih Electronic Element Co., Ltd.	335,765		387,581
Bright Master Co., Ltd.	57,950		6,503
Data Lake Co., Ltd.	5,174		
Millimeter Wave Tech Co., Ltd.	4,543		4,427
Draco Electronics, LLC	20,005		_
	487,059		461,291
Cumulative Impairment (4,243)	<u>)</u>	
	\$ 482,816	\$	461,291
Listed as other non-current liabilities:			
Data Lake Co., Ltd.	\$ -	\$	8,876

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

Wanshih (H.K) Electronic Co., Ltd. Suzhou Wanshih Electronic ElementCo., Ltd.	(\$	2022 2,30)	\$ 2,399
	(57,720)	(42,504)
Bright Master Co., Ltd. Data Lake Co., Ltd. Millimeter Wave Tech CO., LTD. Draco Electronic, LLC	(\$	2,367) 5,899 116 1,736 54,637)	$ \begin{array}{cccc} (& 178 \\ (& 4,703) \\ (& 73) \end{array} $ $ (& & & & \\ \hline (& & & & \\ \hline & & & $

3. Share of other comprehensive profit or loss of subsidiaries accounted for using equity method:

		2022		2021
Wanshih (H.K) Electronic Co., Ltd.	\$	2,515	(\$	1,350)
Suzhou Wanshih Electronic Element		4,723	(2,636)
Co., Ltd.				
Bright Master Co., Ltd.	(6,784)	(736)
Draco Electronic, LLC		1,315		
	\$	1,769	(\$	4,722)
	-	-,,	<u>'</u>	

4. Subsidiaries

- (1) For information on the Company's subsidiaries, please refer to Note 4(3) to the consolidated financial statements for the year ended December 31, 2022.
- (2) In December 2021, the Company subscribed for a cash capital increase of NT\$4,500 from Millimeter Wave Technology Co., Ltd. After the capital increase, the Company's shareholding percentage is 60%. Since the Company has more than half of the voting rights, the Company has included Millimeter Wave Technology in the consolidated financial statements. For more information, please refer to the Note 6(30) of the Company's 2022 consolidated financial statements.
- (3) In January 2022, the Company subscribed for a cash capital increase of NT\$16,625 from Millimeter Wave Technology Co., Ltd. After the capital increase, the Company's shareholding percentage is 60%. Since the Company has more than half of the voting rights, the Company has included Draco Electronic, LLC in the consolidated financial statements. For more information, please refer to the Note 6(30) of the Company's 2022 consolidated financial statements.
- (4) In April 2022, the Company subscribed for a cash capital increase of NT\$10,00from Millimeter Wave Technology Co., Ltd. After the capital increase, the Company's shareholding percentage is 62.5%. Since the Company has more than half of the voting rights, the Company has included Data Lake Co., Ltd. in the consolidated financial statements. For more information, please refer to the Note 6(29) of the Company's 2022 consolidated financial statements.
- (5) The company reinvested in Vietnam Wanshih Electronic Co., Ltd. through Bright Master Co., Ltd. in August and October 2022. Its business is to sell electronic parts, computers and peripheral products. The newly added investment amounts are respectively are \$30,050 and \$32,245.

(VII) Property, Plant and Equipment

						20	22					
January 1		ninery and uipment		nsportation uipment		easehold rovements		Other uipment	con	nfinished nstruction equipment ceptance		Total
Cost	\$	43,250	\$	1,110	\$	15,374	\$	17,082	\$	258	\$	77,074
Accumulated	,								-		,	
depreciation	(27,243)	(430)	(9,500)	(8,936)			(46,109)
	\$	16,007	\$	680	\$	5,874	\$	8,146	\$	258	\$	30,965
January 1	\$	16,007	\$	680	\$	5,874	\$	8,146	\$	258	\$	30,965
Additions	-	4,396	_	-	-	670	_	2,469	-	17,161	_	24,696
Disposed	(207)					(69)		,	(276)
Reclassifications (Note 1)		2,512		-		870		11,400	(15,643)	(861)
Depreciation expense	(4,440)	(183)	(1,380)	(2,427)		-	(8,430)
December 31	\$	18,268	\$	497	\$	6,034	\$	19,519	\$	1,776	\$	46,094
December 31												
Cost	\$	48,882	\$	1,110	\$	16,914	\$	29,309	\$	1,776	\$	97,931
Accumulated												
depreciation	(30,554)	(613)	(10,880)	(9,790)		-	(51,837)
	\$	18,268	\$	497	\$	6,034	\$	19,519	\$	1,776	\$	46,094

						20	21					
January 1		hinery and uipment		nsportation uipment	. –	easehold rovements	e	Other quipment	con	nfinished nstruction equipment ceptance		Total
Cost	\$	38,066	\$	1,110	\$	14,950	\$	12,600	\$	2,400	\$	69,126
Accumulated depreciation	(23,276)		245)		7,405)		7,199)	Ψ	-	(38,125)
depreciation	\$	14,790	\$	865	\$	7,545	\$	5,401	\$	2,400	\$	31,001
January 1	\$	14,790	\$	865	\$	7,545	\$	5,401	\$	2,400	\$	31,001
Additions		5,244		-		424		4,966		258		10,892
Reclassifications (Note 1)		-		-		-		-	(2,400)	(2,400)
Depreciation expense	(4,027)	(185)	(2,095)	(2,221)		-	(8,528)
December 31	\$	16,007	\$	680	\$	5,874	\$	8,146	\$	258	\$	30,965
December 31												
Cost	\$	43,250	\$	1,110	\$	15,374	\$	17,082	\$	258	\$	77,074
Accumulated depreciation	(27,243)	(430)	(9,500)	(8,936)		-	(46,109)
	\$	16,007	\$	680	\$	5,874	\$	8,146	\$	258	\$	30,965

Note 1: The reclassifications were transferred to inventories in 2022 and 2021.

Note 2: The above-mentioned property, plant and equipment are assets for self-use purposes.

Note 3: The Company did not pledge the property, plant and equipment to others as collateral.

(VIII) <u>Leasing arrangements - lessee</u>

- 1. The Company leases various assets including land, buildings, machinery equipment, office equipment and transportation equipment. Lease 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. No restrictions are imposed other than that the leased assets may not be used as collateral for borrowings.
- 2. Short-term leases with a lease term of 12 months or less comprise certain land. The subject assets leased are low value office equipment.
- 3. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

		Decem	ber 31, 2022	,	
		Acc	umulated	(Carrying
	 Cost	dep	reciation		amount
Buildings	\$ 36,452	(\$	24,293)	\$	12,159
Transportation equipment	 2,302		1,147)		1,155
	\$ 38,754	(<u>\$</u>	25,440)	\$	13,314
		Decem	ber 31, 2021		
		Acc	umulated	(Carrying
	 Cost	dep	reciation		amount
Buildings	\$ 36,452	(\$	18,213)	\$	18,239
Transportation equipment	 2,302	(620)		1,682
	\$ 38,754	(\$	18,833)	\$	19,921
			2022		2021
		Dep	preciation	De	epreciation
			xpense		expense
Buildings		\$	6,080	\$	6,079
Transportation equipment			527		544
		\$	6,607	\$	6,623

- 4. For the years ended December 31, 2022 and 2021, the additions to the Company's right-of-use assets were NT\$0 and NT\$222, respectively.
- 5. The information on profit and loss accounts relating to lease contracts is as follows:

	2	022	 2021
<u>Items affecting profit or loss</u>			
Interest expense on lease liabilities	\$	216	\$ 299
Expense on short-term lease contracts		270	270
Expense on low-value asset leases		96	96
	\$	582	\$ 665

6. For the years ended December 31, 2022 and 2021, the Company's total cash outflow relating to lease contracts was NT\$7,377 and NT\$7,700, respectively.

(IX) Short-term loans

Type of loans	Decer	nber 31, 2022	Interest rate range	Collateral	
Bank loans	Φ	<i>c</i> 000	1.500/ 1.550/		
Unsecured loans	\$	65,000	$1.50\% \sim 1.65\%$	-	
Type of loans	Decem	ber 31, 2021	Interest rate range	Collateral	
Bank loans					
Unsecured loans	\$	89,098	$0.87\% \sim 1.05\%$	-	

The interest expense recognized in profit or loss for the years ended December 31, 2022 and 2021 were NT\$1,115 and NT\$1,024, respectively.

(X) Bonds payable

	<u>Dece</u>	mber 31, 2022
Bonds payable	\$	200,000
Less: Bonds payable discount	(10,077)
	\$	189,923

- 1. No such condition as of December 31, 2021.
- 2. The Company issued the second time of domestic unsecured convertible corporate bonds (referred to as the "second" guaranteed conversion of corporate bonds) on June 14, 2022, with the issuance total amount of NT\$200,000, and issued at 116% of par value. The main issuance criteria are as follows:
 - (1) Issuance period: 3 years, from June 14 2022 to June 17, 2025 for maturity.
 - (2) Coupon rate: fixed annual interest rate of 0%
 - (3) Redemption method:

Unless the company has redeemed, repurchased and canceled in advance or the holder of the second convertible bond exercises the conversion right, the second convertible bond will be issued by the company according to the face value of the second convertible bond on the maturity date. cash repayment

(4) Conversion period:

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

(5) Conversion price:

The conversion price of the second convertible bond is 102% of the reference price, which is NT\$21.5.

The reference price is selected from the simple arithmetic average of the closing prices of the company's common stock on the one business day, three business days, and five business days before the base date set by the company on the day of the securities trading center.

(6) Callable right:

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

- A. From the next day when the issuance has reached three full months to the date of 40 days before the maturity of the issuance period, if the closing price of the common shares of the Company in Taiwan continues to reach more than 30% of the conversion price at that time for thirty business days, he company may redeem the second convertible bond in cash according to the face value of the bond.
- B. From the next day when the issuance has reached three full months to the date of 40 days before the maturity of the issuance period, if the balance of the outstanding fifth convertible bonds is lower than 10% of the original total issuance amount, the Company may redeem all of the second convertible bonds early based on the early redemption amount.
- 3. During the issuance of the convertible bonds of the Company, according to the regulations of IAS 32 "Financial Instruments: Presentation", the conversion right of equity nature is separated from the liability component, which is recognized under the "Capital surplus subscription right" at an amount of NT\$\$39,525. In addition, with regard to the embedded callable right, according to IFRS 9 "Financial Instruments", since it is not closely related to the economic characteristic and risk of the debt instruments of the main contract, it is handled separately, and its net value is recognized under the "financial assets at fair value through profit or loss".

(XI) Pensions

- 1. (1) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, 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 Act. 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 contributes 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 would assess the balance in the aforementioned labor pension reserve account by March 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.
 - (2) The amounts recognized in the balance sheet are as follows:

Present value of defined benefit obligation Fair value of plan assets Net defined benefit liability

	December 31, 2022		De	ecember 31, 2021
	8,256		\$	8,188
(4,311)) (3,383)
	3,945		\$	4,805

(3) Movements in net defined benefit liabilities are as follows: 2022

			202	22		
		lue of defined tobligation		r value of an assets		defined it liability
January 1	\$	8,188	(\$	3,383)	\$	4,805
Current service cost		35		-		35
Interest expense (income)		53	(27)		26
		8,276	(3,410)		4,866
Remeasurements:						
Return on plan assets (excluding amounts included in interest income or expense)		-	(254)	(254)
Change in financial assumptions	(453)		_	(453)
Experience adjustments		433		_		433
	(20)	(254)	(274)
Pension fund contribution		_	(647)	(647)
December 31	\$	8,256	(\$	4,311)	\$	3,945

				2021		
	def	sent value of ined benefit bbligation	Fa	ir value of plan assets	_	Net defined enefit liability
January 1	\$	8,909	(\$	2,133)	\$	6,776
Current service cost		35		-		35
Interest expense (income)		71	(35)		36
		9,015	(2,168)		6,847
Remeasurements:						
Return on plan assets (excluding amounts included in interest income or expense)		-	(31)	(31)
Change in financial assumptions		134		_		134
Experience adjustments	(581)		-	(581)
	(447)	(31)		478
Pension fund contribution		-	(1,564)	(1,564)
Paid pension	(380))	380		
December 31	\$	8,188	(\$	3,383)	\$	4,805

- (4) 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 has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.
- (5) The principal actuarial assumptions used were as follows:

	2022	2021
Discount rate	1.25%	0.65%
Future salary increase rate	2.50%	2.50%

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

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate				Future salary increase rate			ise rate
	Inc	rease	De	crease			De	crease
	0.	25%	0.	.25%	Incre	ease 1%		1%
December 31, 2022					'			
Effect on present value of defined benefit obligation	(\$	179)	\$	184	\$	756	(\$	684)
December 31, 2021 Effect on present value of					·			
defined benefit obligation	(\$	222)	\$	230	\$	945	(<u>\$</u>	835)

The sensitivity analysis above was based on one assumption which changed while the other conditions remain unchanged. 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.

- (6) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2023 amount to NT\$647
- (7) As of December 31, 2022, the weighted average duration of that retirement plan is 11.3 years.
- 2. (1) 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 a lump sum upon termination of employment.

(2) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021 were NT\$4,679 and NT\$4,773, respectively.

(XII) Share capital

1. As of December 31, 2022, the Company's authorized capital was NT\$1,500,000, the paid-in capital was NT\$725,799 and the par value was NT\$10 per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares (shares in thousands) outstanding are as follows:

	Uni	t: Thousand Shares
	2022	2021
January 1(December 31)	72,580	72,580

2. The 5,000,000 shares in the issued share capital on December 31, 2022 and 2021 are the privately placed ordinary shares handled by the company in 2020. The rights and obligations of the privately placed ordinary shares are the same as those of the original issued shares. The rights and obligations for the common shares issued in this private placement are the same as the original shares issued. In addition, in accordance with the Securities and Exchange Act, the shares issued in the Company's private placement may not be sold within three years from the delivery date, except for under the transfer terms stipulated in Article 43-8 of the Securities and Exchange Act.

(XIII) Additional paid-in capital

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. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(XIV) Retained earnings

- 1. The Company's Article of Incorporation provides that, when the Company's annual final accounts show a surplus, the Company shall first pay taxes and make up for accumulated deficits, and then set aside 10% of the legal reserve, except when the legal reserve has reached the Company's total paid-in capital. The Company also sets aside or reverses the special reserve depending on the Company's operating needs and legal regulations, and if there is still a surplus, the Board of Directors shall, proposes a resolution to the shareholders' meeting to distribute the remaining surplus together with the accumulated undistributed surplus from previous years, and the amount of the distribution shall not exceed 75% of the current year's after-tax earnings.
- 2. The Company's dividend policy is divided into cash dividends and stock dividends, of which cash dividends shall not be less than 10% of the total dividends, except that if the cash dividend per share is less than NT\$0.10, stock dividends may be paid instead.
- 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. 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 debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- 5. The appropriations of earnings for 2022 had been resolved at the shareholders' meeting on July 15, 2021. Details are summarized below:

	2020
	Amount
Legal capital reserve	2,304
Special capital reserve	30,201

6. The appropriations of earnings for 2022 had been resolved at the Board of Directors on June 10, 2022. Details are summarized below:

		2021			
	_		Dividends po	er share	
		Amount	(NTD)	
Legal capital reserve	_	846			
Reversal of special reserve	(30,201)			
Cash dividends		7,258	\$	0.1	

7. As of March 17, 2023,the appropriation of losses for 2022 had been resolved at board of directors proposes, but has not yet been resolved by the shareholders' meeting.

(XV) Operating Revenue

	 2022	 2021
Revenue from contracts with	 <u> </u>	 _
customers	\$ 725,119	\$ 765,003

Disaggregation of revenue from contracts with customers

The Company's revenue is derived from the provision of goods that are transferred at a certain point in time; revenues generated can be subdivided into the following major product lines.

2022 Segment income Income	Video Surveillance \$ 251,043	Computer Wiring \$ 75,594	Netcomm Industrial Control \$ 163,374	Automobile Electronics \$ 117,044	Medical Products \$ 5,090	TV Products \$ 12,067	Others \$ 100,907	Total \$ 725,113
recognized at a certain point	\$ 251,043	\$ 75,594	\$ 163,374	\$ 117,044	\$ 5,090	\$ 12,067	\$ 100,907	\$ 725,113
in time								
			Netcomm					
	Video	Computer	Industrial	Automobile	Medical			
<u>2021</u>	Surveillance	Wiring	Control	Electronics	Products	TV Products	Others	Total
Segment income	\$ 202,142	\$ 138,618	\$ 245,366	\$ 56,102	\$ 11,803	\$ 14,766	\$ 96,206	\$ 765,003
Income								
recognized at	\$ 202,142	\$ 138,618	\$ 245,336	\$ 56,102	\$ 11,83	\$ 14,766	\$ 96,206	\$ 765,003
a certain point								
in time								

(XVI) <u>Interest income</u>

	 2022	 2021
Interest income from bank deposits	\$ 217	\$ 25
ther interest income	945	743
	\$ 1,162	\$ 768

(XVII) Other income

	2022	2021	
Government grants revenue (Note)	\$ 11,864	\$	8029
Compensation revenue	3,922		9,550
Times New Roman	2,867		-
Other income	380		1,410
	\$ 19,033	\$	18,989

Note: The government subsidy income refers to the subsidy from the MOEA's technology research and development projects.

(XVIII) Other gain and loss

		2022	2021
Currency exchange losses	\$	12,921 (\$	989)
Losses on financial assets at fair value through profit or loss Loss on disposal and obsolescence	(400)	
of property, plant and equipment	(49)	-
Other loss	(1,434) (239)
	(\$	11,038) (\$	1,228)

(XIX) Financial costs

	2022		2021	
Interest expense:				
convertible corporate bonds	\$	2,165		-
Bank loans		1,115	\$	1,024
Lease liabilities		216		299
	\$	3,496	\$	1,323

(XX) Employee benefit and depreciation expenses

By function		2022			2021	
	Operating	Operating		Operating	Operating	
By item	costs	expenses	Total	costs	expenses	Total
Employee benefit						
expense						
Wages and salaries	\$ 21,411	\$ 93,927	\$ 115,338	\$ 25,403	\$ 78,887	\$ 104,290
Labor and health						
insurance fees	2,274	7,589	9,863	2,474	7,540	10,014
Pension costs	848	3,892	4,740	941	3,903	4,844
Remuneration paid	-			-		
to Directors		2,080	2,080		1,634	1,634
Other personnel						
expenses	1,366	4,038	5,404	1,494	2,542	4,036
Depreciation expense	6,069	8,968	15,037	6,242	8,909	15,151

- 1. The Company's Article of Incorporation provides that, when the Company makes a profit in a year, 2% to 5% of the pre-tax profit before deducting the remuneration to employees and remuneration to directors and supervisors shall be appropriated as employees' compensation and up to 2% as remuneration to directors. However, the Company should reserve the amount to make up for any accumulated losses in advance.
- 2. The Company did not distribute employees' compensation and remuneration to directors due to the loss incurred in 2022 and 2021.
 - Information about employees' compensation and remuneration to directors of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.
- 3. As of December 31, 2022 and 2021, the Company had 147 and 150 employees, respectively. There were both 6 non-employee directors.
- 4. The Company's stock was traded on Taipei Exchange; therefore, the following information was disclosed:
 - (1) The average employee benefit expense were NT\$960 and NT\$855 for 2022 and 2021, respectively.
 - (2) The average employee wages and salaries were NT\$818 and NT\$724 for 2022 and 2021, respectively.
 - (3) The change in average employee salary expense adjustment was 13%.
 - (4) The remuneration to supervisors for the years ended December 31, 2022 and 2021 were NT\$0 and NT\$60, respectively; furthermore, after the establishment of the Audit Committee on July 15, 2022, the Company no longer has any remuneration to supervisors.
 - (5) The Company's compensation policy (covering directors, managerial officers and employees) is described as follows:
 - A. The remuneration to directors shall be determined in accordance with the Company's Articles of Incorporation and shall be approved by the Compensation Committee, and then submitted to the Board of Directors for approval based on their participation in operations and their contributions to the Company.
 - B. The compensation for managerial officers is based on the company's HR rules and regulations, and is determined on the basis of the standard of the industry, personal performance, the company's operational performance and the reasonableness related to the future operation development, etc. The compensation is implemented upon the approval of the Compensation Committee.
 - C. Employee salaries are determined based on the regulation on wages and salaries, and shall not be less than the basic salary. The Company's salary adjustment, yearend bonus and compensation distribution are based on the Company's operating performance and employee's personal performance.

(XXI) Income tax

1. Income tax expense (gain)

(1) Components of income tax expense (gain):

	2022	2021
Current tax:		<u> </u>
Current tax on profits for the year	\$ -	\$ 3972
Tax on undistributed surplus earnings	-	177
Prior year income tax over estimation (245) -
Total current tax (245	4,149
Deferred tax:		
Origination and reversal of temporary		
differences (4,026) 883
Income tax expense (gain) (\$ 4,271) (\$ 5,032)

(2) The income tax relating to components of other comprehensive income is as follows:

	2022		2021
Exchange differences on translation of foreign operations Remeasurement of defined	\$ 441	(\$	1,180)
benefit obligation	 55		96
	\$ 496	(\$	1,084)

2. Reconciliation between income tax expense and accounting profit:

		2022	2021	
Tax calculated based on profit (loss) before tax and statutory tax rate	(\$	14,076)	(\$	6,800)
penses disallowed (allowed) by tax regulation		13,001		9,936
Tax exempt income by tax regulation Prior year income tax over estimation	(2,951) 245)	(2,253)
Income tax effects of the minimum tax		-		2,335
Income tax calculated under the Repatriated Offshore Funds Act		-		1,637
Tax on undistributed surplus earnings	-	_		177
Income tax expense (gain)	(\$	4,271)	\$	5,032

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

	2022							
	Recogniz Recognized ed in in other							
	January profit or comprehensi Decembe 1 loss ve income r 31							
Temporary differences:								
- Deferred tax assets:								
Loss on market price decline	\$ 3,500 \$ 1,170 \$ - \$ 4,670							
Defined benefit obligation	961 (117) (55) 789							
Bad debt expense	4,412 336 - 4,748							
Tax loss	32,.351 3,097 - 35,448							
Unpaid annual leave	554 14 - 568							
	41,778 4,500 (55) 46,223							
- Deferred income tax liabilities:								
Unrealized exchange gain	(405) (578) - (983							
Share of profit of subsidiaries accounted for using equity method	(35,706) 104 - (35,602							
Exchange differences arising on translation of foreign operations	$\begin{array}{c ccccc} (&10,569) & & - & (&441) & (&11,010 \\ \hline (&46,680) & (&474) & (&441) & (&47,595 \\ \hline ($$\pm 4,902) & $\$ & 4,026 & ($\$ & 496) & ($\$ & 1,372 \\ \hline \end{array}$							

	2021							
			R	ecogniz	Re	ecognized		
				ed in		in other		
	J	anuary	p	rofit or	co	mprehensi	D	ecembe
		1		loss	V	e income		r 31
Temporary differences:								
- Deferred tax assets:								
Loss on market price decline	\$	4,309	(\$	809)	\$	-	\$	3,500
Unrealized profit on sales		527	(527)		-		_
Defined benefit obligation		1,355	(298)	(96)		961
Bad debt expense		4,412		-		-		4,412
Tax loss		34,151	(1,800)		-		32,351
Unpaid annual leave		508		46		-		554
		45,262	(3,388)	(96)		41,778
- Deferred income tax liabilities:								
Unrealized exchange gain	(116)	(289)		-	(405)
Share of profit of subsidiaries accounted for using equity method	(38,500)		2,794		-	(35,706)
Exchange differences arising on								
translation of foreign operations	(11,749)				1,180	(10,569)
	(50,365)		2,505		1,180	(46,680)
	(\$	5,103)	(\$	883)	\$	1,084	(<u>\$</u>	4,902)

4. Expiration dates of unused net operating tax losses of the Company and amounts of unrecognized deferred tax assets are as follows:

- 1	_			1		\sim	1	\sim	$\alpha \alpha \alpha$	`
	10	CO.	m	n	αr	-		'' / I	020	,

Year incurred	Amount filed/assessed	Unı	used amount	1	Unrecognized deferred tax assets		Expiry year
2017	\$ 15,343	\$	15,343	\$	-		2027
2018	27,487		27,487		-	•	2028
2019	30,557		30,557		-	-	2029
2020	84,052		84,052		-	-	2030
2022	19,799		19,799		-	-	2032
	\$ 177,238	\$	177,238	\$	-	-	

December 31, 2021

Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2017	\$ 15,343	\$ 15,343	\$ -	2027
2018	27,487	27,487	-	2028
2019	30,557	30,557	-	2029
2020	84,774	84,774	-	2030
2021	3,593	3,593	<u> </u>	2031
	\$ 161,754	\$ 161,754	\$ -	

5. The deductible temporary differences for which no deferred income tax assets have been recognized:

Deductible temporary differences $\frac{\text{December 31, 2022}}{\$ \quad 182,241} \quad \frac{\text{December 31, 2021}}{\$ \quad 171,418}$

6. The tax authorities have examined income tax returns of the Company through 2020.

(XXII) Earnings (losses) per share

		2022	
Basic losses per share	Profit after tax	Weighted-average common shares outstanding (in thousands)	Losses per share (NTD)
Net loss for the period	(\$ 66,109)	72,580	(\$ 0.91)
		2021	
	Profit after tax	Weighted-average common shares outstanding (in thousands)	Losses per share (NTD)
Basic losses per share Net loss for the period	(<u>\$ 39,031</u>)	72,580	(<u>\$ 0.54</u>)

The Company's convertible corporate bonds were anti-dilutive in 2022 and hence not included in the loss per share.

(XXIII) Changes in liabilities from financing activities

		2022								
	Short-term loans				Bonds payable		l liabilities from ncing activities			
January 1	\$	89,098	30,750	\$		\$	109,848			
Decrease in short-term loans,			-							
net decrease		24,098				(24,098)			
Repayment of the principal portion of lease liabilities		-(6,795)		(6,795)			
Issuance of bonds					226,423		226,423			
Changes in other non-cash		-								
items				(36500)	(36,500)			
December 31	\$	65,000	13,955	\$	189,923	\$	268,878			

				2021		
	Short-	term loans	Leas	e liabilities		Total liabilities from financing activities
January 1	\$	83,000	\$	27,276	\$	110,276
Increase in short-term loans, net				-		
increase		6,098				6,098
Repayment of the principal portion of lease liabilities		-	(7,035)	(7,035)
Changes in other non-cash items		-		509		509
December 31	\$	89,098	\$	20,750	\$	109,848

VII. Related-party Transactions

(I) Names of related parties and relationship

Names of related parties	Relationship with the Company
Wanshih (H.K) Electronic Co., Ltd. (Wanshih H.K.)	Subsidiary
Suzhou Wanshih Electronic Element Co., Ltd.	Subsidiary
(Suzhou Wanshih Electronic)	Cultaidiam.
Data Lake Co., Ltd. (Data Lake)	Subsidiary
Suzhou Wanshih Optical Communication CO., LTD. (Suzhou Wanshih Optical)	Subsidiary
Dongguan Humen Wanshih Electronic Co., Ltd.	Substatary
(Dongguan Humen)	Subsidiary
Weicheng Electronic Element Limited	Substatuty
(Weicheng Electronic)	Subsidiary
(Thailand) Wanshih Electronic Element Company	
Limited (Thailand Wanshih)	Subsidiary
(VIETNAM) Wanshih Electronic Element Company	2
Limited (Vietnam Wanshih)	Subsidiary
Siyang Wanshih Electronic Element Co., Ltd.	~
(Siyang Wanshih)	Subsidiary
Millimeter Wave Tech CO., LTD. (Millimeter	
Wave)	Subsidiary (Note1)
Draco Electronics, LLC	Subsidiary (Note2)
Wonderful Hi-Tech Co., Ltd. (Wonderful)	Entities with significant influence to the Company
	(Company accounted for using the equity
	method for the Company)
Wonderful Cabling Systems Corp.	Entities with significant influence to the
(Wonderful Cabling)	Company
(· · · · · · · · · · · · · · · · · · ·	(Subsidiary accounted for using the equity
	method for the Company)
Lord Hero Company Limited	Entities with significant influence to the
(Lord Hero H.K.)	Company
	(Subsidiary accounted for using the equity
TTI ' WY 1 C 1 WY C 11 C X 1	method for the Company)
Thai Wonderful Wire Cable Co., Ltd.	Entities with significant influence to the
(Thai Wonderful)	Company (Subsidiery accounted for using the equity)
	(Subsidiary accounted for using the equity method for the Company)
Wonderful (VIETNAM) Wire & Cable Co., Ltd.	Entities with significant influence to the
(Vietnam Wonderful)	Company
(vicinair vi orideriur)	(Subsidiary accounted for using the equity
	method for the Company)
ACTife Hi-Tech Co., Ltd.	Entities with significant influence to the
(ACTife)	Company
	(Subsidiary accounted for using the equity
	method for the Company)
ABA Industry, Inc. (A.B.A.)	Entities with significant influence to the
	Company
	(Subsidiary accounted for using the equity
Asahi Communications Corporation (Asahi Japan)	method for the Company) Entities with significant influence to the
Asam Communications Corporation (Asam Japan)	Company
	(Major shareholder of the Company)
Note1: On December 1, 2021, the Company subscribed	for a cash capital increase from Millimeter Wave

Note1: On December 1, 2021, the Company subscribed for a cash capital increase from Millimeter Wave Technology Co., Ltd. After the capital increase, the Company has exceed half of the voting rights of Millimeter Wave Tech; therefore, the Company has included Millimeter Wave Technology in the consolidated financial statements. For more information, please refer to the Note 6(30) of the Company's 2022 consolidated financial statements.

Note2: On January 1, 2022, the Company subscribed for a cash capital increase 16,625, from Draco Electronics, LLC. After the capital increase, the shareholding ratio is 60%, the Company has exceed half of the voting rights of Draco Electronics, LLC; therefore, the Company has included Draco Electronics, LLC in the consolidated financial statements. For more information, please refer to the Note 6(30) of the Company's 2022 consolidated financial statements.

(II) Significant related party transactions

1. Sales of goods and services:

	2022	2021
Sales of goods:	 	 _
Entities with significant influence to the		
Company		
A.B.A	\$ 15,728	\$ 79,400
Others	1,462	1,308
— Subsidiary	23,512	11,732
·	\$ 40,702	\$ 92,440
	2022	2021
Other income:		
Entities with significant influence to		
the Company	\$ 78	\$ 78

The Company's sales prices to related parties are not comparable due to different products sold and are based on the contracted sales prices and conditions. Amounts due from related parties are mainly from sales of goods and are due within 30 to 150 days after the monthly closing date on the following month of the sales date, and 30 to 150 days after the monthly closing date on the following month of the sales date for general customers.

2. Purchase of goods and services:

	2022		2021	
Purchase of goods:		_		_
Entities with significant influence to				
the Company	\$	3,283	\$	16,127
— Subsidiary				
Suzhou Wanshih Electronics		382,904		309,794
Weicheng Electronic		51,918		139,821
Others		48,701		34,568
	\$	486,806	\$	500,310
		2022		2021
Operating expenses:				
Entities with significant influence to				
the Company	\$	1,351	\$	1,310
— Subsidiary		4,365		999
•	\$	5,716	\$	2,309

The Company's purchase prices to related parties are not comparable due to different products purchased and are based on the contracted purchase prices and conditions. Payable amounts due to related parties are mainly from purchase of goods and are due within 60 to 120 days after the monthly closing date on the following month of the purchase date, and 30 to 150 days after the monthly closing date on the following month of the purchase date for general suppliers.

3. Receivables from related parties

Entities with significant influence to	Decem	ber 31, 2022	Decem	ber 31, 2021
the Company A.B.A Others — Subsidiary	\$	4,842 266 6,056 11,164	\$	32,423 654 3,967 37,044
4. Payables from related parties				
	Decem	nber 31, 2022	Decem	nber 31, 2021
Entities with significant influence to the Company — Subsidiary	\$	39	\$	9,315
Suzhou Wanshih Electronics		104,543		77,610
Weicheng Electronic		10,440		49,863
Others	\$	9,819	\$	9,698 146,486
5. Other ending balance Other receivables from related	Decen	nber 31, 2022	Decen	nber 31, 2021
parties Entities with significant influence to the Company — Subsidiary Suzhou Wanshih Electronics Others	\$ <u>\$</u>	390 14,084 398 14,872	\$ <u>\$</u>	7,242 1,277 8,554
Other payables to related parties	Decen	nber 31, 2022	Decen	nber 31, 2021
Entities with significant influence to the Company	\$	146	\$	-
— Subsidiary	Φ.	1,485	ф	1,649
	\$	1,631	\$	1,649

6. Loan of funds

Loans to related parties:

(1) Outstanding balance:

	De	cember 31, 2022	December 31, 2021		
— Subsidiary		_			
Suzhou Wanshih Electronics	\$	30,710	\$	41,520	
VietNan Wanshih Electronics		6,142		-	
		36,852		41,520	
(2) Interest income:				_	
		2022		2021	
— Subsidiary					
Suzhou Wanshih Electronics	\$	849	\$	676	
Other		96			
		945		676	

The terms of the loans to subsidiaries are that the loans will be repaid within 1 year after the loan is made, and interest will be charged at 2%~3.5% and per annum for the year 2022 and 2021.

7. Endorsement and guarantee to related parties

	Decem	iber 31, 2022	Dece	ember 31, 2021
— Subsidiary				
Suzhou Wanshih Electronics	\$	76,775	\$	55,360

8.Leasing arrangements - lessee

(1) The Company leases the office and warehouse from Wonderful for the period from January 1, 2019 to December 31, 2023. The rent is determined based on the general rental rate and the area used in the location of the leased premises, and is payable monthly.

(2) Lease liabilities

A. Outstanding balance:

	Decei	mber 31, 2022	Dec	ember 31, 2021
Entities with significant				
influence to the Company				
Wonderful				
Current	\$	6,351	\$	6, 271
Non-current	\$	6,432	\$	12,784

B. Interest expense

	2022		202	1
Entities with significant influence				
to the Company				
Wonderful	\$	199	\$	278

(III) Key management compensation

	2022	2021
Salaries and other short-term employee	\$ 19,147	\$ 14,454
benefits		
Post-employment benefits	595	583
	\$ 19,742	\$ 15,037

VIII. Pledged Assets

Information on the Company's pledged assets is as follows:

	Carrying Amount							
Asset Item	December	31, 2022	December 31, 2021		Guarantee purpose			
					Guarantee for the			
Pledged Time Deposit	\$	314	\$	313	Customs Duties			
(Listed as financial assets at amortized								
cost and other current financial assets)								
Financial assets at fair value through other					convertible bonds			
comprehensive income or loss - non-								
current		179,865		_				
	\$	180,179		313				

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

(I) Contingencies

No such situation.

(II) Commitments

Please refer to Note 7 for information on endorsement and guarantee to related parties.

X. Significant Disaster Loss

No such situation.

XI. Significant Events

No such situation.

XII. Others

(I) Capital Management

The Company's objectives when managing capital are to maintain a positive credit rating and an optimal capital ratio to support the Group's operations and to maximize the shareholders' equity.

(II)Financial instruments

1. Financial instruments by category

	Decen	December 31, 2022		December 31, 2021	
Financial assets					
Financial assets measured at fair value					
through profit or loss					
Compulsive financial assets measured					
at fair value through profit or loss	\$	460	\$		
Financial assets at fair value through	- -				
other comprehensive income or loss					
Designation option for investments					
in equity instruments	\$	285,216	\$	276,007	
Financial assets at amortized cost	-		·	_	
Cash and cash equivalents	\$	53,524	\$	86,293	
Current financial assets at					
amortized cost-current		314			
Notes receivable		838		53	
Accounts receivable		211,999		212,228	
Receivables from related parties		11,164		37,044	
Other receivables		2,400		5,381	
Other receivables from related					
parties		51,724		50,074	
	\$	331,963	\$	391,386	
Financial liabilities			<u> </u>		
Financial liabilities at amortized cost					
Short-term loans	\$	65,000	\$	89,098	
Notes payable		-		1,800	
Accounts payable		18,902		17,360	
Accounts payable to related					
parties		124,841		146,486	
Other payables		49,927		38,609	
Bonds Payable		189,923			
	\$	448,593	\$	293,353	
Lease liabilities	\$	13,955	\$	20,750	

2. Risk management policies

- (1) The Company's daily operations are affected by various financial risks, e.g., market risks (including foreign exchange risk, interest rate risk, and price risk), credit risk, and liquidity risk.
- (2) Finance Department is in charge of reviewing and evaluating the financial risks and is in close co-operation with the Company's operating units to do the financial risk tasks.

3. Significant financial risks and degrees of financial risks

(1) Market risk

Foreign exchange risk

- A. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.
- B. The Company's businesses involve some non-functional currency operations (the Company's functional currency). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022					
Foreig	gn currency		Car	rying amount	
(the	ousands)	Exchange rate	(NT	D Thousands)	
	_			_	
\$	7,510	30.71	\$	230,632	
\$	2,538	30.71	\$	77,955	
	16,148	3.94		63,622	
	76,137	4.41		335,765	
\$	4,184	30.71	\$	128,491	
	(the \$	Foreign currency (thousands) \$ 7,510 \$ 2,538 16,148 76,137	Foreign currency (thousands) Exchange rate \$ 7,510 30.71 \$ 2,538 30.71 16,148 3.94 76,137 4.41	Foreign currency (thousands) Exchange rate Car (NT) \$ 7,510 30.71 \$ \$ 2,538 30.71 \$ 16,148 3.94 76,137 4.41	

	December 31, 2021								
		eign currency		Carrying amount					
	(t	housands)	Exchange rate	(NTD Thousands)					
(Foreign currency:									
functional currency)									
Financial assets									
Monetary items									
USD : NTD	\$	9,009	27.68	\$	249,369				
Non-monetary items									
USD : NTD	\$	235	27.68	\$	6,503				
HKD: NTD		17,685	3.55		62,780				
CNY: NTD		89,304	4.34		387,581				
		,			,				
Financial liabilities									
Monetary items									
USD : NTD	\$	5,441	27.68	\$	150,607				

- C. All exchange gains and losses (both realized and unrealized) arising from significant foreign exchange variation on the monetary items held by the Company were NT\$12,921 and (NT\$989) for the years ended December 31, 2022 and 2021, respectively.
- D. Analysis of foreign currency market risk arising from significant foreign exchange variation:

		2022									
		Sensitivity analysis									
	Degree of variation		fect on it or loss		Effect on other comprehensive income						
(Foreign currency:											
functional currency)											
Financial assets											
Monetary items											
USD : NTD	1%	\$	2,306	\$	-						
Financial liabilities Monetary items											
USD: NTD	1%	\$	1,285	\$	-						

	2021 Sensitivity analysis							
	Degree of variation	Effect on profit or loss		<u> </u>	Effect on other comprehensive income			
(Foreign currency: functional currency)								
Financial assets Monetary items USD: NTD	1%	\$	2,494	\$	-			
Financial liabilities Monetary items USD: NTD	1%	\$	1,506	\$	_			

Price risk

- A. The Company's equity instruments exposed to price risk are financial assets at fair value through other comprehensive income.
- B. The Company mainly invests in equity instruments and open-end funds issued by domestic companies, of which the price of equity instruments will be affected by uncertainty of future value of the investment target. If the price of such equity instrument rises or falls by 1%, with all other factors held constant, the gain or loss on other comprehensive income classified as equity investments at fair value through other comprehensive income would have increased or decreased by NT\$2,851 and NT\$2,760 for the years ended December 31, 2022 and 2021, respectively.

Cash flow and fair value interest rate risk

- A. The Company's main interest rate risk arises from short-term loans with variable rates which expose the Company to cash flow interest rate risk. During the years ended December 31, 2022 and 2021, the Company's loans at variable rate were denominated in the NTD.
- B. As of December 31, 2022 and 2021, if interest rates on denominated loans at that date had been 1% higher/lower with all other variables held constant, net profit (loss) for the years ended December 31, 2022 and 2021 would have been NT\$520 thousand and NT\$713 thousand higher (lower), respectively, mainly as a result of higher (lower) interest expense on floating rate loans.

(2) Credit risk

- A. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- B. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for its 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 Board of Directors. The utilization of credit limits is regularly monitored.
- C. The Company adopts the assumptions under IFRS 9. The Company determines that the default occurs when the contract payments were past due over 30 days based on the terms.

- D. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
 - If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- E. The Company classifies notes and accounts receivable (to related parties included) based on the characteristics of trade credit risk and uses the simplified preparation matrix to estimate expected credit losses.
- F. The Company has written off the recoverable amount of financial assets that could not reasonably be estimated after recourse, but will continue to pursue recourse to preserve its rights. As of December 31, 2022 and 2021, the Company had no recourse claims that had been written off.
- G. The Company considers the Business Indicators Data Base provided by the National Development Council to future prospects when adjusting the loss rate that is set up based on historical and current loss period information, in order to estimate the loss of notes receivables and allowance for doubtful accounts of customers with general credit quality. The provision matrix as of December 31, 2022 and 2021 is as follows:

2022 and 2	04.	i is as ic	,,,,	J VV S.								
December 31, 2022	<u> </u>	Not past due	Ţ	Jp to 30 days		31 to 60 days		61 to 90 days		Over 91 days		Total
Expected loss rate		0.30%		0.30%		8.62%		50%		50%- 100%		
Total book value	\$	221,442	\$	3,205	\$	<u> </u>	\$		\$	2,014	\$	226,661
Allowance for uncollectible accounts	\$	636	\$	10	\$	_	\$	_	\$	2,014	\$	2,660
c accounts	Ψ	030	Ψ	10	Ψ		Ψ		Ψ	2,017	Ψ	2,000
December 31, 2022	<u> </u>	Not past due	Ţ	Jp to 30 days		31 to 60 days		61 to 90 days		Over 91 days		Total
Expected loss rate		0.29%		0.29%		9.62%		50%		50%- 100%		
Total book value Allowance for	\$	243,681	\$	5,154	\$	1,225	\$		\$		\$	250,060
uncollectibl e accounts	\$	602	\$	15	\$	118	\$		\$		\$	735

H. The aging analysis of notes and accounts receivable (including related parties) that were past due but not impaired is as follows:

		2022	 2021
January 1	\$	735	\$ 312
Provision (Reversal) for impairment loss Amount written off due to		2,069	423
irrecoverability	(144)	-
December 31	\$	2,660	\$ 735

For losses recognized (reversed) in 2022 and 2021, the impairment losses recognized (reversed) on receivables arising from customer contracts were NT\$2,069 and NT\$423, respectively.

(3) Liquidity risk

A. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company's financial department. Company's financial department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

B. The table below analyses the Company's non-derivative financial liabilities 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.

December 31, 2022			
Non-derivative financial	Less than 1	Between 1	Between 2
<u>liabilities:</u>	year	to 2 years	to 5 years
Short-term loans	\$ 65,000	\$ -	\$ -
Accounts payable (to related			
parties included)	143,743	-	-
Other accounts payable (to			
related parties included)	49,927	-	-
Lease liabilities	6,964	6,898	266
Bonds Payable	-	-	200,000
December 31, 2021			
Non-derivative financial	Less than 1	Between 1	Between 2
liabilities:	year	to 2 years	to 5 years
Short-term loans	\$ 89,098		\$ -
Notes payable	1,800	_	_
Accounts payable (to related	,		
parties included)	163,846	-	-
Other accounts payable (to	,		
related parties included)	38,609	-	-
Lease liabilities	7,010	6,964	7,165

C. The Company's cash flows are not expected to occur significantly earlier than the maturity date, or to be significantly different from the actual amount.

(III) Fair value estimation

- 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 takes 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. The fair value of the Company's investment in unlisted stocks is included in Level 3.
- 2. Financial instruments not measured at fair value

Except for financial assets at fair value through other comprehensive income or loss, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable (to related parties included), other receivables (to related parties included), other current financial asset, short-term loans, notes payable, accounts payable (to related parties

included), other payables (to related parties included) and lease liabilities, are approximate to their fair values.

- 3. The related information on 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 are as follows:
 - (1) The related information of the nature of the assets and liabilities:

Level 1	Level 2	Level 3	Total	
\$	\$	\$ 460	\$ 460	
265,005		20.211	285,216	
\$ 265,005	\$ -	\$ 20,671	\$ 285,676	
Level 1	Level 2	Level 3	Total	
\$ 263,660	\$ -	\$ 12,347	\$ 276,007	
	\$ 265,005 \$ 265,005 Level 1	\$ \$ \\ \frac{265,005}{\$ 265,005} \frac{-}{\$ -} \\ \text{Level 1} \text{Level 2}	\$ \$ 460 \[\frac{265,005}{\\$ 265,005} \] \[\frac{-}{\\$ 20,671} \] \[\text{Level 1} \] \[\text{Level 2} \] \[\text{Level 3} \]	

- (2) The Company's approaches and assumptions for fair value measurement are as follows:
 - A. The Company adopts quoted prices as inputs used to measure fair value (Level 1), which are classified as follows based on the characteristics of the financial instruments:

Market quoted price

Listed shares

Closing price

B. Except for the aforementioned financial instruments in an active market, the fair

- values of other financial instruments are obtained by using valuation techniques, or by reference to the quoted prices of counterparties.
- C. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and nonfinancial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- 4. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.
- 5. The following are the movements in Level 3 for the years ended December 31, 2022 and 2021:

				2022			
		stment in ed shares		Convertible co	_	7	Γotal
January 1	\$	12,347	\$	•	Č	\$	12,347
Purchase in this period	Ψ.	12,920	Ψ			Ψ	12,920
Issued in this period		,			860		860
Gains and losses recognized in							
profit or loss							
Listed non-operating income							
and expenses			(400) (400)
Recognized in other			`			, (,
comprehensive income							
Unrealized valuation gains/losses							
on investments in equity							
instruments at fair value through							
other comprehensive income or							
loss	(5,056)				(5,056)
December 31	\$	20,211	\$		460	\$	20,671
			_	-		2021	
					Inves	tment in	unlisted
						shares	
January 1					\$		13,277
Recognized in other comprehensive incomprehensive incomprehens							
Unrealized valuation gains/losses on inv			rume	ents	,		020)
at fair value through other comprehensity December 31	ve income	e or ioss			(930)
December 31					D		12,347

- 6. For the years ended December 31, 2022 and 2021, there was no transfer into or out from Level 3.
- 7. External valuers are in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used in the valuation model and making any other necessary adjustments to the fair value.

8. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

_	December 31, 2022 Fair value	Valuation technique	Significant unobservable input	Range (Weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:					
Unlisted shares	\$ 20,211	Public Company Comparables	Price-to-Book Ratio (multiplier)	1.42~2.33	The higher the value, the higher the fair value
			Discount for Lack of Marketability	18.03%~ 43.93%	The higher the discount for lack of marketability, the higher the fair value
Convertible corporate bond repurchase rights	\$ 460	Binary Tree Convertible Bond Evaluation Model	Volatility	55.59%	The higher Volatility, the higher the fair value
_	December 31, 2021 Fair value	Valuation technique	Significant unobservable input	Range (Weighted average)	Relationship of inputs to fair value
Non-derivative equity instruments:		Public Company	Price-to-Book Ratio	1.73~2.8	The higher the value, the higher the fair value
Unlisted shares	\$ 12,347	Comparables	(multiplier) Discount for Lack of Marketability	23.78%~60.59%	The higher the discount for lack of marketability, the higher the fair value

9. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of other comprehensive income from financial assets categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2022						
			Recognized in other comprehensive inco						
	Input	Change	Favora	able change	Unfavor	able change			
Financial assets									
Equity instruments	Price-to-Book Ratio (multiplier)	±5%	\$	1,046	(\$	1042			
					r 31, 2021				
			Recogn	ized in other c	omprehens	sive income			
	Input	Change	Favora	able change	Unfavor	able change			
Financial assets				_					
Equity instruments	Price-to-Book Ratio (multiplier)	±5%	\$	627	(<u>\$</u>	627)			

(IV) Assessment of the Impact of the COVID-19 Outbreak

As of December 31, 2022, the Company has assessed that the COVID-19 pandemic and related prevention measures from the government have not had a significant impact on the Company's operations. In order to prevent the outbreak from spreading and affecting the Company's operations, the Company has taken appropriate measures and continues to pay attention to related issues.

XIII. Other Disclosures

(I) Significant transactions information

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the years ended December 31, 2022:

- 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 reaching NT\$300 million or 20% of paid-in capital or more: No such situation.
- 5. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: No such situation.
- 6. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: No such situation.
- 7. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 4.
- 8. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: No such situation.
- 9. Trading in derivative instruments undertaken during the reporting periods: No such situation.
- 10. Significant inter-company transactions during the reporting periods: Please refer to table 5

(II) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(III) 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: Please refer to table 6.

(IV) List of major shareholders

Information on major shareholders: Please refer to table 9.

XIV. Segment Information

Not applicable.

Wanshih Electronic Co., Ltd. Accounts receivable December 31, 2022

Statement 1 Unit: NTD Thousands

of Client	Summary	1	Amount	Remarks		
Client A		\$	43,241			
Client B			16,220			
Client C			14,199			
Client D			12,129			
Client E			10,899			
Others			117,971	The amount of		
Subtotal			214,659	individual client included in others does not exceed 5% of the account balance.		
Less: Allowance for bad debts		(2,660)			
		\$	211,999			

<u>Wanshih Electronic Co., Ltd.</u> <u>Statement of Changes in Financial Assets at Fair Value through Other Comprehensive Income or Loss January 1, 2022 to December 31, 2022</u>

Statement 2 Unit: NTD Thousands

	Beg	ginning bala	nce	Increase for	the period	Decrease for the period		En	Provision of		
N CC	Shares (in	Carrying	Market	Shares (in		Shares (in		* .	Carrying	Market	collateral or
Name of Company	thousand)	Amount	price	thousand)	Amount	thousand)	Amount	thousand)	Amount	price	pledge
Listed shares											
Wonderful Hi-Tech	6,330	\$ 106,228	\$ 263,660	2 082	\$ 108,882		\$ -	9,282 \$	215,170 \$	265,005	Pledged
Co., Ltd.	0,550	\$ 100,228	\$ 203,000	2,962	ψ 100,002		φ -	9,202 ψ	213,170 \$	203,003	1 leaged
Unlisted shares											
INSIGHT MEDICAL	250	5.006	4.750					250	7.006	0.501	NT
SOLUTIONS INC.	359	5,236	4,753	-	-	-	-	359	5,236	2,531	None
Terasilic Co., Ltd.	375	9,264	7,594	_	_	_	-	375	9,264	2,984	"
GLOWNIK		- , -	7						- , -	,	"
ELECTRONICS CO.,			_	_	_	_	_			_	
LTD.	200	2,000						200	2,000		
Sun Power Energy	200	2,000						200	2,000		
Co.,Ltd		_		442	12,920			442	12,920	14,696	
Co.,Liu		122,788	\$ 276,007	772	\$ 121,802		•	TT2 _	224,590 \$		
X/ 1		122,700	\$ 270,007		\$ 121,602		φ -		224,390 \$	263,210	
Valuation adjustment of											
financial assets at fair											
value through other		153,219						_	40,626		
comprehensive income											
		\$ 276,007						\$	285,216		

Wanshih Electronic Co., Ltd. Statement of Changes in Investments Accounted for Using Equity Method January 1, 2022 to December 31, 2022

Statement 3 Unit: NTD Thousands

_	Beginning balance		Increase for the period (Note 1)		Decrease for the period (Note 2)		Enc	e	Market j			
Name	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Shares Ratio (%)	Amount	Unit price (NTD)	Net assets value	Provision of collateral or pledge
Wanshih (H.K) Electronic Co., Ltd. Suzhou Wanshih	9,593	\$ 62,780	-	\$ 3,143		(\$ 2,301)	9,593	53.29%	\$ 63,622	\$ -	\$ 62,733	None "
Electronic Element Co., Ltd.		387,581		5,904		(57,720)		87.26%	335,765		335,917	
Bright Master Co., Ltd.	-	6,503	-	62,295		- (10,848)	-	100.00%	57,950	-	57,950	
Data Lake Co., Ltd.	1,500	(8,876)	1,000	15,899		- (6,092)	2,500	62.50%	931	-	931	"
Millimeter Wave Tech CO., LTD. Draco Electronics, LLC	300	4,427		116 20,005 107,362		(76,961)	300	60.00% 60.00%	4,543 20,005 482,816	-	3,229 18,063	
Add: Reclassification of credit balance of long-term equity investments Other non-current liabilities		8,876		<u> </u>		(8,876)						
		\$ 461,291		\$ 107,362		(\$85,837)			\$ 482,816			

⁽Note 1) The increase for the period represents the investment acquired and the share of profit of subsidiary accounted for using the equity method.

⁽Note 2) The decrease for the period represents the share of loss of subsidiaries accounted for using the equity method, cumulative translation adjustments, the impact of the company's failure to subscribe for the cash capital increase of the subsidiary in accordance with the shareholding ratio.

Wanshih Electronic Co., Ltd. Short-term loans December 31, 2022

Unit: NTD Thousands

Statement 4

					Interest rate	Loan	
Creditor	Summary	Enc	ling balance	Contract Period	range	Commitments	Collateral
The Shanghai		-			-		
Commercial & Savings	Unsecured						
Bank	loans	\$	30,000	2022.08.18~2023.08.18	1.55%	30,000	None
Cathay United Bank	Unsecured loans		15,000	2022.06.12~2023.06.12	1.63%	80,000	None
Taiwan Cooperative	Unsecured		20,000	2022.12.16~2023.12.15	1.65%	50,000	None
Bank	loans						
		\$	65,000				

Wanshih Electronic Co., Ltd. Net operating income January 1, 2022 to December 31, 2022

Statement 5 Unit: NTD Thousands

Item	Quantity (in thousand PCS)	Amount	Remarks
Video Surveillance	1,392	251,043	
Netcomm Industrial Control	23,389	\$ 163,374	
Automobile Electronics	812	117,044	
Computer Wiring	1,886	75,594	
TV Products	100	12,067	
Medical Products	43	5,090	
Others	26,163	100,907	
		\$ 725,119	

Wanshih Electronic Co., Ltd. Operating cost January 1, 2022 to December 31, 2022

Statement 6 Unit: NTD Thousands

Item	Summary		Amount	Remarks
Raw materials at beginning		\$	24,974	
Add: Materials purchased during the year			61,713	
Transferred from fixed assets			861	
Less: Cost of raw materials sales		(23,930)	
Raw materials at the end		(32,241)	
Classified in expenses		(3,279)	
Raw material used in the period		'	28,098	
Direct labor			11,975	
Manufacturing cost			49,231	
Manufacturing cost		'	89,304	
Add: Work in progress at the beginning			2,367	
Less: Work in progress at the end		(1,754)	
Cost of finished goods		·-	89,917	
Add: Finished goods at the beginning			34,107	
Finished goods purchased during the period			470,333	
Less: Finished goods at the end		(30,161)	
Classified in expenses		(561)	
Cost of goods sold			563,635	
Cost of raw materials sold			32,241	
Add: Loss from pricerecovery of inventory			5,852	
Loss on inventory obsolescence			3,601	
Less: Gain on physicalinventory		(54)	
Revenue from sale of scraps		(51)	
Operating cost		\$	605,224	

Wanshih Electronic Co., Ltd. Manufacturing cost January 1, 2022 to December 31, 2022

Statement 7 Unit: NTD Thousands

Item	Summary	A	Amount	Remarks
Processing fees		\$	20,116	
Indirect labor			11,510	
Depreciation			6,069	
Other expenses			11,536	The amount of each
				item in others not
				exceed 5% of the
		\$	49,231	amount balance.

Wanshih Electronic Co., Ltd. Operating expenses January 1, 2022 to December 31, 2022

Statement 8 Unit: NTD Thousands

General and

	Selling		administrative						
Item	expenses			expenses	R	&D expense	Total		
Salary expense	\$	25,961	\$	33,244	\$	36,802	\$	96,007	
Depreciation		1,694		2,300		4,974		8,968	
Insurance expense		2,293		2,271		3,474		8,038	
Sample fee		4,543		-		1,746		6,289	
Professional service fees		338		3,745		2,052		6,185	
Advertisement expense		2,510		30		-		2,540	
Other expenses		9,842		12,092		11,345		33,279	
	\$	47,231	\$	53,682	\$	60,393	\$	161,306	

Loans to others

For the year ended December 31, 2022

Table 1

Unit: NTD thousands
(Unless specified otherwise)

Number													Coll	ateral	=.	Limit of	
							Actual amount		Nature of	Business					Limit of financing		
				Related	Maximum balance		drawn down	Interest	financing	transaction	Reason for	Loss			amount for	total financing	
(Note 1)	Financing company	Counterparty	Account	parties	for the period	Ending balance	Amount	rate	(Note 2)	amount	financing	allowance	Name	Value	individual	amount	Note
0	Wanshih Electronic Co., Ltd.		Other receivables from related parties	Y	\$ 42,045	\$ -	\$ -	2.00%	2	\$ -	Operating turnover	\$ -	None	\$ -	\$ 50,000	\$ 217,740	Note 3
0	Wanshih Electronic Co., Ltd.	Vietnam Wanshih	Other receivables from related parties	Y	32,220	30,710	6,142	2.50%	2	-	Operating turnover	-	None	-	50,000	217,740	"
0	Wanshih Electronic Co., Ltd.		Other receivables from related parties	Y	48,330	46,065	30,710	3.50%	1	309,794	-	-	None	-	50,000	217,740	"
1	Wanshih (H.K.) Electronic Co., Ltd.		Other receivables from related parties	Y	14,740	-	-	2.00%	2	- :	Operating turnove	-	None	-	11,772	21,265	Note 4
1	Wanshih (H.K.) Electronic Co., Ltd.	Suzhou Wanshih	Other receivables from related parties	Y	12,888	12,284	12,284	3.50%	1	32,473	-	-	None	-	11,772	21,265	"

Note 1: The numbering rule is as follows:

- (1) 0 represents the issuer.
- (2) Investee companies are sorted in a numerical order starting from 1.

Note 2: The nature of the loan should be listed as a business transaction or a short-term financing need.

- 1. Fill in "1" for business transaction need.
- 2. Fill in "2" for short-term financing need.

Note 3: The total loans to others of Wanshih Electronic Co., Ltd. shall not exceed 30% of the lower of its paid-in capital or net worth. For companies or firms have business transactions with the Company, the individual loan shall not exceed the amount of business transactions for the past year; besides, for risk considerations, the amount of loans shall not exceed NT\$50 million.

The "amount of business transactions" refers to the higher of the operating income and services income due to sales of products or the provision of services or purchases amount and service expenses for regular operating activities.

For companies or firms with short-term financing needs, the individual loan shall not exceed NT\$50 million or 10% of the Company's net worth as stated in its latest financial statements.

However, the above restrictions do not apply to inter-company loans between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, or loans to the Company by any overseas company in which the Company holds, directly or indirectly, 100% of the voting shares. For risk considerations, the individual loan shall not exceed NT\$100 million and the term is one year.

Note 4: The total loans to others of Wanshih (H.K.) Electronic Co., Ltd. shall not exceed 30% of the lower of its paid-in capital or net worth. For companies or firms have business transactions with Wanshih (H.K.) Electronic Co., Ltd., the individual loan shall not exceed the amount of business transactions for the past year; besides, for risk considerations, the amount of loans shall not exceed HK\$12.5 million.

The "amount of business transactions" refers to the higher of the operating income and services income due to sales of products or the provision of services or purchases amount and service expenses for regular operating activities.

For companies or firms with short-term financing needs, the individual loan shall not exceed HK\$12,500 thousand or 10% of the company's net worth as stated in its latest financial statements.

However, the above restrictions do not apply to inter-company loans between overseas companies in which the company holds, directly or indirectly, 100% of the voting shares, or loans to the company by any overseas company in which the company holds, directly or indirectly, 100% of the voting shares. For risk considerations, the individual loan shall not exceed HK\$25 million and the term is one year.

Endorsements and guarantees for others

For the year ended December 31, 2022

Table 2 Unit: NTD thousands

(Unless specified otherwise)

				Percentage of accumulated					
Endorsed / Guaranteed pa	Limit on endorsement/guaran	tee Maximum balance		guarantee amount		(Guarantee provided	Guarantee provided	
Number Endorsor / Guarantor Relation	hip provided to each party	during the period Ending balance	Actual amount provided Amount of collateral	to net assets value from	Limit of total guarantee/endorsement amount	Guarantee provided by parent company	by a subsidiary	to companies in	
(Note 1) Company name Company name (Note	(Note 3)	(Note 4) (Note 5)	(Note 6) guarantee/endorsement	the latest financial	(Note 3)	(Note 7)	(Note 7)	Mainland China	Note
0 Wanshih Electronic Suzhou 2	\$ 300,0	00 \$ 80,550 \$ 76,775	\$ 30,710 \$ -	10.34%	\$ 371,191	Y	-	Y	
Co., Ltd. Wanshih									

Note 1: The numbering rule is as follows:

- (1) 0 represents the issuer.
- (2) Investee companies are sorted in a numerical order starting from 1.

Note 2: The relationship between endorsement guarantor and the subject of endorsement or guarantee is as follows:

- (1) A company with which the Company has business relationship.
- (2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- (3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.
- (4) Companies in which the Company directly and indirectly holds more than 90% of the voting shares.
- (5) The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) All capital contributing shareholders make endorsement/guarantee for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.
- Note 3: The total amount of endorsements and guarantees for companies outside the Group shall not exceed 50% of the Company's net worth. The limit of the endorsement/guarantee for a single company shall not exceed NT\$300 million. For endorsement/guarantee engaging in due to the business transactions, the amount of endorsements and guarantees shall not exceed the higher of the total purchase or sales amount between the parties for the past year.

 The total amount of external endorsement/guarantee of the Company and its subsidiaries shall not exceed 50% of the net value of the current period. The limitation on cumulative amount of endorsement/guarantee of the Company and its subsidiaries for a single company is the same as the Company for a single company. Net worth of a foreign subsidiary means the balance sheet equity attributable to the owners of the parent company.

Note 4: Highest amount of outstanding endorsement/guarantee for others in current period.

- Note 5: The amount approved by the Board of Directors should be filled. However, if according to Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the Board of Directors has authorized the Chairman, it refers to the amount decided by the Chairman.
- Note 6: The actual amount spent by the endorsed company within the range of the endorsed guarantee balance.
- Note 7: "Y" is required only for those who are the listed parent company to endorse the subsidiary, those who are the subsidiary to endorse the listed parent company, and those who are located in Mainland China.

Securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures)

December 31, 2022

Table 3

Unit: NTD thousands
(Unless specified otherwise)

					Ending Bala	nce		
Investor	Type and name of securities	Relationship with the issuer	Financial statements account	Shares (in	Carrying amount	Shares	Fair value	Note
Wanshih Electronic Co., Ltd.	Common stock Asahi (Malaysia) Sdn. Bhd.	Same major shareholders	Financial assets at fair value through profit or loss - non- current	200	\$ -	0.99%	\$ -	
Wanshih Electronic Co., Ltd.	Common stock Insight Medical Solutions Inc.		Financial assets at fair value through other comprehensive income or loss - non-current	359	2,531	1.63%	2,531	
Wanshih Electronic Co., Ltd.	Common stock Wonderful Hi-Tech Co., Ltd.	Company accounted for using the equity method for the Company	Financial assets at fair value through other comprehensive income or loss - non-current	9,282	265,005	5.74%	265,005	
Wanshih Electronic Co., Ltd.	Common stock Terasilic Co., Ltd.	-	Financial assets at fair value through other comprehensive income or loss - non-current	375	2,984	1.32%	2,984	
Wanshih Electronic Co., Ltd.	Common stock Glownik Electronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income or loss - non-current	200	-	10.00%	-	
Wanshih Electronic Co., Ltd.	Common stock Sunpower Energy Technology	-	Financial assets at fair value through other comprehensive income or loss - non-current	442	14,696	1.65%	14,696	
Siyang Wanshih Electronic Element Co., Ltd.	Wealth management products Net value-type wealth	-	Financial assets at fair value through profit or loss - current	-	6,612	-	6,612	

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 "Financial Instruments."

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortized cost deducted by accumulated impairment for the marketable securities not measured at fair value.

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

For the year ended December 31, 2022

Table 4

Unit: NTD thousands (Unless specified otherwise)

				Situation and reason for difference between									
					T	ransactions		transaction	condition and common	No	tes and accounts rec	ceivable (payable) Balance	
													_
						Percentage of						Percentage of total	
Purchaser / Seller	Counterparty	Relationship	Sales		Amount	total purchases/sales	Credit term	Unit price	Credit term		Balance	receivables (payables)	Note
Wanshih Electronic Co., Ltd.	Suzhou Wanshih Electronic	Subsidiary	Purchase	\$	382,904	74%	(Note 1)	(Note 2)	(Note 1)	(\$	104,543)	73%	
	Element Co., Ltd.												

Note 1: Payment within 75 days after the receipt of goods.

Note 2: Due to the different nature of the purchased products from the related parties, there are no comparable purchase prices available.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2022

Table 5

Unit: NTD thousands

(Unless specified otherwise)

			Ending	balance		Overdue	receivables	Amount rec	eived in		
Companies that record receivables	Counterparty	Relationship	(Not	e 1)	Turnover rate	Amount	Action taken	subsequent	t period	Loss allowance	
Suzhou Wanshih Electronic Element	Wanshih Electronic Co., Ltd.	Parent company	Accounts	\$ 104,543	4.08	\$ -	-	\$	68,875	\$	-
Co., Ltd.			receivable								

Note 1: Please fill in the accounts receivable, notes receivable, and other receivables from related parties separately.

Note 2: The amount of paid-in capital refers to the amount of paid-in capital of the parent company.

If the shares issued by an issuer have no par value or a par value other than NT\$10 per share, the threshold transaction amount of 20% of paid-in capital shall be replaced by 10% f equity attributable to owners of the parent as stated in the balance sheet.

Significant inter-company transactions during the reporting periods

For the year ended December 31, 2022

Table 6

Unit: NTD thousands
(Unless specified otherwise)

Number			Relationship				Percentage of total revenue
(Note 1)	Name of transaction party	Counterparty	(Note 2)	Item	 Amount	Transaction condition	or total assets (Note 3)
0	Wanshih Electronic Co., Ltd.	Suzhou Wanshih Electronics	1	Purchase	\$ 382,904	Note 4	26%
0	Wanshih Electronic Co., Ltd.	Weicheng Electronic	1	Purchase	51,918	"	4%
0	Wanshih Electronic Co., Ltd.	Wanshih H.K.	1	Purchase	48,701	"	3%
0	Wanshih Electronic Co., Ltd.	Suzhou Wanshih Electronics	1	Payables	104,543	"	6%
1	Suzhou Wanshih Electronic Element Co., Ltd.	Weicheng Electronic	3	Sales revenue	54,543	"	4%
1	Suzhou Wanshih Electronic Element Co., Ltd.	Wanshih H.K.	3	Sales revenue	47,417	"	3%
1	Suzhou Wanshih Electronic Element Co., Ltd.	Siyang Wanshih	3	Purchase	25,434	"	2%
1	Suzhou Wanshih Electronic Element Co., Ltd.	Weicheng Electronic	3	Receivables	47,295	"	3%

Note 1: The information of the Company and Subsidiaries should be listed separately. The number representations are as follows:

- 1. 0 represents the parent company.
- 2. Subsidiaries are sorted in a numerical order starting from 1.

Note 2: There are three types of relationship categorized as follows:

- 1. Parent company to subsidiary.
- 2. Subsidiary to parent company.
- 3. Subsidiary to subsidiary.

Note 3: Percentage of consolidated operating revenues or total assets is calculated as follows: for balance sheet accounts, the ending balance of assets or liabilities divided by consolidated total assets; for income statement accounts, the accumulated transaction amount for the period divided by consolidated operating revenues.

Note 4: Except for the absence of comparable transactions of the same nature, where the transaction terms are determined through mutual agreement, the remaining conditions are similar to general transaction terms.

Note 5: Transactions with individual amounts below 1% of consolidated total revenue and total assets will not be disclosed.

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

For the year ended December 31, 2022

Table 7

Unit: NTD thousands (Unless specified otherwise)

					Initial investment		Investment as of December 31, 2022			Investee company	Investment income	
Name of Investor	Name of Investee	Location	Main scopes of business	End	ding balance	Beginning balance	Shares (in thousand)	%	Carrying amount	Net income (loss)	(loss) recognized	Note
Wanshih Electronic Co., Ltd.	Wanshih (H.K.) Electronic Co., Ltd.	Hong Kong	Sales of electronic components, computers and peripheral products	\$	53,284	\$ 53,284	9,593	53.29	\$ 63,622	(\$ 4,318)	(\$ 2,301)	Subsidiary
Wanshih Electronic Co., Ltd.	Bright Master Co.,Ltd.	Seychelles	Investee and holding companies		567,702	505,407	=	100.00	57,950	(2,367)	(2,367)	Subsidiary
Wanshih Electronic Co., Ltd.	Data Lake Co., Ltd.	Taiwan	Sales of electronic materials and software as well as the development of		25,000	15,000	2,500	62.50	931	9,242	5,899	Subsidiary
Wanshih Electronic Co., Ltd.	Millimeter Wave Tech Co., Ltd.	Taiwan	Design and development for millimeter wave radar module and radar		4,500	4,500	300	60.00	4,543	193	116	Subsidiary
Wanshih Electronic Co., Ltd.	Draco Electronics, LLC	U.S.A.	Wire harnesses and external cables for electronic products		16,625	-	-	60.00	20,005	2,893	1,736	Subsidiary
Suzhou Wanshih Electronic Element Co., Ltd.	Weicheng Electronic Element Limited	Hong Kong	Sales of electronic components, computers and peripheral products		4,137	4,137	-	100.00	(36,186)	(2,047)	-	Sub- subsidiary
Bright Master Co.,Ltd.	Communication Limited	Hong Kong	Investee and holding companies		-	482,648	-	-	-	-	-	Note
Bright Master Co.,Ltd.	(Thailand) Wanshih Electronic Element Company Limited	Thailand	Sales of electronic components, computers and peripheral products		3,132	3,132	-	100.00	3,082	5	-	Sub- subsidiary
Bright Master Co.,Ltd.	(VIETNAM) Wanshih Electronic Element Company Limited	Vietnam	Sales of electronic components, computers and peripheral products		65,438	3,143	-	100.00	53,754	(7,530)	-	Sub- subsidiary
Data Lake Co., Ltd.	Willy Innovation Co., Ltd.	Taiwan	Leases of smart motorcycle		4,000	4,000	400	22.22	-	(1,126)		Company accounted for using the equity method for the subsidiary

Note: Communication Limited was dissolved on January 28, 2022 and obtained the cancellation documents in March 2022.

Information on investments in Mainland China

For the year ended December 31, 2022

Table 8

Unit: NTD thousands (Unless specified otherwise)

Amount remitted from Taiwan to Mainland China/

Investee Companies in			Methods of investments	Accumulated amount of remittance from Taiwan to Mainland China	Amount remitted back to Ta for the year ended December 3	aiwan	ccumulated amount of remittance from Taiwan to Mainland China	Net income (loss)	Ownership held directly or	Investment income (loss) recognized	Carrying amount of investments	Accumulated amount of investment income remitted ba	ack to
			investments						indirectly by the		as of December 31,	Taiwan as of December 31,	
Mainland China	Main scopes of business	Paid-in capital	(Note 1)	as of January 1, 2022	Remitted to Mainland China Remitte	ted back to Taiwan	as of January 1, 2022	of investee company	Company	(Note 2)	2022	2022	Note
Suzhou Wanshih Electronic Element Co., Ltd.	Manufacturing and sales of mini coaxial cable (main products are antenna, medical cable, automobile cable, electronic wire harness and	520,584	(1)	\$ 210,353	\$ - \$	- \$	210,353	(\$ 66,638)	87.26	(\$ 57,720) \$ (2)B	335,765	\$ 197,318	
Suzhou Wanshih Optical Communication Co., Ltd.	SMT product processing and assembly	168,386	(2)A	103,479	-	-	103,479	(882)	87.26	(769) (2)B	14,993	-	
Siyang Wanshih Electronic Element Co., Ltd.	Manufacturing of wire harnesses and external cables	367,939	(2)B	335,589	-	-	335,589	(3,425)	87.26	(2,988) (2)B	18,085	-	
Dongguan Humen Wanshih Electronic Co., Ltd.	Manufacturing of wire harnesses and external cables	29,741	(2)C	-	-	-	-	26,569	53.29	14,159 (2)B	20,283	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022 (Note 3)	Investment Commission of the Ministry of Economic Affairs	Investment ceiling in Mainland China according to provisions of Investment Commission of the Ministry of Economic Affairs (Note 4)				
Wanshih Electronic Co., Ltd.	\$ 795,220	\$ 458,573	s -				
		(US\$14,932 thousands)					

Note 1: The methods for engaging in investment in Mainland China are as follows:

- (1) Direct investment in Mainland China.
- (2) Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of the company in third region).
- A. Investment in Suzhou Wanshih Optical Communication Co., Ltd. through Suzhou Wanshih Electronic Element Co., Ltd.
- B. Investment in Siyang Wanshih Electronic Element Co., Ltd. through Suzhou Wanshih Electronic Element Co., Ltd.
- C. Investment in Dongguan Humen Wanshih Electronic Co., Ltd. through Wanshih (H.K.) Electronic Co., Ltd.
- (3) Other methods.

Note 2: The investment income (loss) recognized in current period:

- (1) It should be indicated if the investee was still in the incorporation arrangement and had not yet any profit during this period.
- (2) The investment income (loss) were determined based on the following basis
- A. The financial statements were audited by an international certified public accounting firm in cooperation with an R.O.C. accounting firm.
- B. The financial statements were audited by the auditors of the parent company.
- C. Others.

Note 3: Due to the liquidation of the subsidiary in Mainland China, the accumulated amount of investment repatriated from Taiwan to Mainland China at the end of the period exceeds the approved investment amount by the Investment Commission of the Ministry of Economic Affairs.

Note 4: According to the revised "Principles for Reviewing Investment or Technical Cooperation in Mainland China" enacted on August 29, 2008, the Company is not required to set investment limits as it has obtained a certificate from the Industrial Development Bureau of the Ministry of Economic Affairs confirming compliance with the scope of operation headquarters. Note 5: Relevant figures in this table should be presented in New Taiwan Dollars.

List of major shareholders

December 31, 2022

Charac

Table 9

	Shares						
Name of major shareholders	Number of shares held	Shares Ratio					
Wonderful Hi-Tech Co., Ltd.	17,816,272	24.54%					
Asahi Communications Co., Ltd.	13,723,175	18.90%					
Fullconn Industry Inc.	5,000,000	6.88%					

Note 1: The major shareholders in this table are shareholders holding more than 5% of the ordinary and preference shares (including treasury stocks) that have completed delivery of non-physical registration on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital recorded in the Company's financial statements and the number of shares actually delivered by the Company with the dematerialized registration completed may differ due to different calculation bases.

Note 2: If the information above is for the shares entrusted by shareholders to a trust, the aforesaid information shall be disclosed by the individual trust account opened by the trustees.

For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings include their shareholdings plus the shares entrusted to the trust and with the right to make decisions on trust property, please refer to the Market Observation Post System website of the Taiwan Stock Exchange.

Note 3: The total number of common shares that have completed the dematerialized registration is 72,579,898.



Chairman Lake Chang

